

Approved: February 24/1992
Date

MINUTES OF THE HOUSE COMMITTEES ON EDUCATION AND TAXATION.

The joint meeting of the House Education and Taxation Committees was called to order by Chairperson Rick Bowden at 3:00 p.m. on February 13, 1992 at The Expocentre, Maner Conference Center, Shawnee Room.

All members were present except:

Committee staff present:

Don Hayward, Revisor of Statutes Office
Avis Swartzman, Revisor of Statutes Office
Ben Barrett, Legislative Research
Tom Severn, Legislative Research
Dale Dennis, State Department of Education
Doug Johnston, Committee Assistant
Shirley Wilds, Secretary to the Committee

Conferees appearing before the committee:

Representative Michael O'Neal
Representative Eugene Shore
Representative Doug Lawrence
Ed Eilert, Mayor - Overland Park, Kansas
Mr. Gordon Docking, Parent - Olathe
Melinda Rogge, Student - Sublette
Mrs. Victoria Akins, Parent - Olathe
Ms. Lori Curtis, Student - Olathe North High
Mrs. Christy Levins - Teachers' Association
Don Concannon - Stevens County
Mrs. Dennis Cox, Superintendent - Healy
Dr. Bruce Passman, Executive Director, Special Services, Blue Valley
David Westbrook, Chairman - Overland Park Chamber of Commerce
Bernard E. Nordling, Executive Secretary - SW Kansas Royalty Ass'n
Becky Parker - USD #218
Mark Ward
Mr. Neal George, Superintendent - Paradise #399
Mrs. Cindy Bledsoe, Teacher - Blue Valley
Don Goss - Olathe Chamber
Joe Cramer, President - USD #468 Schools
Tom Davies, Manager - Olathe Bank
Dana Randal, Board Member - SQE
Harold Guldner - Syracuse
Dr. James Thompson, Superintendent, Blue Valley
Robert Parkins - Shawnee Mission High School
Dr. Ron Wimmer, Superintendent - Olathe
Colby Brown, Student - Blue Valley
Mr. Steve Bahrer, Superintendent - Bazine #304
Ryan Garland, Student - Blue Valley
Ethel Evans, County Commissioner - Kansas Legislative Policy Group
Jeremy Mai, Student, Shawnee Mission North
Mr. Sam Forrer - Grant County
Mr. Steve Guy - Finney County
Dr. Nelson Bryant - Stevens County
Mr. Allaire Hamburg - Wallace County
Mr. Walt Chappel
Marsha Dixon Monica - Leawood
Gary Akers - Lewis
Mary Long, Parent - Blue Valley
Jim Yonelly - Shawnee Mission Public Schools
Ruth Wilkins - League of Women Voters

CONTINUATION SHEET

MINUTES OF THE HOUSE EDUCATION AND HOUSE TAXATION COMMITTEES 3:00 p.m. on
FEBRUARY 13, 1992, The Expocentre, Maner Conference Center, Shawnee Room

Conferees appearing before the committee:

Ron Hein - Mesa, Inc.
Phil Harness - Olathe Taxpayers Association
Tom Greenway, Mayor - Hugoton
Tanya Edelman - Rolla
Norma Deyoe - Ulysses
Tom Bachman - Lakin
Christian Jacobs, Student - Blue Valley
Gerald Deines - USD #242
Sally Hart
Velma Randall, Concerned Taxpayers of Kansas

Chairperson Rick Bowden called the joint meeting of the House Education and Taxation Committees to order. He introduced Ben Barrett, Legislative Services.

Ben Barrett. Mr. Barrett reviewed the three bills presently before the committee:

HB 2835 - New State Aid Program
HB 2891 - Uniform Statewide Mill Levy
HB 2892 - School Finance Distribution Bill

In addition, Mr. Barrett explained the third-tier concept.

Hearing on School Finance:

In the interest of avoiding redundancy and providing some brevity in committee minutes preparation, the Chairperson respectfully directs the reader to the above list of opponent conferees and their attached testimony.

Chairperson Bowden recognized the number of people attending the hearing and the distances many traveled to testify. He said he appreciates their interest and concerns and that every effort will be made to find an equitable solution for all Kansas' students and school districts.

The next meeting is scheduled February 17, 1992, 3:30 p.m. in Room 519-S, Capitol.

Upon completion of its business, meeting adjourned at 6:25 p.m.



GUEST LIST

COMMITTEE: House Education
House Joint

Date: 2/13/92

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
Tracy Lightstone	USD 512	8520 Briar SM, KS 66207
Jim Koehn	USD 419	205 Cherry Galva KS 67443
Herbert Baird	PO Box 274, Galva K	USD 419
Lanny Newton	Rt 2 Box 32, Galva Ks 67443	USD 419
Caren Newman	USD, 272	Cawker City, KS
David Newman	USD, 272	Cawker City, KS
JOHN BATTISTORI	USD 248	GIRARD, KS
ROBERT HADERLEIN	USD 248	GIRARD, KS.
Bill Morris	USD #366	Gates Center Ks
Kathy Morrison	USD 229	O.P KS
Jerry Powell	USD 229	OP KS
Charles Hill Demery	USD 229	OP KS
DIANE RAVIS	USD 229	OP KS.
Alison Barnes	USD 229	OP. KS
John C. Harriss	USD 229	O.P. KS
Ernest E. McKin	USD 215	LAKIN KS 67861

(OVER)



GUEST LIST

COMMITTEE: House Education
House Operation

Date: 2/13/92

Name (Please Print) COMPANY ORGANIZATION ADDRESS

THOMAS G BACHMAN	USD 215	LAKIN, Ks 67860
Norbert T Grosz (Director)	USD 491	Eudora, Ks 66025
Alan Bloom	USD 491	Eudora, Ks 66025
Sam T. Hagan	USD 507	Lewis, Mo 64752
Bill O'Neil	USD 507	Lewis, Ks
Dean Rossi	USD 289	Wellsville, Ks 66094
Michelle Pfaff	USD 229	Overland Park Ks 66205
Debbie Rowland	Provisional Commission	835 S. 101st + 101st St 67151
Ray Fries	Stevens County	Horton Ks
Ed Pru	Peoples Gas	Horton, Ks 67851
WARREN SPIVES		Horton Ks 67857
Carey Sincere	South Mission Farm	Leawood Ks 66205
Christ Young	Tomika Construction	Tomika
Betty Pende Eggert	USD 229	Stilwell 66085
Tom Benthley	USD 229	Stilwell 66085
Bill Neek	USD 230	Spring Hill 66082

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GUEST LIST

COMMITTEE: House Education
House Jobation

Date: 2/13/92

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
Maureen Weiss	USD 437	Topeka
JIM KEELE	B.O.F.L.E.	PAOLA
DAN LINDSEY	UTU	OSAWATOMIE
Vernon Sergeant	Coffey Co Comm	Lebo
Melvin Cummings	Coffey Co. Comm	Burlington
NORMAN LANGLEY	KSL5-KYUU RADIO	Liberal
KIRK RICE	BOE SERVI-TECH INC	WESKAN
Michael Cox	Farmer BOE #242	Weskan
Robert W. Loftin	Electrician BOE #242	Weskan
Garold Deines	BOE # 242 Grain elevator manager	Weskan
John Welsh	Stockman-Farmer	Weskan
Allison Love Deane	USD #242	Weskan
Denny Burgess	SWK RO	Topeka



GUEST LIST

COMMITTEE: House Education
House Information

Date: 2-13-92

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
Ruth Farmer	USD 210	Hugoton, KS
Luan Bieder	Hugoton	Hugoton, KS
Susan A. Light	USD 217/3107	Osawatomie, KS
Bill Light	217	Rolla
Carol Light	217	Rolla
Lois Lewis	#217	Rolla
Kent Brasher	#217	Rolla, KS.
Jack Higgins	#217	Rolla, KS
RON REED	#217	ROLLA, KANSAS
Rodney L. Williams	USD #217	ROLLA, KANSAS
Pam Gleason	USD 210	Hugoton, KS
Susan Ellsaesser	USD 210	Hugoton, KS
Diana Betswerth	USD 210	Hugoton, KS
Suzanne Sherwood	U.S.D 210	Hugoton, KS
Pam Rodman	USD 210	Hugoton, KS
SOMIA GAYER	USD 210	HUGOTON, KS

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GUEST LIST

COMMITTEE: House Education
House Job Training

Date: 2/13/92

Name (Please Print) COMPANY ORGANIZATION ADDRESS

Tonya Edelman	Rolla High School	Box 34 Rolla, KS 67954
Ryan Burrows	Rolla High School	Box 43 Rolla, KS 67954
Mary Courtney	Rolla Elementary	Rolla, KS
Becky Parker	USD 218	ELKHART
Phil Johnston	USD 218	ELKHART
Deil Hays	USD 217	Rolla
BOB ELDER	1ST NATL BANK	ELKHART, KS
Wendell R Nicholas	USD 492	Johnson, KS
Roger D. Prekerig	USD 492	Johnson, KS
Loyd Milligan	U.S.D. # 363	Holcomb, KS
Steve	USD 363	HOLCOMB, KS
Glen A. DAVIS	USD 496	Rozel, KS
ORB Sammy Pankle	KS State Board of Ed	Syracuse KS
Rosemary Winder	USD # 210 Hugoton	Hugoton, KS
Sherry Shering	Hugoton Business P.	" "
Ann L. Swar	C of C	" "



GUEST LIST

COMMITTEE: House Education
House Joint

Date: 2/13/92

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
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GARY SKINNER	USD 210	Hugotow Ks
Lowell Martinie	USD 233	Olathe, Ks
Lori Curtis	USD 233	Olathe, KS
Tom Curtis	USD 233	Olathe, Ks
Sharon Coathney	USD 229	Overland Park, KS
Sharon Wood	USD 214	Ulysses, Ks
Pat Mitalcy	USD 214	Ulysses, Ks
Elaine Craft	USD 214	Ulysses, KS
Rea Wilson	Sun Newspapers	Overland Park Ks
ELAINE BESSIER	10 11	11 11
RICHARD TROBAINSH	10 11	
SAM FORRED	GRANT COUNTY	Ulysses, Ks
Derek Dye	GRANT COUNTY	Ulysses, Ks
Barbara Dye	GRANT County	Ulysses Ks
Judy Keusler	GRANT County	Ulysses, Ks
Teri Reist	Grant County	Ulysses, Ks

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GUEST LIST

COMMITTEE: House Education
House Jopation

Date: 2-13-92

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
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Kristy Frazee	GRANT COUNTY	Ulysses, Ks
Cindy Reinert	USD #210	Hugoton, Ks
Sharon Keener	Citizens State Bank	Hugoton, Ks
Mariam Fleming	Blue Valley Schools	Prairie Village, Ks
John Anderson	Blue Valley	Lenexa, Ks.
Christy Lewings	Olathe District Schools	Olathe, Ks
Kan Oles	KNEA	Topeka
B. Nordling	SWKROA	HUGOTON K
Long Kelley	Self	Wynne, Kan
ERICK NORDLING	SWKROA	Hugoton, Ks
LAURENCE BROWER	STEVENS CO COMMISSION	MOSCOW Ks
Mark Hartnett	USD #209	Moscow Ks
Eileen Hartnett ☺	USD #209	Moscow, Ks.
Annice Talbot	USD #209	Moscow, Ks.
William Grimes	USD #209	Moscow, Ks
Tom Lahey	USD 209	Moscow, Ks

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GUEST LIST

COMMITTEE: House Education Date: 2/13/92
House Jobation

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
John C. Bettenly	KPL GAS	Topeka

(OVER)



GUEST LIST

COMMITTEE: Educational
Foundation

Date: 2/13/82

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
Harboston Ed	USD 486	Elwood Ks
Jeff Foster	USD 512	Mission, KS
Jo Reilly	USD 501	Topeka, Ks
Chris Wilson	KS Grain & Feed Assoc	Topeka
Bill Hauld	Christian Church	93rd N Durham Ulysses, KS 67880
Buddy Schloemer	USD 214	436 Grant Court Ulysses, Ks
Megan Schloemer	USD 214	436 Grant Court Ulysses, Ks
Cindy Wittman	USD 214	Ulysses, Ks. 67880
Nancy Burgess	USD 214	Ulysses Ks 67880
Ladonna Gee	USD 214	Ulysses, Ks. 67880
Kanona Bahls	USD 214	Ulysses, Ks 67880
VERN KREHBIEL	USD 311	Pretty Prairie
Ruth Teichman	USD 349	Stafford
Curtis J. York	USD 468	RR1 Healy Ks. 67850
Chas Burnett	USD 501 ⁺	Topeka, Kan
Craig Grant	KNEA	Topeka, Ks.

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GUEST LIST

COMMITTEE: House Education
House Jobation

Date: 2/13/92

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
Mary Long	B.V. DISTRICT #229	12208 Fairway Rd Leawood KS 66209
Chuck Tilmon	KNEA	Topeka
Daniel J. & Susan Jacobs	BO Dist #229	11516 Foster O.P. KS 66210
Melanie Burgess	Shawnee Mission	Leawood, KS
Charles Edwards	Gorman USD 265	Gorman, KS
Arden N. Roberson	" "	201 S. Main Goddard, KS
Amy Porter	Shawnee Mission	3739 Sinceret Prairie Village, KS
Aimee Kim	Shawnee Mission	3015 W. 84th Ter Leawood, KS 66706
James Lee	Shawnee Mission	5109 S. ... Prairie Village, KS
WALT CHAPPEL	INT. TECH. DIST.	RR3, BOX 13 Chanute, KS
Phil Harness	Olathe Tanager	204 S. Norman Olathe, KS 66041
Mary Alice Bahling	USD 227	Jotmore, KS
Robert ...	USD 339	Winchester, KS
W. J. Majors	USD 340	Meriden, KS
Steve McClure	USD 450	Shawnee Heights
Alvin Hamant	USD 375	Bertrand, KS



GUEST LIST

COMMITTEE: House Education
House Injection

Date: 2/13/92

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
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Robert HALE	TURNER USD 202	1805 South 55th St 12-C, KS 66186
Bob Johnson	TURNER USD 202	1800 South 55th KC KS 66106
Clark D. Hting	Newton USD 373	1116 Boyd Newton, Mo: 67114
RICHARD R. TOWLES	NEWTON USD 373	P.O. Box 307 Newton, KS
Axe Senn	Shawnee Mission USD 512	A 99500 7751 PV KS 66208
Nancy Berlau	Shawnee Mission USD 512	7500 MISSION RD. P.V., KS 66208
Jenny Bradley	Shawnee Mission USD 512	"
Lisa Will	Bazine USD 304	Box 36 Bazine KS 67516
Stephen Bohrer	Bazine USD 304	RR1 Box 48A 67516
John Harris	Great Bend USD 428	201 Patton Road Great Bend KS
Bill Hedley	Winfield USD 465	920 Wellington Winfield 67156
Paul McCall	Shawnee Springs #241	Box 580 Shawnee Spgs 67758
Mike Bailey	USD 462 -	Burden, KS 67019
Donna Morrison	Blue Valley School Dist #224	2640 W. 118TH SM KS 66211
Miesha Monica	BV School Dist #207	3601 W 120th RR Lawrence, KS 66209
Matt Morrison	BV School Dist #207	3601 W 120th RR Lawrence, KS 66209



GUEST LIST

COMMITTEE: House Education
House Joplin

Date: 2/13/82

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
MIKE GASKILL	USD 209	MOSCOW, KS
Stan McGill	USD 209	MOSCOW KS
Ethel Evans	KHPG	Ulysses
NORMA DEVOE	USD 214	Ulysses
Dennis Reese	USD 214	Ulysses
Kenneth McMaster	USD 210	Hugoton
FAVE DeWITTY	USD 210	Hugoton
Genevieve MARTIN	USD 210	HUGOTON
MICHELLE R MARTIN	USD #210	HUGOTON
Susan Paxson	USD #244	Burlington
Polly Epting	" "	"
Arthur Loewen	USD # 295	Jennings
Larry Johnson	USD # 295	Jennings
Mark Hill	USD #214	Ulysses KS
Mark Zandner	USD #214	Ulysses ks.
Bandy Phillips	USD #214	Ulysses ks

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GUEST LIST

COMMITTEE: House Education
House Operation

Date: 2/13/92

Name (Please Print)	COMPANY ORGANIZATION	ADDRESS
Gregory Fort	USD 214	809 W. Hickok Ulysses
Thayne Fort	USD 214	809 N. Hickok Ulysses, KS
JANA LEDDY	USD 214	1108 W. Lotus Ulysses
Karen Stinson	USD 214	737 S. Main Ulysses
Tammy Eberhart	USD 214	603 N. Main #2 Ulysses
Pam Brown	USD 214	Rt 1 Box 95 Lanta
Dan Billinger	USD 214	518 S. Spruce, Ulysses
Phil Knight	USD 214	111 S. BAUGHMAN, Ulysses
Emmette Demott	USD 512	2700 W. 98 th Av. Overland Park
HOWARD DEMOTT	USD 512	" "
HAROLD GULDNER	SELF	5419 HOLT ST. MANC
DANA K. RAUDEL	SOE	Gesban, KS.
Jacque Dates	SOE	Topoka
LOYAL R VINCENT	USD 103	BIRD C.TY
John Deeks	USD 103	BIRD C.TY
Alma Lee Powers	USD 214	Rt 2 Box 72 Ulysses

SUMMARY OF MAIN PROVISIONS OF PROPOSED SCHOOL FINANCE PLAN

(From Concepts Contained in Three Separate House Bills)

Overview

- The main components of the distribution plan for school operations include:
 - state financial aid (SFA) determined by multiplying base state aid per pupil (BSAPP) by the adjusted (weighted) enrollment of a district, and
 - equalized local option budget (LOB) spending authority of up to 10.0 percent of the amount of the district's SFA.
- Equalization state aid is provided for capital improvement debt obligations.
- A uniform 45 mill statewide property tax is imposed to help finance school district operations.
- Local property tax levying authority is provided for the LOB option.

The State Financial Aid Plan and Related Provisions

(H.B. 2892)

Following is a somewhat more detailed summary of the principal provisions of the school funding plan.

*Education
Attachment #1
February 13, 1992*

General Fund

The general fund of a district is the fund from which operating expenses are paid and to which is deposited general state aid, payments relating to transfers of territory, PL 874 funds (except for major disaster amounts and amounts received under the low-rent housing program), and other moneys specified by law.

State Financial Aid (SFA)

The SFA of a district is determined by multiplying the base state aid per pupil (BSAPP) of a district by the district's adjusted enrollment. The BSAPP is set at \$3,675. Adjusted enrollment is calculated by adding to the enrollment of a district (as such enrollment historically has been determined) "program," "low enrollment," "transportation," and "at-risk pupil" weightings, as follows.

Program Weighting. This weighting is provided for pupil attendance in educational programs which differ in cost from regular programs. These are:

Bilingual Education. The State Board of Education (SBOE) computes the full-time equivalent enrollment in bilingual education and multiplies that amount by 0.2.

Vocational Education. The SBOE computes the full-time equivalent enrollment in vocational education and multiplies that amount by 0.5.

The sum of these two weights is the program weighting of the district.

[Please note that no weighting for special education is included. While this weighting has figured prominently in proposals discussed prior to this time, the decision was made not to include special education in the plan. There would continue to be separate state categorical aid funding for special education.]

Low Enrollment Weighting. This weighting is assigned to school districts having enrollments of under 2,000 enrollment in recognition of higher costs attributable to the operation of low enrollment districts.

The low enrollment weighting is determined by constructing linear transitions between the 1991-92 median budget per pupil (BPP) of districts having enrollments of 75-125 and 200-399 and between the 1991-92 median BPP of districts having enrollments of 200-399 and 2,000 or more.

This procedure provides the basis for determining a "schedule amount" for each school district having an enrollment of under 2,000. The 1991-92 median BPP of districts having 75-125 enrollment serves as the schedule amount for districts having enrollments of less than 100. For districts with enrollments of 100 to 1,999, the schedule amount is determined from the linear transition schedule based upon the district's enrollment in the current school year. (The increments in the linear schedule for districts having enrollments of 100 to 299 vary from the increments in the schedule for districts having enrollments of 300 to 1,999.)

The amount of the median BPP of districts having enrollments of 2,000 or more is subtracted from the schedule amount determined for each district having an enrollment of less than 2,000. The result is divided by the median BPP of districts having enrollments of 2,000 or more and the quotient so derived is applied to a district's current year enrollment to produce the low enrollment weighting.

Transportation Weighting. The State Board of Education determines the expenditures in the preceding year for transporting public and nonpublic school pupils on regular school routes. Calculations are then made to net out a portion of these costs designed to represent 50 percent of the costs of transporting pupils who reside less than 2.5 miles from school. The remaining amount is divided by the number of pupils enrolled in the district who were residing 2.5 miles or more by the usually traveled road from the school attended and for whom transportation was made available by the district. The result (quotient) is the per pupil cost of transportation.

The per pupil cost of transportation of each district is then plotted on a density-cost graph to which a statistical technique is applied to construct a "curve of best fit" for all school districts. This procedure recognizes the relatively higher costs per pupil of transportation in sparsely populated areas as contrasted with densely populated areas. Based on the school district's density, the point on the curve of best fit is identified for each district. This is the "formula per pupil" cost of transportation of the district. This figure is divided by the BSAPP and the quotient is multiplied by the number of pupils in the current school year who live more than 2.5 miles from school and for whom transportation is being provided. This produces the district's transportation weighting.

At-Risk Pupil Weighting. This weighting is determined on the basis of pupil qualification for free meals under the National School Lunch Program. To obtain this weighting for a district, the number of pupils who qualify for free meals under the federal program is multiplied by 0.05.

Local Effort

A district's local effort is the sum of the following revenues received in the current school year:

1. unexpended and unencumbered balances remaining in the general fund, except for revenues specifically characterized by law as not being operating expenses;
2. remaining proceeds of a transportation or technology education tax levy prior to their repeal;
3. amounts credited to the school district general fund from industrial revenue bond and port authority bond payments;
4. motor vehicle tax receipts;
5. mineral production tax receipts;
6. rental/lease vehicles sales tax receipts; and

7. federal impact aid (PL 874), in accord with federal law and regulations.

General State Aid

In each school year the State Board of Education determines a school district's general state aid entitlement by subtracting the district's local effort from the amount of SFA the district is entitled to receive. General state aid payments are made from the State School District Finance Fund.

School districts receive payments each month from July through May based on 8.33 percent of their entitlement for the school year and the balance of such entitlement in June. Monthly payments in July through May are to be made by the 20th of the month at the earliest and not later than the last day of the month. The final payment is made on June 15.

Special Funds

The bill identifies two categories of special operating funds. These are "program weighted funds" and "categorical funds." The program weighted funds include the transportation, vocational education, and bilingual education funds. The categorical funds include special education, food service, driver training, adult education, adult supplementary education, area vocational school (a new fund), inservice education, parent education, and educational excellence grant program fund. (The technology education fund is continued.)

[Note: Other special funds of school districts as have been authorized by law are not affected by the plan.]

Transfers From the School District General Fund

Transfers from a district's general fund to any other fund is an operating expense in the year the transfer is made. Transfers may be made from the general fund of a district to any categorical fund of the district in any school year. Similarly, money may be transferred to a program weighted fund or to the technology education fund, subject to the following conditions:

1. the transfer may not be made before the money in the program weighted fund is needed; and
2. the transfer amount may not exceed the obligation which is the object of the transfer.

The board may transfer money to the capital outlay fund subject to the following conditions:

1. no transfer may be made prior to June 1 of any school year;

2. the district must be levying at least 3.5 mills or the amount that would have been produced by a 3.5 mill levy in 1988-89, whichever is the greater amount; and
3. the amount of the transfer may not exceed 1 percent of the general fund budget in districts with 10,000 or more enrollment nor more than 2 percent for other districts.

With regard to capital outlay, it should be noted that school districts are authorized to make general fund expenditures for acquiring equipment and repairing school buildings.

Districts are authorized to transfer back to the general fund amounts transferred to other funds during the same school year.

[Note: The only real changes in policy regarding transfers of funds are the limitations placed on transfers to the program weighted funds and the technology education fund. Current law does not authorize transfers to the technology education fund.]

Miscellaneous Revenue

Miscellaneous revenue a district receives, such as interest on idle funds, which is not required by law to be deposited in some specific fund may be credited to any program weighted fund, categorical fund, or the capital outlay fund.

[Note: This basically is current policy.]

Local Option Budget (LOB)/Supplemental General State Aid

In addition to the SFA funding, in any year a district, by majority vote of the board, may approve spending (LOB) in any amount up to 10.0 percent of its SFA.

School districts are authorized to levy property taxes to fund their portion of the LOB. State aid is provided for the purpose of equalizing the ability of a district to utilize this provision. Money for the LOB is deposited in the school district's supplemental general fund.

Supplemental general state aid is based on an equalization feature which is designed to treat each district as if its assessed valuation per pupil (AVPP) were equal to that of the district at the 75th percentile of AVPP. For each school district that uses all or a portion of its LOB, the State Board divides the district's AVPP in the preceding year by the 75th percentile AVPP and subtracts the ratio so determined from 1.0. If the ratio resulting from this calculation equals or exceeds 1.0, the district is entitled to no LOB supplemental general state aid. (This is because the district's AVPP equals or exceeds the AVPP at the 75th percentile.) If the ratio resulting from the calculation is less than 1.0, the district's LOB is multiplied by such ratio to determine the district's LOB supplemental general state aid entitlement.

A proration provision applies in the event the state appropriations for this aid are not sufficient to fund school district entitlements.

School districts may spend LOB revenues for any purpose for which expenditures from the general fund are authorized or these revenues may be transferred to the general fund of the district or to any program-weighted or categorical fund or to the capital outlay fund of the district.

State Aid Program – Bond and Interest Obligations

(H.B. 2835)

A new state aid program, based on an equalization concept, is created to assist school districts in making certain bond and interest payments.

Each school year, any school district that is obligated to make payments from a bond and interest fund is entitled to receive state aid inversely to its assessed valuation per pupil (AVPP). The State Board of Education administers this program. Each year, the State Board determines each school district's AVPP, rounded to the nearest \$1,000; determines the median AVPP of all districts in the state; assigns the factor of 50.0 percent to the median AVPP; and, for each \$1,000 of AVPP above or below the state median AVPP, changes the factor by 1.0 percentage point inversely to AVPP. (Example: If the median AVPP was \$40,000, the factor would be 50 percent; if a district's AVPP was \$39,000, its factor would be 51.0 percent; if a district's AVPP was \$41,000, its factor would be 49 percent; and so on.) A district's factor could not exceed 100.0 percent.

The school district's entitlement of state aid each year is determined by applying its percentage factor (as described above) to its bond and interest fund payment obligation for that year. A proration provision applies in the event that there is insufficient state money available to pay each school district's entitlement for the school year.

Statewide Property Tax

(H.B. 2891)

A statewide property tax of 45 mills is levied in 1992 on all taxable tangible property in the state. These tax revenues are collected by the county treasurer for deposit by the State Treasurer in the State School District Finance Fund (SSDFF). This money, and any other money credited to the SSDFF, is allocated to school districts in the form of general state aid under the School District Finance Act.

Of the motor vehicle taxes produced during the period from July 1, 1992 to June 30, 1993 attributable to taxes levied by the state in 1992, 30/31 of each such deposit is credited to the SSDFF. (The remaining amount is credited 2/3 to the Educational Building Fund (EBF) and 1/3 to the State Institutions Building Fund (SIBF) -- these fractional amounts represent the 45 mill share for the SSDFF, a 1 mill share for the EBF, and a 0.5 mill share for the SIBF.)

Miscellaneous

Following are several items of note relative to implementation of the proposed program:

1. Fort Leavenworth is incorporated as a part of the overall school funding program.
2. The income tax rebate program is eliminated.
3. By virtue of the weighting plans for bilingual education and pupil transportation, the specific categorical aid programs for these purposes are eliminated. Other categorical aid programs are continued. Presumably, the state appropriations for the vocational school categorical aid program also would be discontinued. (The Governor is proposing to add these funds to the vocational school postsecondary aid program.)
4. The property tax levying authority for technology education is eliminated.
5. The special limited authority to levy property taxes for a school transportation system is eliminated.
6. The tax levying authority for the capital outlay fund is unchanged.
7. The specific declining enrollment "cushion" for budgetary purposes is eliminated.

EUGENE L. SHORE
REPRESENTATIVE, 124TH DISTRICT
GRANT, W. HASKELL, MORTON,
STANTON AND STEVENS COUNTY
ROUTE 2
JOHNSON, KANSAS 67855
316-492-2449

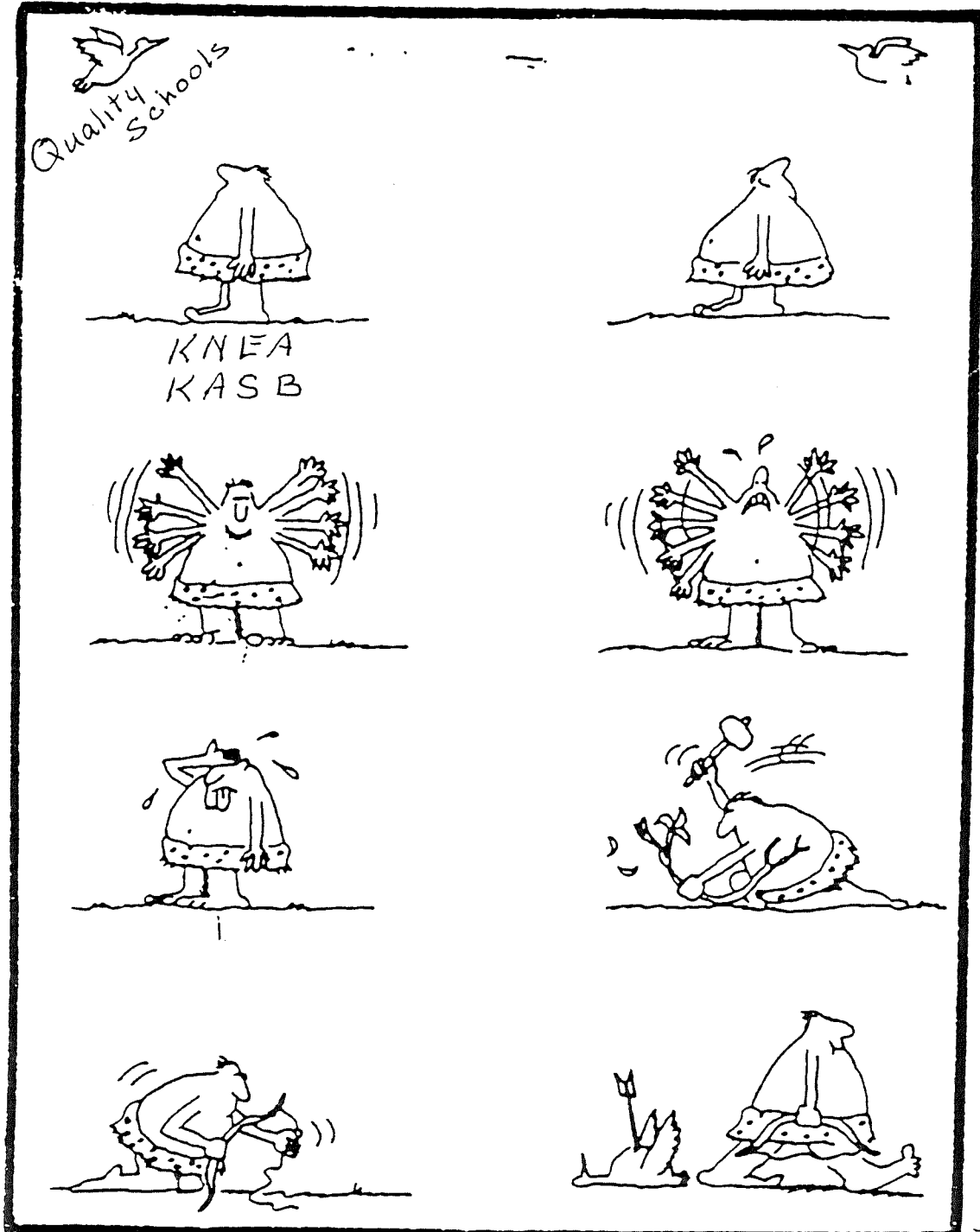


TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER: ENERGY AND NATURAL RESOURCES
LEGISLATIVE, JUDICIAL AND
CONGRESSIONAL APPORTIONMENT
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TOPEKA, KANSAS 66612-1586
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Education
February 13, 1992 Attachment #2

TESTIMONY BEFORE THE HOUSE EDUCATION AND TAXATION COMMITTEES
REPRESENTATIVE EUGENE SHORE
SCHOOL FINANCE PROPOSALS
February 13, 1992

Mr. Chairman and Members of the Committee:

The Democrat School Finance plan is based on the theory that "equality is spreading misery around." It centers around the idea that if your school district is wealthy, it is undeserved. The Democrat Plan attempts to lift poor districts by destroying successful districts with an overall trend toward mediocrity. The American way, and I believe the Kansas way, allows for opportunity based not only on dollars spent on education but quality curriculum, good teachers, supportive parents, adequate facilities and above all, local control.

Dollars are a consideration but not the only consideration. Judge Bullock specifically mentions curriculum. How can you say Moscow with its forty-three units offers the same opportunity as Wichita with two hundred. Our students would like ballroom dancing and basket weaving but these are not a priority in preparing a young person for college or a productive future. To be equal does Wichita cut their curriculum back to forty-three units or allow Moscow to offer 200?

At the Kansas Day banquet, students from Shawnee Mission East presented a string ensemble which was one of the most impressive groups I have heard. We will never have anything like that in Stanton County. I don't want Shawnee Mission to give up their program to create education equality. I am proud of a Kansas school who has such a program. Why shouldn't we be just as proud of schools which have the wealth to provide excellence in small or large schools.

Some districts have the wealth but gave the tax base away. While we have the Hugoton gas field, irrigated agriculture and feed

lots, Wichita has Boeing, Beech, Cessna, LearJet, Bank IV, insurance companies, service agencies and the list goes on. They abated their tax base away. There is absolutely no reason a community as affluent as Wichita should have to ask others to pay their way when it comes to education.

Another point I want to make is that wealthy school districts contain poor people. Rolla School District has the third highest per student valuation in the state, yet is third in number of students qualifying for subsidized lunches. My seven school districts have about thirty percent minorities, most of whom are one or two generations from crossing the Mexican border legally or illegally. In many cases English is not spoken in the home. Stanton County has a five-year average of 93% of seniors going to college, 86% of those students graduate from college.

The most important issue is local control. I know some committee members believe we already have socialistic education, I disagree. We have community involvement whether it be a decision as to the number of courses, teacher salaries, building a new building, or a vote to increase the budget. We now have local control of the benefits or the handicaps we were dealt. The state sets broad general guidelines but we do have local control.

This plan looks good because of 400 million new dollars not because of 45 mills. Any plan would look good with half a billion dollars of new money. The 45 mills raises only \$58 million.

My district would lose about twenty million dollars per year with the 45 mill levy. This is more than we are willing to give. We ask for fairness.

If a low mill levy is your priority we would welcome you to Western Kansas.

Doug LawrenceSTATE REPRESENTATIVE
902 MIAMI
BURLINGTON, KS 66839

TOPEKA

HOUSE OF
REPRESENTATIVES

2/13/92

COMMITTEE ASSIGNMENTS

MEMBER: AGRICULTURE AND SMALL BUSINESS
ENERGY AND NATURAL
RESOURCES
TRANSPORTATIONHouse Education Committee
House Taxation Committee

I am from Burlington.

I am told by many of you here, that my position on school finance is clear. So clear that even the dogs running loose on the Capitol lawn know how I stand.

Even so, I feel compelled to put *forward* my position on the current proposal, and Judge Bullock's legal position on School Finance.

Let me say clearly, out of respect for this process, and a desire to have a rational -- lucid discussion of this issue -- I have chosen to NOT bring bus loads of people to this meeting. You should understand, there is strong feelings in parts of my district about this plan ... and if I had wanted a crowd of support ... I could have brought that crowd. If you want to see the level of concern we have on this issue, tell me, and I'll demonstrate it.

As a new legislator, I have respect for your time and willingness to give this a fair hearing.

In addition, let me say as a father of three children, ages 5 -- 3 -- and 2, I want excellence in education for my children and your children. I do not want bargain basement ... or discount house education. I love my kids. I want the best for them.

But "Best" doesn't necessarily require more money. It requires change, innovative thinking and new ideas. I think the Best education we can offer our children, requires fiscal responsibility, planning for our future, and a realistic approach that assures that we can fund what we create as a legislature.

The Democratic Leadership plan, assumes that throwing more money ... anywhere from 100 million to 300 million dollars ... at education will make it better. And that throwing different money ... for property tax relief ... will some how ferment more educational opportunity for our children.

*Education
Attachment #3
February 13, 1992*

The people in my district are willing to pay their fair share. But they want fiscal responsibility, local accountability, and reform in our schools ... now. Not a promise ... that we'll get to it next year or the year after that.

A budgetary process that awards dollars to a district, but does not provide incentive to be frugal ... necessarily leads to waste. At the start of the budgetary process now, the question most school boards must ask themselves is: How Much do we Need. This new plan will lead to a whole new question: How much can we get ... and how do we spend it? I don't think the tax payers of Kansas can afford many budget cycles with that predominant thinking.

I, and many of my constituents are concerned that ... a 45 mill statewide levy ... is only a starting point. And that this plan will demand continued growth in the property tax element, to the point that it could be 65 mills or more in the coming years. It is hard to rise in support of a concept that is this open ended. If we are to have a statewide property tax, that is renewed every two years, I believe firmly that any increase of that levy should require a statewide vote of the people. Whether it is a constitutional question, or simply a statutory requirement, the people must be given some voice on the local level ... for the amount we levy statewide on this very regressive tax.

There has been much ado ... over local control. Now the Association of School Boards, KNEA, and large school districts say the local control issue has been addressed. I think not. A bone has been thrown in the direction of local control. But I say, what of the future. If we put enough money in the plan this year, many districts won't have to use the local option to fund their schools. But what happens in the years when the legislature does not make the same type of herculean budget effort. Will the local option be used to make up for the shortfall, and how long before there's no where to go with that levy. Others will address the local control issue in more detail. I am not convinced that local control ... is adequately addressed yet. Though things are much better now, than under Governor Finney's plan.

This plan was revealed last friday. I am continuing my analysis of its impacts ... and general concepts. There are some areas I can support. There are -- obviously -- some I can not support.

Yesterday, someone from Wichita implied that property taxes in Burlington are 1/10th those paid in Wichita. I'm sure she understands what she meant, but I must say clearly, that taxes paid by homeowners include many elements. Too many people, in their analysis of this plan -- think Burlington Folks are paying \$50 a year in property taxes. A

typical house in Burlington is more like \$400. Are our taxes lower in Burlington than in Wichita ... unquestionably ... they are. If tax rates were the only issue in connection with the burden of taxes paid by individuals ... the analysis you hear would be sound. Ability to pay is very important, as is quality of life.

I do not believe that the educational opportunity afforded to the students in my school district is significantly higher than that provided to most other students in Kansas. As a matter of fact, I would argue that in the case of student-pupil ratios, the scope of course offerings, and a variety of other issues ... would indicate we are equal ... or maybe a little below that of many districts. Our spending is at the median. Many districts spend more per pupil than the Burlington Schools. If amount of money spent is a measure of educational opportunity ... we are not exceptional.

Can we raise more money to build buildings ... than other folks ... yes. Will that change under this plan, NO. General Fund dollars do not build buildings.

I feel we are making a grave mistake by redrawing the state school finance system on the basis of an untested opinion. A close review of the Judge Bullock's finding is important. I am honestly concerned that we have allowed the media, and a number of legislative leaders do all of the interpretation of this ruling for us. With some trepidation, I -- a non lawyer -- present an observation about the judge's position statement.

The judge's finding never calls for an equal property tax levy. It is particularly interesting to note the case law concerning education requires education opportunity to be provided without regard to the relative wealth of a school district. General case law in this situation has given the local property tax levy consideration only in cases where the levy was high enough to make it impossible for the district to have a reasonable opportunity to raise proper funding for the children of the district. Since Mill Levies in this situation are aggregates of several units of government, it is clear that the level of taxation of other units of government would have an impact on this as well. Even with a level statewide Mill Levy for schools, the aggregate levy would not be equal in all areas. Judge Bullock's opinion does not call for property tax relief. It does question whether there are some instances where high mill levies make it impossible in some school districts to adequately fund the education of our children. I believe that addressing the judge's concerns on property tax, involves adequate funding of the existing equalization formula, with a safety valve on the aggregate property tax levies in the highest school districts.

Imposition of a statewide limit, in which local units of government would be unable to provide funding for special cases or unusual needs ... if statewide education funding were inadequate in adjusting for unique costs on a local level, could create the same constitutional problem that a high mill levy creates.

Others will address more issues, I appreciate your indulgence in the length of this address. Time does not permit me to cover all of my major points, to that end, I will be distributing to the committee next week a more comprehensive position statement on this issue.

To sum it up, yesterday we heard ... think about the broader interests in the state ... we must rise above voting our district only. We must think first about the children of Kansas. I agree ... and add one more point ... we must think long term so that today's solution isn't next year's disaster. The long term result of this plan is a question, I think, that all Kansans need answered.

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TESTIMONY BY **MAYOR ED EILERT**
CITY OF OVERLAND PARK

BEFORE THE HOUSE EDUCATION AND TAXATION COMMITTEES
FEBRUARY 13, 1992

Chairman Bowden, Chairman Wagnon, members of the House Education and Taxation Committees, my name is Ed Eilert, mayor of the city of Overland Park.

What goals and objectives are the Governor and the legislature trying to achieve with the current proposals that have been presented concerning school finance?

Is the goal to achieve higher academic standards and better prepare students to enter the work force?

If so, where are the enumerated standards that are to be achieved? Have curriculum goals been established, have goals for teacher/pupil ratios been set, have per-pupil expenditures been analyzed and determined as appropriate to reach stated goals? If these things have not been done and the objective is to achieve quality educational standards, then I submit the effort is misdirected, if you only throw taxpayers dollars into the system with no definite objectives to be achieved.

Is the goal to reduce current levels of state funding for education, freeing monies to be expended on other portions of the state budget?

State fund balances have been spent down, and one gets the feeling there are those who would like to see the money now used by the state to fund local schools remain with the state to fund other programs. A uniform statewide mill levy is certainly a convenient way to accomplish that goal.

Is the goal to lower property taxes or give the appearance of lowering property taxes?

Legislators are already saying if a uniform statewide levy of 45 mills is established this session, next session it may be increased to 50 or 60 mills. I believe they are correct.

*Education
Attachment #4
February 13, 1992*

I believe in a few short years the statewide levy would approach or exceed the current level of some districts' 80-100 mills, and property taxpayers will be worse off than they are now. Will we have to go through hearings such as this every session when the legislature sets the mill levy?

Is the goal to establish uniform tax levels or uniform tax rates?

A uniform mill levy is much different than a uniform tax effort. Based on information from the 1990 U.S. Census, the median local market value of occupied housing in the state of Kansas varies from \$14,990 to \$91,500. Applying a uniform mill levy of 45 mills, the following would happen: A homeowner in a low-cost housing area would pay \$81 in property tax, compared to \$494 in a high-cost housing area. For example, a homeowner in Iola would pay \$149; in El Dorado that homeowner would pay \$280; in Atchison, \$175; in McPherson, \$259; in Bonner Springs, \$228; in Leavenworth, \$346; in Russell, \$151; in Manhattan, \$343; in Hutchinson, \$217; in Louisburg, \$258; in Pittsburg, \$166; in Olathe, \$494; in Elkhart, \$241; in Lawrence, \$367. Not much uniformity represented in those numbers. The uniform mill levy is fraught with legal difficulties as well as tax fairness problems.

Some cities and school districts have been stingy in their use of tax abatements to attract economic development; other communities and school districts have generously given away much of their commercial tax base or are collecting only a portion of their property taxes. A uniform statewide levy would require all taxpayers across the state to subsidize those who have been so generous. The practical reaction of a uniform statewide mill levy will result in every governmental entity that is able to do so giving away 100% of property taxes for economic incentive. The incentives to build an economically sound tax base will have been removed. The most negative impact of a statewide mill levy is loss of local control. I've heard apologetic explanations and soothing responses from state officials that this would not happen. However, a statewide mill levy will be set by the state legislature, not locally elected boards. No matter how you slice it or dice it, that means loss of local control period. There are two ways for people to vote. One is the ballot box, the second is with their feet. Kansas cannot afford the latter.

Is the goal to meet constitutional requirements for equal education opportunities?

If that is the goal, then the present proposals represent radical change where none is required and raise **different** constitutional questions. Why not establish an Equal Educational Opportunity Fund, where districts who feel they are unable to fund an adequate educational program on their own can apply for a remedy. Such an application would specify and justify their inability to do so, and would target programs and costs to fund an adequate educational program in that district. I believe this approach would be less costly for the taxpayers, would result in well thought out and justified programs for

achieving educational goals, would answer the constitutional questions and would keep the state from dismantling quality educational programs that currently exist in this state.

Make no mistake, elementary and secondary educational programs in this state are at a crossroad and are at great risk if the current proposals are embraced. Have we learned nothing from the property classification amendment fiasco? Why the rush in the legislature to throw everything away and put in place a new school finance program. Just recently, the house passed a bill to establish a commission to look at school reform and report back in December.

I urge you, do not make major wholesale changes in the method of funding schools in this state absent well-founded and clearly defined educational goals and sound public tax policy objectives. Don't place elementary and secondary education in this state at risk, don't repeat mistakes in policy decisions that were made in drafting the classification amendment. If you do, elementary and secondary education programs in this state will be a long, long time recovering.

#5

GORDON DOCKING STATEMENT TO HOUSE EDUCATION COMMITTEE

My name is Gordon Docking, I'm a resident of Overland Park, and an 11 year resident of the Olathe School District. This young man with me is my eight year old son Blake. Blake has Down Syndrome, and has been involved in Special Education programs in the Olathe School District since he was three years old.

When Blake was born, we were counseled by many people who have children with Down Syndrome. The first thing we were always asked was this, Do you live in Kansas or Missouri? When we said Kansas, people said good, that means you won't have to move. When we said we lived in the Olathe School District, we were told their Special Education programs were excellent.

But now, the Governor's proposed education plan drastically threatens the quality of those Special Education programs that have been so important for Blake. According to the Governor's proposal, all special education funding would be based on student FTE (which is full time equivalency). This plan forces special education programs back into the stone age, instead of following the current philosophy of integrating special education students into programs with the normal population whenever possible.

Blake here takes part in two programs, Trainable Mentally Handicapped in the morning, and Educable Mentally Handicapped in the afternoon at a regular elementary school. While he's at that school, Blake takes part in Phys Ed with regular students, and music with regular students. However, because of this, Blake would not count as a full time special education student under the Governor's plan. The Governor's plan would force special ed programs to go against all the national trends of integration, and keep the students full time in special education classes just to get extra funding. Special Ed students mainstreamed into classes with the regular students could become a thing of the past.

Under the Governor's proposal, Olathe would realize a budget deficit in special education of nearly six million dollars. Currently, Olathe transfers \$4.5 million dollars from the general education fund. But under the Governor's plan, regular education would have such a massive deficit that the \$4.5 million dollar transfer would be nearly impossible. In addition, there is no state aid for bussing under the Governor's plan.

If Olathe eliminated most of their speech therapists, physical therapists, social workers, psychologists, and paraprofessionals, 109 jobs in all, they would save 2.3 million dollars. That's less than half of the projected deficit. Plus, the district would be hard-pressed to provide the necessary services required under federal law 94-142.

Attach 4-4

I am here to support the proposal from the Education Committee. First, this plan is based on Staff FTE instead of Student FTE. This basis of funding would allow Blake to continue to be involved in Phys Ed with regular students, without penalizing the funding received by the district. This would actually continue to encourage Olathe to be on the cutting edge of national special education programs for integration and inclusion.

The Education Committee proposal also provides funding for transportation. This would allow Blake to not only get to school in the first place, but it also allows him to go to the regular elementary school in the afternoons, where he has much higher role models.

And the third point, because of the funding method of the Education Committee plan, the Olathe District would not face such a huge budget shortfall in the general fund, and it's very likely that the transfer of funds from the general fund to special ed would take place.

I love the state of Kansas. I choose to live in Johnson County for the schools. I'm not real crazy about our mill levy of over 110 mills. But I'd much rather pay the money, than have our schools deteriorate under the Governor's plan.

I can certainly see the need for a certain guaranteed level of education for all students in Kansas. However, it is not right for people willing to pay more for a superior education, to have that right denied.

It seems to me that the solution is simple. If the state must establish a statewide mill levy, give all local districts and communities in the state the right to supplement their local school budgets with local dollars. That is another positive aspect of the Education Committee plan.

And that way, Blake, and all the rest of his friends in school, can continue with their fine education. And families like ours won't be forced to consider moving to Missouri, because the Kansas Special Education programs became less than adequate.

I want to thank the people on this committee for giving Blake and me this opportunity. And remember that your decision affects real people. It's our hope that with the proper education and training, that Blake will one day be a taxpaying citizen himself.

OPPOSITION TO HOUSE BILL 2892

presented by

MELINDA ROGGE

SUBLETTE HIGH SCHOOL

SUBLETTE, KANSAS

February 13, 1992

Education
Attachment #5
February 13, 1992

Chairman Bowden and members of the Committee, thank you for allowing me to testify in opposition to House Bill 2892. My name is Melinda Rogge, and I am from Sublette, Kansas.

In today's world, a greater emphasis is placed on education than ever before. American students are constantly being compared to those of other countries, and more and more often we find ourselves on the losing end. Advances are made in technology every day--advances that many of us will not have access to until they are obsolete. With competition for jobs getting stiffer and careers becoming more uncertain, school is where we turn for solace. We realize that education is important in order for us to reach the high goals we set for ourselves.

To me, education is more than just the law, it is a chance for me to begin building the life that will be my future. School has helped me to become a well-rounded individual by allowing me to compete in music, art, and speech contests; to work with groups and provide services to the community; to become actively involved in school and local government; and to cheer on the team in many high and low moments. I am proud to attend Sublette High School and to be part of a community that cares about education and quality of life.

If House Bill 2892 is passed, it will be difficult for many schools to maintain the quality of education that now exists. In our school district, the mil-levy would have to increase enough to raise an additional \$200,000 which would

Attach 5-2

not remain in our district. At this point, most of our 43 teachers have achieved Masters' level education, and have an average of 18.5 years experience in our system. If salaries have to be cut, we may lose these high caliber teachers, and it will be nearly impossible to attract new teachers of equal quality. Thus, our students will suffer the consequences of the diminishing quality and experience in instructors. This should not have to be the case. Today, we are lagging slightly behind in technology programs because of a lack of funding to this area. Priority lies in the basics, and we barely have enough to add extra programs to keep up with the technology rush. If we wish to keep moving forward, which should be a goal for all districts, we must find a way to finance more programs, not cut the budget until we're down to strictly bare necessities. If the state forces us to this, we may have no choice but to close our doors, and this may destroy our entire community.

Currently, the schools in our area must travel long distances to compete in sports activities and cultural events. State level competitions are held in the central and eastern sections of the state, and expenses for travel are growing in our suffering economy. We are not exposed to the same opportunities that reach other areas, such as attending legislative sessions and having university libraries readily available for doing research. Field trips are most often long and tiresome for students. Even though they are a necessary part of our education, individual

organizations and classes must sometimes raise their own "travel money" in order to receive the benefits that these trips provide. The current bill does not consider the additional time and cost our schools must commit in order to have access to activities available to urban areas. We all deserve to be exposed to these opportunities.

We are all part of Kansas, and we should be treated equally. But to try and equalize funding without considering the unique problems created by geographic location and size will not serve to improve the quality of education for all Kansans. Those of us with already-above-average systems cannot be dragged down in order for others to be brought up to our level. We must work together to sustain the quality that now exists in some schools and to improve the quality of others. Please consider the students' point of view when making decisions that really only effect us in the long run. We are the future, and must not be held back by the decisions made here. The only direction we can afford to move in is straight forward.

Thank you for your time.

Attach 5-4

Representative Bowden and members of the Education Committee, and members of the House Assessment and Taxation Committee, my name is Robert Akins and I live in Olathe, KS. My wife Victoria and I have two children, Christine, seven and Gene-Paul, five. We are here today to voice our concerns over the proposed school finance plan which we feel would drastically cut much needed funds for special education programs.

Christy was diagnosed with Cerebral Palsey at seven months of age. Immediately after this diagnosis, Christy began receiving extensive physical and occupational therapy four times weekly. By age three Christy began experiencing Grand Mal seizures for which she continues to take anti-convulsant medication. At this point in time, Christy is unable to walk without the use of a walker, leaving her physically challenged.

Even though my office is located in North Kansas City, MO., as parents of a child with special needs we chose to reside in Kansas, specifically the Olathe School District, due to the excellent special education opportunities available - educational opportunities that will only remain available with adequate funding.

Christy attends Indian Creek Elementary in Olathe. She is a student in a Semi Independent Learning Level I class, which is part of a regular school setting. Her class is mainstreamed for lunch, regular physical education, music and art classes, and recess. This mainstreaming benefits Christy, her class, and the regular education children.

Currently special education funds allow for the following services Christy requires for a quality education:

- Transportation in the form of busing which includes an aide to assist Christy.
- A special education teacher.
- Two paraprofessionals in her classroom.
- Physical therapy, once a week for approximately 45 minutes.
- Occupational therapy, once a week for approximately 45 minutes.
- Speech therapy, individually, once a week for approximately 45 minutes and with her class once a week for approximately 45 minutes.
- Social skills training taught by the school district social worker.
- Adaptive physical education.
- A school counselor who works with the Semi Independent Learning classes.

As parents we know that Christy would benefit from more physical therapy, occupational therapy, and speech therapy; but we also realize limits in funding do not allow for increased services at this time. We are deeply concerned that the proposed school finance plan leaves an approximate shortfall of five million dollars in the Olathe Special Education budget which would further decrease these services. A five million dollar deficit would effect the following services Christy receives:

- Loss of transportation.
 - Loss of at lease one paraprofessional in the classroom.
 - Loss of adaptive physical education.
 - Loss of music and art, limiting integration.
 - Probable reduction in time spent with physical, occupational, and speech therapists.
- As a handicapped child, Christy's life is already a series of everyday challenges. All current proposals simply impose more unnecessary obstacles.

Education
Attachment #6
February 13, 1992

As members of the Education Committee, you are well aware Public Law 94-142, The Education for All Handicapped Children Act, stipulates: "A free appropriate public education with necessary related services (e.g.; occupational therapy, physical therapy, counseling and transportation) must be provided by your local school system." This would not be possible with a five million dollar deficit in the Olathe Schools Special Education budget. Under the proposed school finance plan, where will the money come from to meet federal law and state obligations regarding special education?

The proposed school finance plan would drastically lower the Olathe school district mill levy. As an Olathe home owner, at first glance this would be welcome tax relief. However, while we are all for lower taxes, we must refuse to compromise our childrens education. We commend the Education Committees efforts to alleviate the drastic measures proposed in Governor Finneys school finance plans with a more realistic version of your own school finance plan. We challenge these committees and Governor Finney to continue to explore other options to lowering property taxes and equalizing educational opportunities across the state of Kansas.

We must remember the quality of education children with special needs receive today will directly impact any financial burden imposed on Kansas taxpayers when these children become adults. My wife and I urge this committee to keep the federally-mandated needs of special education students in mind when considering the complex issue of school finance.

#8
Lori Curtis

Student Council President
Olathe North High School

February 13, 1992

Good afternoon. I just arrived home from Washington D.C. Two students from each state were selected to attend a government conference called The Senate Youth Program, financed by the William Randolph Hearst Foundation. I was the Kansas delegate. During this conference, we were separated into small groups, and we were asked to choose the most important issue pressing America today. People were concerned with the recession, homelessness, post Persian War problems, drugs and crime, but in a virtually unanimous vote this group of students and adults found education to be the top priority. You, too, as legislators and politicians have continually put education first in your campaigns and speeches, so when it comes to budget cuts, why is education the first to go?

Districts across Kansas have been arguing for years over the standards Johnson County has set for their schools. People move to Johnson County for their superior educational programs, and other districts don't like it. But Johnson County taxpayers have committed themselves to good education. It is their prerogative. It is their right. Is it fair to lower their standards to make other districts look less inferior? No. By lowering our financial base, we will be forced to provide a weaker education. You cannot punish the students of Johnson County in this way. We are not to blame.

Students across the nation are continually put down for low ratings on ACT and SAT tests, as well as poor reading and math skills. Students are encouraged to study hard in order to better compete with European countries and Japan. But how can we begin to achieve these goals if the funds are being taken away? How can the state mandate higher graduation requirements

Education
Attachment #7
February 13, 1992

and then refuse the funds necessary to achieve them? This is pure hypocrisy.

In our district, suggestions have been made to cut such activities as elementary art, music, and physical education. Are the arts no longer considered a vital role in a well-rounded education? In past years, the United States has been ranked near the bottom in physical fitness of adolescents. Has adolescent physical fitness improved so greatly that it is no longer an issue? Advanced students have the opportunity to take accelerated and specialized courses which create a wide realm of choices for them. These classes include art portfolio, acappella choir, honors English, history, college prep biology, and calculus. Classes such as these, for bright, highly-motivated students, are almost certain to be sacrificed in a budget crunch. To cut advanced and honors classes is to reward mediocrity, and to do so would be ludicrous.

Meeting with the Secretary of Education in Washington D.C., we were encouraged to go to our home states and local communities to voice our concerns. This may be cliché, but the phrase is still true. I am your future. Your destiny virtually lies in my hands, while mine lies in the hands of the generations to come. I want these generations to have the quality of education I have received. Thank you.

Attach 7-2

#9

Thank you, Mr. Chairman and members of both committees for the opportunity to speak with you. I am **Christy Levings**, an elementary teacher in the Olathe District Schools. I want to share with you today some of my concerns as an educator as you continue your work in the area of school finance.

Approximately 20 months ago as a graduate student at the University of Kansas, I concluded in a research paper that within two years, lawsuits would be filed contesting the school finance formula in Kansas and that the legislature would find themselves embroiled in major discussions on schools and how to fund them. I wish my ability to see into the future would be so clairvoyant in the area of personal finances or that I could share with you some vision or solution to the outcome of your deliberations.

As a long time Kansas educator the question I've heard many times in discussions after school or in the lounge is "when do the needs of our students" get taken into account in the process of funding?" This year we were excited to hear Judge Bullock's direction for financing be placed directly on providing each child with an equal and suitable education.

The Olathe schools serve a very diverse student population, which contains families of all economic levels, who come to us with a mixture of academic, personal, and social service needs. Olathe has developed a reputation of excellent schools due to the hard work and involvement by all district employees. Last year our district lost state education dollars so our programs lost support dollars. We scrambled to keep those cuts from touching students in every way we could. We put staff supplies and program structure out front and cut these so the impact on students would be minimal, but the pressure on our staff has been greatly increased.

Staff not only have fewer material supplies and resources such as paper, xeroxing, workbooks, and funding for field trip experiences, but the reduction of teacher aids and paraprofessionals limit the amount of individualization and direct one-on-one assistance students can receive. This is further reduced as our district continues to grow in enrollment.

A recent study completed in December asked over 500 Olathe teachers to keep records on the amount of hours their job required and the amount of their own money they spent for classroom needs. The 8,839 hours they worked above a traditional 40 hour work week is not surprising to us as we know ours is a time consuming and demanding profession, but I believe you all need to look at the result that our teachers spent \$12,577.00 of their own money to support classroom programs in only a two week period.

Governor Finney's proposal would have removed over 10 million dollars from Olathe which would have devastated our district to a degree that is beyond imagination. This current proposal is a much better approach, but our district still loses significant funding. During the last few weeks, I have

Education
Attachment #8

February 13, 1992

*dealt with a large amount of emotional panic by both staff and patrons as to the outcome of these legislative proposals. I worry about **this** stress on top of the high demands teaching already places on our faculty.*

*If the finance package from the state **again** makes cuts in the Olathe budget, people and programs will have to be reduced. Students will indeed be directly affected by these cuts.*

*Our desire to create excellent programs and to help **every** student succeed has not been only for the benefit of the Olathe District but because we believe all **students** in the state of Kansas should be provided with an opportunity to succeed at this level. On behalf of our teachers and students, we ask that you allow us to continue to provide **our** students and **all** Kansas students with the very best programs possible.*

I will be happy to answer any questions and again thank you for your time.

Attach 8-2

Teachers working long after bell rings

Pam Sollner
Daily News Reporter

ODN 1-10-92

Olathe teachers work an average of 50 hours and spend about \$15 of their own money each week to educate students, according to a recent survey by the Olathe-National Education Association.

Results of the survey showed that during a two-week period in early December more than 500 Olathe teachers worked 8,839 hours outside the regular 40-hour work week and spent \$12,577 for classroom rewards and instructional supplies.

Those hours do not include coaching, drama or other paid extracurricular duties, which were calculated at an additional 1,133 hours during the same time.

"There is no doubt that teachers spend time above and beyond the contract day. It's just impossible to do it all during the school hours," said Bonnie Lewis, a library media specialist at Pleasant Ridge Elementary who participated in the survey.

On her own time, Lewis keeps the library open two hours at night twice a week for students. She spent about \$25 a week during the survey time, but she expected that with opening a new school like Pleasant

Ridge.

"Our profession demands a 50-hour week, and we put in our own money to make the system work for kids. We just wanted to show people what we do," said Christy Levings, president of the ONEA.

Dividing by the number of those surveyed, Levings said teachers spent an average of 10 extra hours in the classroom each week although some teachers spent as much as 30 hours. On the average, teachers spend about \$15 to \$20 for student rewards or classroom materials, ranging from a few dollars a week to \$300 for a piece of equipment.

Replicating a 1989 survey conducted in Arkansas over three school districts, the ONEA wanted to compare the results with Olathe. Levings said the Arkansas study spanned four weeks and indicated that teachers worked an average of 52 hours and spent about \$17 each week.

"Ours is not a 9 to 3, summers off kind of job," she said. "We put in a lot of hours outside the classroom, especially at home. Just because we're not in the building doesn't mean we're not grading papers, planning or

■ See TEACHERS, Page 2A

NEWS

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Local teachers pile up extra hours

■ TEACHERS from Page 1A tracking down materials."

More than 500 Olathe elementary and secondary teachers participated in the survey, tracking the number of hours they worked in addition to a 40-hour work week and the number of dollars they spent out of their own pockets toward education.

Teachers recorded the results during the first two weeks of December.

When teachers want to put up a special bulletin board, give students rewards, share an author's latest book or science technology, they often dig into their own pockets to finance it. The average teacher's salary in Olathe is \$29,960.

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attach 8-3

Ladies and Gentlemen:

My name is Don Concannon. I live in Hugoton.

The prevailing view of my activities in urban centers is typified by one of my Topeka friends who recently suggested that the Menninger Clinic should open a branch office in Hugoton---as only someone who had flipped would suggest secession.

Our appreciation of the humor of the moment cannot diminish the seriousness of the problem. Am I alone in my dedication to pursue a way of life that is constantly under attack? I assure you nothing is further from the truth. My only quest is to prove that one person can make a difference. Secession was not an original idea with me. Rumbblings of this nature in rural Kansas have been increasing for over 30 years.

What was lacking was a catalyst to unite all Rural Kansans. Governor Finney's School Finance Bill finally provided the initiative.

Will the legislature respond with a fair and equitable school tax proposal? From what I have heard in the halls of state government and on the street of the urban centers, I would have to say--NO--as one lobbyist said with a smile on his face, "We can forget them because they have no votes out there."

Like it or not, Kansas is faced with the greatest challenge of this century. If the legislature resorts to political expediency, rural Kansas will cease to exist as we now know it. If our form of life is worth saving, then the right to self-determination of voters of each rural

Education
Attachment #9
February 13, 1992

political subdivision must be recognized and you must respond favorably to a vote of the people, which I feel will be overwhelmingly in support of secession.

We are here to discuss Governor Finney's school finance tax proposal because it is ill-advised and politically motivated. A cursory examination of the proposal clearly establishes that the large voting urban centers receive preference and tax reduction while the sparsely populated rural areas are subject to confiscatory increases in taxes. These same rural areas face massive reductions in local funding for their schools, to the detriment of their children.

When it comes to taxation, rural Kansas suffers from the "battered wife syndrome." In the past we have accepted the tax abuse to preserve the state, now there is a realization that the abuse is not going to stop. So secession may be the only answer.

In the 1800's land was wealth. That is not true today. The wealth of Kansas lies in much which government has chosen to exempt from the support of education simply because that wealth is disproportionately manifested in the urban centers with the greatest voting blocks and employers of lobbyists to obtain special treatment and tax exemptions from the legislature. During the legislative session there are five lobbyists for every legislator, and yet the farmers and small businessmen of Western Kansas have no lobbyists to preserve and protect their way of life.

Prior to 1940 and the Second World War, 85% of the wealth of Kansas was in real estate. The sales tax did not come into being until 1937. Income tax produced very little tax revenue.

The real estate did not change, but the rest of our resources did. Real estate can no longer absorb the lion's share of the tax burden to fund quality education.

To obtain equity in education the judicial branch did not preclude using taxes on income, inventories, stocks and bonds, property covered by IRB's or sales tax. The source of funds was left entirely to the Governor and the legislature.

It is the legislature who removed many of these sources from paying their fair share of the costs of quality education for every Kansas student. Therefore, a monster was created by the legislature and it must be destroyed by the legislature.

Quality education is not the amount of money spent per student. Each of you must accept that a dollar spent in Moscow, Kansas, does not buy the education that the same dollar will buy in the urban centers.

Due to the nature of rural Kansas, a statewide property tax of any magnitude unfairly discriminates against rural areas because rural people love the land and generally reinvest their money in land rather than in stocks and bonds, which are not taxed for education.

Rural Kansas would love to have access to convention centers, first class country clubs, Broadway shows, and other amenities available to the cities, but we willingly sacrifice these advantages for the fresh, clean air and the freedom to educate our children .

We are not free of all gangs, drugs and stress, but we feel our life is preferable. We manage; we do not demand sophistication.

We are willing to sacrifice for our children, but we object to others not sharing an equal burden.

We will gladly share our assets with all those who choose to live in our area, but we refuse to let others destroy us without pursuing a better alternative.

The legislature must prove to Western Kansas that quality education funded fairly and equitably by taxes on all wealth, not just rural wealth, is the ultimate goal. If they fail to do so, Stevens County will not be the only political subdivision to choose to go it alone.

I beg you to recognize the need to quantify and qualify the real assets of Kansas citizens and to enact definitive legislation to tax all wealth to provide every child in Kansas with the best, basic education affordable. It is time for statesmanship--not politics.

Regretably, few, if any of you have watched a storm develop out west. The thunder clouds build and the winds increase. When lightning strikes, a small fire sputters. If you rush to the flame while it is small, you can usually put it out. Ignore it and it spreads. It is known as Wildfire.

The editor of the Salina Journal recognized the basic unfairness of the Governor's program and said last Sunday: "The issue here isn't slaves. It's taxes. Mostly, it is the valid claim that a plan being sold as fair taxation is anything but."

The flames have spread to Haskell, Grant, Morton, Hodgeman and Kearny Counties already. Ignore this plea for fairness and the wildfire will envelop not only Western Kansas, but will spread to Oklahoma, Texas and Colorado.

When the people of the Soviet Union rightfully voted to establish their own republics, they opened the door for Stevens County. Surely our legislature will not attempt to keep us part of Kansas by force--- not the greatest democracy in the world today.

Listen to the people. They may be few in number, but they are strong of will and they are willing to endure whatever hardship it takes to bring about fairness and equality in the support of education for their children.

We beg you not to let political consideration blur your vision. We pray that you enact a school finance proposal that requires equitable contribution from all sources of wealth and removes the burden from real property to preserve our state.

Western Kansas has paid its dues. We have always paid our fair share and we refuse to continue as a doormat. If we cannot obtain equity in Kansas we have the guts to go it alone.

the Salina Journal

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The editor's opinion

Conconnon fire

Tax loopholes leave uniform levy unfair

At first glance, the proposal that Stevens County secede from Kansas appears an act of extreme selfishness.

It seems about as statesmanlike as when South Carolina seceded from the Union before Abraham Lincoln was even inaugurated for fear he might free the slaves. It was the ultimate act of a sore loser.

Stevens County hasn't lost yet. But already their Jefferson Davis, Republican activist Don Conconnon, has proposed that the county vote on severing its ties with the rest of Kansas.

The issue here isn't slaves. It's taxes. Mostly, it is the valid claim that a plan being sold as fair taxation is anything but.

The two school districts in Stevens County sit atop the Hugoton gas fields. That makes them, in property tax terms, very rich, leaving them with property taxes that are, by Kansas standards, very low.

But the governor and legislators are battling around an idea to impose a uniform property tax levy statewide to pay for schools. For most Kansans, the proposal would lower their tax rates. For Stevens County, it would raise them considerably, hence this political shot across the bow.

It is not that Conconnon and his fellow southwesterners disapprove of the rich subsidizing the poor. That is exactly what is happening in Stevens County now.

The wealth there is underground, the world's largest known deposit of natural gas. It isn't owned by Stevens County residents, but those who do own it pay taxes on it. That lowers taxes for county residents, most of whom are far from rich.

What rankles Conconnon is that, if a statewide levy is imposed, not only will the owners of the gas fields pay more, so will all the Main Street businesses and homeowners. In one move the people who live in Stevens County will go from being subsidized to subsidizing the rest of Kansas.

The case for a statewide levy, of course, is sound. All wealth in Kansas is wealth that should be taxed to support Kansas schools. No student, and no taxpayer, should suffer because they live on one side or the other of an imaginary line that separates county from county or school district from school district.

But where Conconnon has a point is in arguing that a statewide levy, without a few other changes, will not be as fair as its supporters may claim. The levy is only half the formula for raising property taxes. The other half is valuation and, as Conconnon rightly points out, too many things have been left out of valuations.

Tax breaks given by various cities and counties to attract new businesses, the state's exemption of business and manufacturer inventory from property tax and similar tax goodies offered to keep the rich fat and happy all narrow the property tax base and leave everyone else, everywhere in Kansas, paying more.

Why, Conconnon rightly asks, should the people of Stevens County pay sharply higher property taxes so Wichita and Johnson County — and, yes, even Saline County — can keep offering tax break after tax break to aircraft plants and distribution warehouses?

A statewide property tax levy for schools is a good idea. But, unless property tax breaks, exemptions and loopholes are wiped away, that uniform levy will not be so uniform as we may think.

not this

Attach 9-6

Attach 9-7

Dateline

Information for the items in this column is from area weekly newspapers.

50 at public forum

LAKIN — Approximately 50 people attended a public forum last week to discuss school facility proposals. The board of education has suggested moving the fifth and sixth grades to the middle school and the seventh and eight to the present high school and building a new high school. A building committee which will compile the feedback from the forum is composed of Hugh Cowan, Dan Woellhof, Joyce Bemis, Jack Hulsey, Alan Brown, Bob Riedl, Donna Reiner, Nelson Rider, Pat Sullivan, Joan Lennington, Johnny Crone, Alvin Holmes and Rex Puckett.

New building for Blick's

CIMARRON — A building for Blick's wholesale fertilizer and transportation operations is going up south of town. Work is progressing on the 4,200-square foot structure which will house the shop and office. Blick's recently sold its retail fertilizer operation to Collingwood but is continuing the rest of its operation, said Bob Unruh Jr., manager. The new Blick's building is next to the new Collingwood facility and that has caused some confusion as to the changes that have taken place, Unruh said.

Blick's has wholesale plants in Garden City, Belpre, Salina, Grainfield and Argonia and future sites are planned for Kansas and Nebraska. "We are keeping the trucks pretty busy," Unruh said.

Sock Hop pageant theme

ULYSSES — With the theme, "Sock Hop '92," the Miss Southwest Kansas Scholarship Pageant will be under way at 7 p.m. today in Kopley Auditorium. The 10 contestants are Pam Whitfield, Pratt; Cranelle Wilkins and Rebecca Bird, both of Deerfield; Amy Jo Williams, Sedan; Tracey Middleton, Jacqueline Rincones, and LaWenia Jeffers, all of Garden City; Lara Miller, Downs; Katherine Bethel, Wichita; and Dena Brasher, Dodge

ds to three families

SYRACUSE — The Hamilton County Conservation district honored three farm families Monday. The Key Banker's Award for conservation went to Cletus and Alberta Simon; Kevin and Debbie Brogan received the Wildlife Key Bankers Award and Goodyear Award winners are Tom and Harriet Englert.

Kearny Countians talk secession



ERIC SCHIFFELBEIN is circulating petitions while the sign at his Lakin motel tells his story.

Tired of not getting tax share

By DOLORES HOPE
Staff Writer

People in Kearny County are talking secession.

Picking up on a movement in Stevens County to secede from the state of Kansas, Eric Schiffelbein was busy yesterday distributing petitions for secession of Kearny County at business places and offices here and in Deerfield.

"I'm deadly serious about getting people's attention to what happens to this end of the state," said the 34-year-old operator of Ken-Ark Motel on U.S. Highway 50.

"We're tired of all the tax money going from here to Topeka and not getting a fair share back," he said. "We could easily sustain ourselves here as a separate state."

Open to suggestions

He said he was open to suggestions for names — for what the new state would be called. "People are talking about that, too."

His intention, he said, "is to urge other counties to do what we're doing here."

It's an idea that stands a chance of spreading. Schiffelbein said this morning he'd heard there was interest in Haskell County.

There were favorable responses from citizens at the places he visited here yesterday, he said. "A number of people told me they were glad that someone was starting something like this."

He would like to have around 500 signatures before he takes the petitions to the board of county commissioners, probably in a week or two. It will be up to the commissioners whether or not to submit the question of secession to Kearny County voters as soon as possible and not later than the next regularly scheduled county-wide election.

Signatures of farmers

Yesterday afternoon, Schiffelbein left four petitions at business places in Deerfield. On the way there and back, he said he picked up signatures of several farmers and he signed up several more people during a stop at Kearny County Feeders.

Early today he said he probably had a total of between 60 and 70 signers.

He will not count solely on leaving petitions lying around waiting for signatures, he said. He plans to push them, even doing some door-to-door solicitation in residential areas.

Schiffelbein said he started his one-man project by calling Don Concannon, the Hugoton attorney who started a secession move in Stevens County.

"He sent me a copy of a Petition for Secession with everything I needed on it, even to having Kearny County printed in. It was ready to go. All I had to do was make copies," he said.

In a telephone check of Lakin businesses this morning, The Telegram learned that signatures were beginning to accumulate on the petition at Harold's Hideaway.

Sign ups 'surprising'

"It's surprising how many signed it right away," said Rita Waechter, owner of the restaur-

See Secede, Page 3

Secede

Continued from Page 1

rant. "Everyone's reaching the point where something needs to be done to get the attention of people back in Eastern Kansas."

There were five signatures on the petition at Stop 2 Shop early today, said Lorraine Adams, an employee. She said she felt people were interested in the idea.

At Hammons Lumber and Hardware Inc., owner Don Hammons said he was not one to sign petitions but found there was quite a bit of talk around about the secession but he thought it might be more humorous than anything else. The petition at his business had eight or 10 signatures, he said.

At Lakin Pharmacy, owner Bill Daugherty said he signed the petition. His wife said she'd

make up her mind after she read it.

Jo Branine reported 12 signatures on the petition at her restaurant, Annie B's. Generally, she said she was hearing support for the petition from most people "even if they won't sign it."

There was a petition at both registers at Jack & Jill Grocery; one had four signatures and the other, none.

The petition on the counter at Dart-In had eight signatures, but there were none on one posted on the bulletin board at Dairy Queen Brazier.

At Duncan's Locker and Processing Plant, owner Bob Duncan said he'd probably sign a petition when he saw one. "I'm opposed to the school tax situation," he said.

While he hadn't received un-

favorable comments from anyone regarding the petition, Schiffelbein said, "I know there are some skeptics out there and some who think it's a silly idea."

He paused before adding, "We have to call the attention of the state government to how we feel out here."

"I imagine I might be calling the governor."

Miss California is now Miss USA

WICHITA (AP) — Jokes about men and monogamy won cheers for the 21-year-old telecommunications major who was crowned Miss USA 1992.

Shannon La Rhea Marketic of Malibu, Calif., outscored other contestants in the nationally televised beauty pageant Friday night and was crowned by last year's Miss USA, Kelli McCarty of Liberal.

A question during the competition asked the Pepperdine University student kind of man she would like to marry.

"I would like for him to have mastered the art of monogamy. I think that's really important," she said to hoots and cheers from the Midwestern audience.

Host Dick Clark asked if the guys she had been meeting weren't monogamous. She reminded him she's from California, which also got a laugh.

S.C.

Miss Marketic won \$230,000 in cash and prizes. She will compete in the Miss Universe contest May 15 in Bangkok, Thailand.

Her pageant biography said her most cherished childhood memory happened when she was 11. She said her father woke her up one night and poured all of his liquor down the drain.

"He promised me that the nightmare of alcoholism was over. He's been sober and my best friend ever since," her biography said.

The three finalists chosen from a field of semifinalists consisting of Jennifer Prodders, 22, Atlanta, Ga.; Kimberlee Girrens, 22, Wichita, Kan.; and Angela Hines, 22, Maysville, Ky.; Dennis Shepard, 24, Mesa, Ariz.; Tess Elliott, 22, High Point, N.C.; Christy Saylor, 23, Baton Rouge, La.; Brandi Bottorff, 21, Fairfax, Va.; and Katie



Laser Photo/Associated Press

SHANNON La Rhea Marketic is crowned Miss USA 1992 by Kelli McCarty, Miss USA 1991, left, and Janel Bishop, Miss Teen USA, right.

ing the finals.
"Well, I am a firm believer

would do that." American Bar Association
Her pageant biography said Center on Children and the

Attach 9-8

#11

State Wide Mill Levy Unified School District 468 Healy Public Schools

Good afternoon ladies and gentlemen of the committee. I am here today to discuss with you a most important topic and that is the proposed state wide mill levy. On behalf of my Board of Education and the children of Healy Public Schools I stand before you as an opponent of the proposal for the following reasons.

To begin I would like to point out that with the state mandated mill levy **local control** is severely limited. This is the central issue in the debate and should be a serious concern to all school districts, large or small, rich or poor, east or west. Do we want to relinquish the authority we now have to fund and operate our local districts as we see fit? The answer should be, unequivocally, NO! Regaining any semblance of control once it has been lost would be very unlikely regardless of how dismal the new system might prove to be. We should always protect the privilege of local control because it is at the lowest level where unique problems can best be handled. Issues of concern are not the same in all communities.

The second issue I would like to address is **funding**. The current system allows each district to fund its schools at a level that best suits the needs of its students, patrons and taxpayers. If a districts taxpayers are willing to support the system at a given mill levy they apparently feel that the outlay is worth the return in educational results to the community. If on the other hand, they feel too little or too much is being invested they have direct access to the local Boards of Education to express those feelings. This type of redress is essentially lost under the proposed state-wide mill levy system.

A second area of concern regarding funding is whether any attention has been given to the cost of administrating the State School District Finance Fund. Experience might tell us that bureaucratic handling of large sums of public money has been quite expensive. In other words for every tax dollar paid into the system how much will be actually redistributed to the local school districts? Under the current system it is essentially a dollar for dollar distribution.

The latest computer run provided shows large increases in budgets state-wide under the proposed system. Other categories of aid including aid for bond and interest and to equalize the local option budget provision will require additional large sums of money from the state fund. This keys the question, where does this money come from? Last years legislative session proved that coming up with new money for education is not an easy task.

It would appear that if the new state-wide mill levy of 45 mills was enacted the most likely place to generate additional funds in the future would be to periodically raise the 45 mill figure. If this were to occur the obvious result would be to subvert the initial intent of the reduced property tax legislation, the selling point of the entire idea as it relates to the tax payers of Kansas.

The idea of **equality** has been presented that each school child in Kansas is to be afforded an equal educational opportunity; a lofty goal to be certain. The equal concept, however, raises many perplexing questions when one considers the diversity across our state. A major factor is the differences in population density between east and west. We often hear it said that it costs too much to educate children in the small rural school setting, unequal, yes. Consider, however, a child in rural western Kansas who has a 30 mile bus ride to school each morning and home again at night compared to a child in the Wichita who can reach his/her attendance center in a much shorter time, again, unequal.

Typically, smaller rural districts have been restricted, mostly by financial constraints, to providing the basics and required subjects in their curriculum offerings. The larger urban schools, on the other hand provide much more diverse curriculum opportunities to their students. The question that arises then is, if equality is to be pursued for all Kansas school children then is it reasonable to expect under the new system that all districts, large and small, will be afforded the funding to provide an equally diverse offering of both curricular and extra-curricular opportunities?

It seems that if the issue of providing an equal educational opportunity for all is pursued to full length, enough questions should arise to keep the court busy for years to come. Perhaps the current system which has evolved by reason over the years is more equitable than some proponents of change would lead us to believe.

We have the distinction of living in Kansas. Although about half of our population is now called urban we are still a state whose main product is agricultural commodities. Our claim to fame is the fact that we are able to produce enough food to feed not only ourselves but also a sizable portion of the worlds burgeoning population.

In rural Kansas where agriculture happens, small towns and communities are an important and integral part of the lives of the people who produce, process, service and transport these products. Schools that are able to provide a good basic education are generally considered to be the cornerstone of these communities. If the school closes down the community disintegrates. Thus, the strong feelings about our rural and small town schools.

The point to be made from all of this is that decision making at all levels should take into consideration the rural fabric of Kansas by attempting to promote the well-being of the states rural communities rather than slowly but surely attempting to urbanize more of its citizens. We should ask when a decision is to be made or a law is to be passed, does it have serious ramifications for our states rural agricultural sector? If the answer is yes, then take a second look.

I recognize that you have a monumental challenge facing you with respect to funding education in our great state. Before you make any decisions reflect upon the fact that children, regardless of where they live, have a constitutional and ethical right to the best education we can provide. Also remember that providing this education is the responsibility of the citizens of the state and cannot be subverted.

I thank you for your time and attention.

212

Testimony Presented to the House Education Committee
February 13, 1992

Topeka, Kansas

Presented by:

Bruce Passman, Ph.D.
Executive Director of Special of Services
Blue Valley Schools
Overland Park, Kansas

Honorable Members of the Education Committee:

I have always appreciated the opportunities you have provided me to visit with you individually and in testimony on previous occasions about special education. In my role as the Executive Director of Special Services in Blue Valley, and as past president of the Kansas Association of Special Education Administrators, I have frequently advocated for the needs of exceptional students. However, I am here today to advocate for the educational needs of **all** of our students in Kansas.

Like each of you and all educators and community members across the State of Kansas, I too, am gravely concerned, yet optimistic, about education in Kansas and in our nation. There is no doubt that our education and economic systems are inextricably linked and yet amongst industrialized nations, the United States ranks 14th in terms of the percent of the gross national product expended for education (4.1%). The education/economic relationship is symbiotic in nature.....one depends upon the other. While our area of the State has often been the source of criticism for its expenditures in developing our most valuable natural resource (children), it is also in **our** area in which the education - economy linkage has been proven to be present for most of the past 25 -30 years. Undoubtedly, Johnson County has prospered during that period. Its prosperous times have closely paralleled the development of quality public education programs which attract business and industry and benefit both the

*Education
Attachment #11
February 13, 1992*

county and the State. Our partnerships with both the community at large and the private sector will serve us well as we join together in creating a vision of the future for our students.

I am confident that the changing demographics of our State and of our Nation will create greater need for quality schools and school related services. While I do not intend to present a picture of gloom or pessimism, I think it is important that we recognize the relationship between the changes in our society (demographic, economy and finance, technology, social values) and the challenges of our public schools. Let me highlight but a few of these.

- Teenage pregnancies are on the rise.
 - 1 of every 4 children are born out of wedlock
 - 23.9% of teenage girls will have a pregnancy by age 18
- Children having children is a social problem to which schools and communities must find a solution. We cannot forget the linkage between education and the individual's economic success.
 - each day 40 teenage mothers give birth to their third child
- There is a phenomenon referred to as the "browning of America." We will soon be a nation of minorities. There is nothing inherently wrong with this except that our schools must be responsive to the changes in curriculum as a result of these cultural changes. Curriculum should be multi-cultural and reflect the egalitarian values upon which our nation is founded.
 - Non white children of school age was 29% in 1986
- During the 1990's, the American family will continue to change. We will see more blended families, single parent families, foster families, and so on. However, most of our school curricula is still geared to the 1950's June and Ward Cleaver family (Leave It to Beaver!)
 - 15 million children are raised by a single parent with incomes below \$11,300 (1988)

- children in foster homes are projected to increase by 70% between 1989 and 1995
- The “graying of America” as well will create additional pressures on the public due to the decline in support by these “empty nesters.” If we do value lifelong learning, expansion of adult education opportunities and volunteerism in our schools can bring their support our way.
 - by the year 2,000 there is to be a 123% increase in those over the age of 85
- Another change in our society is reflected in the highly mobile nature of today’s families. In our urban and suburban areas, few students remain in the same school districts, locations, or even states. Transfer rates caused by job mobility or by unemployment during recessive times has caused much movement , and thus the impact upon children of these families is frequent disruption in their instruction and gaps in their skill development.
- Finally, the new tier of children with special needs from causes such as fetal alcohol syndrome, crack and other drugs, and AIDS (should those children live to school age) pose educational problems for our schools like none we have ever seen before.
- The problems of childhood and the stress brought about by these are increasing dramatically.
 - Suicide is the 6th leading cause of death of children 5 to 14 years of age; the 2nd leading cause in the 15 - 24 year group.

Have the public schools created these cultural and social issues? It is unlikely. Do we have a role in addressing these issues? Without a doubt. We are in a unique position, when armed with adequate personnel and fiscal resources to be able to mitigate against their long term effects by providing effective public education curriculum and instruction, and adequate and timely supportive services to school staff, parents, and most importantly to the students in Kansas. I am certainly in agreement that **each** student in Kansas should not be denied an opportunity to receive at least an adequate education. However, in today’s culture adequate goes beyond the “basics.”

To address the issues which face our schools, adequate means providing a liberal arts education which enables students to develop Basic Skills, Thinking Skills and Personal Qualities (SCANS Report, 1991). In addition this suggests that full service schools include effective guidance and counseling, health services, and early intervention including programs such as the effective Parents as Teachers Program. I commend Representative Barkis' efforts with regard to children's initiatives as it is supportive of the need for our society (including our schools) to be responsive to children's issues. The complexity of needs which our future students will bring to us means also that effective special education programs must be maintained and enhanced to enable teachers to be effective and students to develop their capabilities in their quest to become contributors to our Kansas society and economy. With regard to special education, the categorical funding model, particularly when excess costs are funded at the 100% level, provides for both effective program and service delivery, while at the same time enabling local autonomy. The categorical funding process has in a sense accomplished with special education, that which you are attempting to do with all of education: to ensure equal opportunity and access to quality schooling while at the same time encouraging and supporting local governance. However, success with students with special needs, including those who are gifted, is a collaborative effort between effective special education and regular education systems. Through collaborative efforts we have the opportunity to improve all of education and, in fact, create a merger between all educational systems and programs.

In the next phase of school reform, many believe that the school will become the hub of the community. Programs in our schools such as special education, Parents as Teachers, counseling, health services, and others such as physical education, music, reading and so on, now viewed as ancillary, or optional, are spokes on the hub which

all contribute to our ability to prepare students fully for the world which they will face.

So as you can see, my plea to you to today is really on behalf of all children in the State of Kansas who are entitled to equal opportunities and access to a complete spectrum of educational services. Like others you have heard from, I encourage you to support the categorical funding of special education; address the needs of all students of Kansas while preserving local autonomy. You see we have a choice:

We can prepare our students for the future or, we can prepare the future for them. Support of school finance which equalizes opportunities for all and acknowledges the need for local governance will enable us to prepare the future for our students.

TESTIMONY
 House Education Committee
 2/13/92
David H. Westbrook
 Chairman of the Board
 Overland Park Chamber of Commerce

It is a privilege to be afforded this opportunity to present the views of the Overland Park Chamber of Commerce with regard to pending legislation on school finance in the state of Kansas. It is also a privilege to represent our fine chamber, which most everyone in Johnson County and elsewhere recognizes to be among those organizations that is clearly at a seat of influence in our community.

As you know, our community prides itself in pursuing a high quality of life. We set standards of excellence for that quality at virtually all levels of our community's resources — neighborhoods, parks, city services, police and fire protection. There is perhaps no institution in our community more important to us in Johnson County and in Overland Park than the quality of education in our public schools.

The high value we place on public schools in Johnson County is not unique in the state of Kansas. In my work, I am privileged to represent a number of companies throughout the United States, many of whom have retained us because they have interest in moving their operations to Kansas. Kansans are perceived by people outside our state as being highly industrious, well-educated, well-disciplined; in short, Kansas people are people who are equipped to meet the professional and personal challenges of life and who are prepared to confront those challenges. The ability of Kansas people to meet those challenges arises from many sources; high quality education is among the most important source.

While we have a high regard for quality education in Johnson County, we also have a strong sense of fairness in terms of tax policies that are designed to support public education. In the judgment of the Chamber, though our reason for being here is to comment on school finance legislation, our real crisis is not one in education, but a crisis in public policy on taxation. Furthermore, we also must confront the issue of spending; the state has spent more than \$200 million in additional funds in recent times and yet not one dollar has gone to public education. Other interests have been met; and it is those interests and those priorities that have now placed public education at the fulcrum of this crisis.

*Education
 Attachment #12
 February 13, 1992*

Here are the steps we believe the Legislature must take in order to mitigate this crisis:

1. Do not take precipitous action on school finance.
 2. Put public education as priority #1 in funding programs for 1992-93; if a tax increase is justified, then base the justification on the funding of *other* programs supported by the state.
 3. Where possible, cut spending to meet the financial needs of public education.
 4. Adopt an enlightened tax policy with regard to public education that enables planning rather than a year-to-year uncertainty among school boards and educational leaderships.
 5. Preserve local control; in this respect, a mill levy is absolutely contradictory.
- I am attaching to my written presentation the Overland Park Chamber's current legislative position on several issues. I thank you in advance for reading that document and for your patience in listening to our views.

Please note Johnson County stands ready to support public schools and the current education finance formula; please know we insist that the Legislature be accountable for other expenditures and not place education at the center of a crisis the source of which really can be found elsewhere.

attach 12-2

LEVEL I

1992 PROACTIVE LEGISLATIVE PRIORITIES

The following are the legislative priorities which the Chamber will actively advocate during the 1992 Session. These issues are not placed in any particular order of importance to the business community. Specific positions inclusive and cannot be separated out.

THE OVERLAND PARK CHAMBER OF COMMERCE:

I. PROPERTY TAXES - COUNTY OPTION CONCEPT:

- A. Supports a new classification amendment that allows county option on classes of property.
- B. Supports lowering the rate (%) assessed on commercial and industrial real estate.
- C. Opposes the reimposition of inventory taxes.

2. EDUCATION/SCHOOL FINANCE:

A. SUPPORTS: THE KANSAS LEGISLATURE ADDRESSING THE ISSUE OF SCHOOL FINANCE.

We urge an effort to carefully examine the existing system, explore possible modifications to adjust it and avoid overreacting and trying to create a new system that might inadvertently cause the deterioration of public education in Kansas.

B. SUPPORTS AND URGES: THE JOHNSON COUNTY DELEGATION TO WORK TOGETHER ON SCHOOL FINANCE ISSUES.

The economy of the county is highly interrelated and transcends school district boundaries. Each district has businesses and/or a labor force that relies on other districts to grow and prosper.

C. SUPPORTS: ADDRESSING SCHOOL FINANCE AS A PART OF THE BIGGER STATE SPENDING AND TAX POLICIES ISSUE.

Funding public education should be the top priority of state government. State spending has exceeded revenues for several years. The legislature should control spending, prioritize those areas most important, fund these priorities, and install a system of accountability to ensure efficient operation.

D. SUPPORTS: THE DESIGN AND IMPLEMENTATION OF OUTCOMES BASED PERFORMANCE STANDARDS TO BE MET BY PUBLIC SCHOOL DISTRICTS.

A reasonable method to determine the best use and accountability of revenues to local districts is to establish the skills and learning levels to be achieved during the public school experience.

E. SUPPORTS: SCHOOL DISTRICTS MAINTAINING LOCAL CONTROL.

This also includes support for local control of capital improvements/ maintenance. Although some power equalization may need to occur, a local match for capital outlay, which exceeds the state's, will allow continued local control.

F. SUPPORTS: REASONABLE CONSOLIDATION OF DISTRICTS AND SERVICES.

Consolidation of this type will promote the efficient use of limited revenues and resources and allow improved education opportunities for all districts in the state.

3. FISCAL POLICY:

- A. Supports freeze on State budget expenditures for 1992-1993.
- B. Supports long term budget planning geared toward anticipated revenue instead of expenditures.
- C. Supports state expenditures being tied to an economic indicator (i.e. changes in CPI, personal wealth, etc.).
- D. Supports extensive moves toward accountability and efficiency, as well as reductions and better use of existing revenues.
- E. Supports no tax increases in 1992 because of:
 - a. Need for better use of existing resources.
 - b. Classification
 - c. Non-competitive ranking in business taxes in six state region.
 - d. Recession
- F. Supports avoidance of local trickle-down by mandating without funding.
- G. Supports adjusting the procurement process rather than encouraging spending . . . providing incentives for efficiencies.

4. BUSINESS CLIMATE:

- A. Opposes sales tax on services and removal of exemptions.
- B. Opposes any increase in state personal or corporate income tax rates.
- C. Opposes Initiative and Referendum.
- D. Opposes increases in state liquor taxes.
- E. Supports addressing the areas of unemployment compensation and worker compensation to acquire a fair and equitable balance between employer and employee. Endorses workers compensation changes along the lines advocated by KCCI.

5.

WORKERS COMPENSATION:

The Overland Park Chamber of Commerce supports the following recommendations made and endorsed by KCCI.

- A. The workers' compensation system should be streamlined in an effort to bring consistency in decisions. In streamlining the system, the Legislature should consider eliminating appeals to the Workers' Compensation Director and District Court, and replacing those appeal steps with a Workers' Compensation Commission. KCCI's support for the Commission concept hinges on development of a selection process which removes political influences from the choosing of judges to serve on the Commission.
- B. To avoid the carrying out of improper preliminary orders, preliminary hearing decisions should be allowed to be appealed in the same fashion as regular hearings.
- C. To address the erosion of employer confidence in the workers' compensation system, a criminal and civil fraud statute should be approved and vigorously enforced.
- D. In order to encourage employers to re-employ individuals who have suffered a general body disability, work disability compensation should not be awarded to an injured worker who engages in any work for wages comparable to pre-injury wages.
- E. Conceptually, permanent total disability compensation is intended to replace income a worker can no longer earn following injury. As a result, the Legislature should consider the cessation of disability benefits or provide a Social Security offset for individuals over age 65, who are receiving permanent total disability.
- F. In an effort to reduce workers' compensation litigation, the Legislature should embrace concepts in the area of dispute resolution. Dispute than through arbitrary government imposed standards. If government action into the family leave area is deemed necessary, KCCI would prefer the implementation to preferred rehire legislation to the Family and Medical Leave Act.

STATEMENT OF
BERNARD E. NORDLING, EXECUTIVE SECRETARY
SOUTHWEST KANSAS ROYALTY OWNERS ASSOCIATION
HUGOTON, KANSAS 67951

February 13, 1992

EXECUTIVE SUMMARY

My name is Bernard E. Nordling of Hugoton. I am Executive Secretary of the Southwest Kansas Royalty Owners Association. I am appearing on behalf of members of our Association and on behalf of Kansas royalty owners in opposition to H.B. 2891 and H.B. 2892 providing for a statewide tax levy of 45 mills to be used for school finance. Incorporated herein by reference is my full statement which has been handed to you today.

Mineral and royalty owners in Kansas are paying four types of taxes on minerals and oil and gas production:

- (a) Oil and gas personal property (ad valorem) taxes;
- (b) Taxes on minerals in place;
- (c) State severance tax of 7 mills on gas and 4.33 mills on oil; and
- (d) Conservation levy of 4.3 mills on gas and 13.5 mills on oil assessed on production (helps pay administrative costs of the Kansas Corporation Commission).

The state severance tax is already taking a heavy toll on this area of the state. I have included in my full statement a summary of the mineral tax revenue for sixteen southwest Kansas counties.

*Education
Attachment #13
February 13, 1992*

The summary reveals that in 1990, these sixteen counties paid severance taxes of \$58,028,017.00 out of a total severance tax for the state of \$87,460,587.00. This represents 2/3rds of the state severance tax burden for 1990! Another way to explain this heavy tax load is to convert it into a mill levy. For Stevens County, for example, the state severance taxes of \$17,286,624.00 taken from the county for state use in 1990 is the equivalent of a 57 mill levy!

A survey taken by the Southwest Kansas Royalty Owners Association to determine the present total tax burden placed on royalty owners in southwest Kansas shows that we are already paying from 9.0% to 39.1% of our gross royalty income in ad valorem and state severance taxes. The additional tax burden on seven of the school districts in southwest Kansas of the 45 mill levy ranges from \$224,000.00 in the Elkhart school district to a high of \$6,337,000.00 for the Hugoton school district.

A study of the oil and gas industry in Kansas was conducted by Arthur D. Little, Inc., for Kansas, Inc., in 1989. The study revealed significant regional variations in the tax burden within the state on the oil and gas industry. According to the study, in 1988, the Hugoton area accounted for 11% of Kansas oil production and 83% of its gas production. The total severance tax burden on the value of production was considerably higher in

the Hugoton Field as compared to the rest of the state - 6.8% versus 3.0%. Similarly, Hugoton area ad valorem taxes as a percentage of gross production revenues were higher than the rest of the state - 6.9% versus 4.2%.

The Arthur Little study also revealed that the combined tax burden (severance and ad valorem) for the Hugoton Field totalled 13.7% of revenue versus 7.2% for the rest of the state.

There is no question but that the natural gas industry in Kansas is important to Kansas economy. The 1991 Kansas Legislature recognized this fact by mandating a Commission on Natural Gas Policy to encourage natural gas production in Kansas. I am a member of that Commission and one of our top priorities has been to seek a workable solution to the already heavy tax burden on the natural gas industry. To add to the problem with a statewide school levy is in direct conflict with the legislative mandate.

For years, the major gas companies operating in the Hugoton Gas Field have used the Field as a storage reservoir and historically have not taken their monthly allowables, resulting in a tremendous amount of underproduction over the years. If the Kansas Legislature sees fit to add an already heavy tax burden on the natural gas industry, there is nothing to keep the companies from moving to other parts of the country or world for their gas

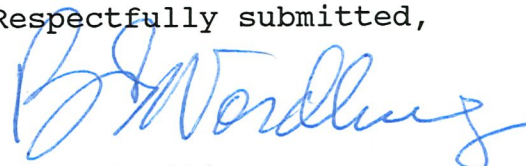
markets where prices and taxing structures are more attractive, resulting in the continued use of the Hugoton Field for storage.

Infill drilling in the Hugoton Field has given a shot in the arm to the Kansas economy since 1987 with increased drilling activity and increased natural gas reserves. Slightly more than one-fourth of the infill wells have been drilled to date on approximately 4,200 Hugoton gas units. With low natural gas prices and increased taxes, we are very much concerned that major companies operating in the Field will concentrate their drilling activities in other parts of the country and world and not fully recover existing Hugoton pay reserves.

In my full statement, I have given additional reasons for our opposing a statewide school levy. Please take note of them.

Thank you for this opportunity to appear before your honorable committees.

Respectfully submitted,



B. E. Nordling
Executive Secretary
SOUTHWEST KANSAS ROYALTY
OWNERS ASSOCIATION

BEN:ckh

attach 13-4

14

STATEMENT OF
BERNARD E. NORDLING, EXECUTIVE SECRETARY
SOUTHWEST KANSAS ROYALTY OWNERS ASSOCIATION
HUGOTON, KANSAS 67951

February 13, 1992

To the Honorable Members of the House Education and Taxation
Committees.

INTRODUCTION

Madam Chairperson, Mr. Chairman,
Ladies and Gentlemen:

My name is Bernard E. Nordling of Hugoton. I am
Executive Secretary of the Southwest Kansas Royalty Owners
Association. I am appearing on behalf of members of our
Association and on behalf of Kansas royalty owners in opposition to
H.B. 2891 and H.B. 2892 providing for a statewide tax levy of 45
mills to be used for school finance.

BACKGROUND INFORMATION

Our Association is a non-profit Kansas corporation,
organized in 1948, for the primary purpose of protecting the rights
of landowners in the Hugoton Gas Field. We have a membership of
over 2,400 members. Our membership is limited to landowners owning
mineral interests in the Kansas portion of the Hugoton Field -
lessors under oil and gas leases as distinguished from oil and gas
lessees, producers, operators, or working interest owners.

For those of you who are not familiar with the Hugoton Gas Field, it covers parts of 11 southwest Kansas counties, including Seward, Stevens, Morton, Stanton, Grant, Haskell, Finney, Kearny, Hamilton, Wichita and Gray. It extends through the Oklahoma Panhandle into Texas. The Hugoton Field runs 150 miles north and south and 50 miles east and west and is one common source of supply.

According to information furnished by the Conservation Division of the Kansas Corporation Commission, as of December 31, 1991, the Kansas portion of the Hugoton Field has 5,480 producing gas wells encompassing producing 2,654,844 acres. Production is from a depth of between 2,500 and 2,800 feet. Of the 5,403 wells in the Hugoton Field, 1,217 are infill wells, or second wells producing from the shallow Hugoton pay.

Lying within the confines of the Kansas portion of the Hugoton Field is another large gas field - the Panoma Council Grove Gas Field. It has defined limits of approximately two million acres, producing gas from a formation lying immediately below the Hugoton pay at a depth of between 2,800 and 3,100 feet. The latest Kansas Corporation Commission figures show 2,341 Panoma Council Grove wells encompassing 1,474,082 producing acres.

PRESENT TAX BURDEN ON KANSAS ROYALTY OWNERS

In understanding our opposition to a statewide school levy, it might be helpful for members of your honorable committees to understand the present taxing structure on minerals and oil and gas production in Kansas. Mineral and royalty owners in Kansas are paying four types of taxes on minerals and oil and gas production:

- (a) Oil and gas personal property (ad valorem) taxes;
- (b) Taxes on minerals in place;
- (c) State severance tax of 7 mills on gas and 4.33 mills on oil; and
- (d) Conservation levy of 4.3 mills on gas and 13.5 mills on oil assessed on production (helps pay administrative costs of the Kansas Corporation Commission).

Both taxes listed under (a) and (b) are paid through the local county treasurer's office. Taxes listed under (c) and (d) are paid on the state level and are listed on monthly royalty statements and deducted from monthly oil and gas royalties.

STATE SEVERANCE TAX BURDEN

The state severance tax is already taking a heavy toll on this area of the state as shown by the following mineral tax revenue raised by the state severance tax from the following southwestern Kansas counties for the period from 1983 through 1990:

*MINERAL TAX REVENUE

<u>County</u>	<u>1990 Calendar Year</u>	<u>Cumulative 1983-1990</u>
Finney	\$ 4,214,303.00	\$ 24,403,171.00
Ford	226,457.00	2,073,008.00
Grant	11,035,195.00	47,373,012.00
Gray	112,000.00	1,024,246.00
Greeley	516,527.00	5,333,410.00
Hamilton	758,542.00	4,551,962.00
Haskell	4,325,498.00	22,888,788.00
Kearny	6,050,146.00	40,972,348.00
Lane	601,441.00	6,445,505.00
Meade	1,536,830.00	11,232,489.00
Morton	5,526,925.00	34,521,635.00
Scott	116,843.00	904,431.00
Seward	4,223,840.00	27,356,217.00
Stanton	1,452,618.00	12,122,157.00
Stevens	17,286,624.00	73,575,446.00
Wichita	<u>44,318.00</u>	<u>276,656.00</u>
Southwest Kansas Total	\$58,028,107.00	\$315,054,380.00
State Total	\$87,460,587.00	\$659,734,635.00

These 16 Southwest Kansas counties, out of a total of 105 counties in the state, bore 2/3rds of the state severance tax burden for 1990. Another way to explain this heavy tax load is to convert it into a mill levy. For Stevens County, for example, the state severance taxes of \$17,286,624.00 taken from the county for state use in 1990 is the equivalent of a 57 mill levy.

*The above mineral tax revenue information was obtained from the Kansas Department of Revenue.

SURVEY CONDUCTED TO DETERMINE TOTAL TAX BURDEN ON
SOUTHWEST KANSAS ROYALTY OWNERS

A survey is presently underway by the Southwest Kansas Royalty Owners Association to determine the present total tax burden placed on royalty owners in southwest Kansas. The survey is being conducted to show the percentage of gross royalty income being paid in ad valorem and state severance taxes. Over 500 SWKROA members have responded to date. The results of the study reveal the present tax burden on our members, county by county:

Percentage of Gross Income Paid in Taxes
In Hugoton Field Area

<u>COUNTY</u>	<u>RANGE</u>		
	<u>Low</u>	<u>High</u>	<u>Average</u>
Finney	12.6%	39.1%	21.83%
Grant	9.0%	26.4%	14.20%
Hamilton	12.6%	32.9%	21.00%
Haskell	9.2%	35.1%	13.66%
Kearny	9.1%	19.5%	12.03%
Morton	9.1%	33.8%	13.64%
Seward	12.1%	29.4%	19.85%
Stanton	9.0%	25.9%	13.74%
Stevens	9.1%	30.9%	11.44%

The additional tax burden of a statewide school tax levy of 45 mills on school districts within the southwest Kansas area would be confiscatory and grossly unfair. This burden under the originally proposed school finance plan was computed as follows:

ADDITIONAL TAX BURDEN UNDER THE ORIGINALLY
PROPOSED 45-MILL SCHOOL FINANCE PLAN

Hugoton	\$6,337,000.00
Moscow	2,093,000.00
Rolla	1,547,000.00
Sublette	2,405,000.00
Ulysses	3,105,000.00
Satanta	709,000.00
Elkhart	224,000.00

MISCONCEPTION AS TO THE PERSONAL WEALTH OF ROYALTY OWNERS

There is a misconception that the average royalty owner is rolling in wealth. The Hugoton Gas Field has been in existence since the 1920's and all the original royalty interests have gone through several estates. The royalty interests in each estate are usually divided among several heirs. Consequently, by now, there are thousands of Hugoton Field royalty owners, most of them owning only small fractional royalty interests. In other words, there are many royalty owners throughout the state who will be adversely affected by the proposed statewide school levy.

Many of our members are also elderly persons receiving social security benefits and depending on gas royalty income to supplement their social security benefits. Increased taxes are of deep concern to them, as evidenced by their response to our survey conducted to determine their present tax burden, which survey is referred to above.

IMPACT OF TAXES ON NATURAL GAS INDUSTRY IN HUGOTON AREA

In 1989, a study of the oil and gas industry in Kansas was conducted by Arthur D. Little, Inc., for Kansas, Inc. The study revealed there are significant regional variations in the tax burden within the state on the oil and gas industry. The study acknowledged the importance of the Hugoton Field area in Kansas and made comparisons of the tax burden on the Hugoton area with the rest of the state.

According to the study, in 1988, the Hugoton area accounted for 11% of Kansas oil production and 83% of its gas production. Relatively little of this production was exempt from severance taxes. As a result, the total severance tax burden on the value of production was considerably higher in the Hugoton Field - 6.8% versus 3.0% for the rest of the state. Similarly, Hugoton area ad valorem taxes as a percentage of gross production revenues were higher than the rest of the state - 6.9% versus 4.2%.

The Arthur Little study also revealed that the combined tax burden (severance and ad valorem) for the Hugoton area totalled 13.7% of revenue versus 7.2% for the rest of the state. Obviously, the Hugoton Field area is already paying more than its fair share of the tax burden on oil and gas production.

IMPORTANCE OF NATURAL GAS INDUSTRY TO KANSAS ECONOMY

Kansas is ranked sixth among the natural gas producing states, and the importance of encouraging natural gas production in the state should be obvious. In fact, the 1991 Kansas Legislature, through Senate Concurrent Resolution No. 1626 mandated the appointment of a Commission on Natural Gas Policy to, among other things, encourage natural gas production in the state.

The resolution begins with the following statements:

"WHEREAS, natural gas is one of the major resources of the state of Kansas, the waste of which seriously impairs the economic condition of present and future generations of Kansas; and

WHEREAS, Kansas natural gas reserves are presently being produced and sold in the interstate market at a discount to alternate fuels and at prices which may be below the cost to find and develop new natural gas reserves in the state; and

WHEREAS, many of the natural gas producing states of the United States are taking action to design and establish state energy policies and are actively participating in the formulation of a natural energy policy which will have a critical impact on the natural gas industry of the state of Kansas; and

WHEREAS, it is necessary and desirable for the State of Kansas to work with other natural gas producing states to establish effective state and national energy strategies which promote the production and use of natural gas in an orderly manner and at a price that reflects the fair value of this resource....."

I am a member of that commission and we have been meeting since October to develop recommendations to the Governor and the Legislature on the steps needed to be taken to encourage natural gas production and use within the state.

One of the top priorities of the Kansas Commission on Natural Gas Policy is to seek a workable solution to the already heavy tax burden on the natural gas industry. To add to the problem with a statewide school levy is in direct conflict with the legislative mandate.

FEAR OF LOSING PRESENT GAS MARKET TO OTHER STATES

The natural gas industry throughout the United States has been a depressed industry for several years, with mild winters and the "gas bubble." According to the most recent figures from the Natural Gas Clearing House, Inc., an independent natural gas marketing firm from Houston, Texas, the average natural gas spot market price for February, 1992 is \$1.00 per MMBtu, the lowest price in seven years. By comparison, the average spot market price a month ago was \$1.61 per MMBtu. The significance of this information is that low gas prices could dramatically impact Kansas natural gas valuations for tax purposes.

For years, the major gas companies operating in the Hugoton Gas Field have used the Field as a storage reservoir and historically have not taken their monthly allowables, resulting in a tremendous amount of underproduction over the years. Instead, the companies have gone to other areas of the country for their gas supplies where they had "take or pay" obligations at higher gas prices.

If the Kansas Legislature sees fit to add to an already heavy tax burden on the natural gas industry, there is nothing to keep the gas companies from moving to other parts of the country or world for their gas markets where prices and taxing structures are more attractive, resulting in the continued use of the Hugoton Field for storage.

ADDITIONAL TAX BURDEN WOULD HAVE IMPACT ON INFILL DRILLING

Infill drilling (the drilling of a second Hugoton pay gas well on each 640 acre unit), inaugurated by the Kansas Corporation Commission after extensive hearings in 1987, has given a shot in the arm to the Kansas economy with increased drilling activity and increased natural gas reserves.

Slightly more than one-fourth of the infill wells have been drilled to date on approximately 4,200 Hugoton gas units. With low natural gas prices and increased taxes, we are very much concerned that major companies operating in the Field will concentrate their drilling activities in other parts of the country and world.

ADDITIONAL REASONS FOR OPPOSING STATEWIDE SCHOOL LEVY

Following is a list of additional reasons for our opposition to a statewide school levy:

1. Loss of local control of education by local school districts in violation of Article 6, Section 5 of the Kansas Constitution which provides: "Local public schools under the general supervision of the state board of education shall be maintained, developed and operated by locally elected boards...."

2. There has been no legal determination by a court of competent jurisdiction that the present state school finance plan is unconstitutional. The legislature should not be panicked into making a hasty decision on such an important issue for the primary purpose of granting temporary property tax relief.

3. Factors to be considered in determining "equal education" should not be limited to a money factor only. Equal opportunity for education should also be a factor.

4. If wealth of a district is to be considered as a factor in determining equal education, the wealth of a district should include the value of tax exempt property in determining the amount of state aid paid to a school district. Intangible property should also be considered as a source of wealth, along with income.

5. Limiting "equal education" to a money factor would force many rural school districts to close. This in turn would dry up smaller communities in the state, forcing citizens to move to urban areas within or without the state. The economic impact on the state would be dramatic.

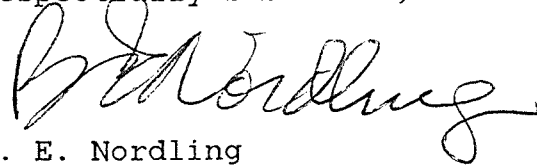
6. The cost of administering a statewide school program from Topeka would be prohibitive.

7. Cities and counties in the Wichita, Hutchinson, Topeka and Kansas City area have elected to grant tax exemptions to encourage industries to come into their communities. We have no problem with their decision to do so. However, we do object to having to pay taxes to support their school systems when the wealth is there for them to take care of their own needs.

Page 13

Thank you for this opportunity to appear before your honorable committees.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "B. E. Nordling".

B. E. Nordling
Executive Secretary
SOUTHWEST KANSAS ROYALTY
OWNERS ASSOCIATION

BEN:ckh

Attach 13-17

Members of the House Education Committee and Taxation Committee, thank you for allowing me this time to share with you thoughts from Southwest Kansas regarding the proposed mill levy to fund Kansas public education. I am **Becky Parker**, wife, mother, manager of a physician's office and member of the Board of Education, USD #218, Elkhart. And, yes, there is really an Elkhart, Kansas deep in Morton County, and still a part of this state I have called home for forty-one of my forty three years. My roots go deep.

There seems to be a seriously concerned consensus in Morton County that the Governor's proposal to fund education will be disastrous to not only the immediate area but will have a serious rippling effect on citizens all over the state. For many years gas and oil production as been relied upon heavily for our tax base. When my husband started to work for Panhandle Eastern Pipeline sixteen years ago, it was one of the largest gas producing/transmission facilities in the area. Demand was high and the jobs were there. Over the years because of dwindling supply, loss of income and an increasingly heavy tax burden, Panhandle Eastern began shutting down wells and selling others off. Today, the company is operating with 43% of those employees and the heads of the companies have warned us that additional wells will be shut down and because it is more economical to produce in other states, the business will most surely be moved out of state. Small communities in the state that have depended on gas and oil for survival have been slowly dying over the past years. Last month alone, four businesses closed on Main Street, Elkhart, Kansas. The closing of four businesses in Kansas City or Wichita would largely go unnoticed but it's serious business in a town the size of Elkhart when four taxpaying enterprises close their doors. Additional taxes placed on gas and oil will only serve to stifle the economy even more and it threatens to cut off the life blood of rural Kansas.

Education
Attachment # 14
February 13/1992

Historians and geographers have said over the years that the western part of Kansas should never have been broken to the plow - - that was done and western Kansans have proven themselves a hardy, work-oriented lot. They are willing to work long hours; many, often working two or three jobs just to survive and pay the bills. But a mill levy such as is proposed threatens to make this western land once again the land "where the deer and the antelope play." Again, a certain death for rural Kansas.

I support equal educational opportunities for all Kansas students - but that "equal" education is determined by many factors - including geography, cultural diversity, dollars spent, availability of services, etc. USD #218 lies in a geographically isolated area - we are closer to four state capitols than we are to our own. The nearest four year college is a four and a half hour drive. Continuing education is not within a short drive across town - we have a choice of driving nearly seventy miles to the nearest community college or picking up classes by way of Two Way Interactive Television, Satellite or other technological means. Last year, because of this geographical isolation it cost the district \$500.00 to send the math team to state competition in Lawrence. For our students to compete at the State level in a music contest, we again must transport them six and a half hours to get to their destination in Manhattan. All of these trips cost additional dollars - one of the primary reasons it costs more per pupil to educate a child in Elkhart than in Wichita. We cannot simply load kids in a bus, make a short trip across town and arrive on the doorstep of an art gallery or see a factory in production or to have the opportunity to see each of you in action in our capitol. These are educational luxuries our kids are seldom afforded.

Attach 14-2

Members of the committee - the governor claims that an equalized mandatory mill levy will "equalize" education and the burden shared by all of us in paying for our children's education. There is no way on the face of this earth that we can "equalize" education in Elkhart with Wichita or Kansas City unless we can do the impossible of bringing the capitol to Western Kansas or move those art galleries and factories west. There is no way our budget could offer a choice of curriculum to our high school students as is offered to those in the metropolitan areas. We are able to bring some of those opportunities to our communities via technology -- and that costs dollars.

In discussing the "equality" of spreading the burden of our property taxes, it is most difficult to discuss this without getting more than a little upset when one knows that in the city of Wichita alone, \$942,000,000 in tax abatements has been given. Or that recently \$200,000,000 was given to Boeing in tax abatements in the name of economic development or that the Airport Hilton, sitting on land of the airport authority along with 38 other business, pay no taxes. It has been said, that "the government is not to serve first the great property owners or financial barons who seek to manipulate government to enlarge their private interests at the expense of public interest." I would say that these abatements are but one primary example of the government serving the interest of those financial barons and not your ordinary taxpayer. In the name of "economic development" send some of those businesses our way and we could run our schools without aid! Perhaps the Wichita school system could utilize some of those tax dollars which are being lost in the name of "economic development" to fund her schools. Perhaps some of those school districts who are looking around to see what can finally be squeezed out of the other guy need to take a serious look inward and put their own houses in order.

Attach 14-3

I believe that many school districts do need financial help. The original intent of School District Equalization Act was good, but down through the years it became underfunded. With the "help" of special interest groups it somehow became derailed just as many of our well-intended programs have done. Funded properly and deferring special interest, SDEA could help answer many of the problems we are now facing. To see a fair and just financing of our educational programs, our tax base needs to be broadened, shifting away from heavy reliance on the property tax and spreading the responsibility fairly through other sources such as the income tax, sales tax and intangibles tax. None of us likes to have our "sacred cows" touched and it is going to take more giving than most like to do to get the educational house of Kansas in order, but it is something that must be done. We in Southwest Kansas have always been willing to do more than our share, but we can only handle so much and then we will be forced out of rural Kansas into areas foreign to us and we will all be on the streets looking for work. In a few short years if you follow through with the proposed mandated mill levy, you will have more "Galenas" on your hands and we will be the ones asking for your help in getting us out of the throes in which we find ourselves. The proposed levy is nothing more than an attempt at a quick fix to a problem that needs a better solution. We would once again ask that you go back to the original SDEA plan, fund it and make us once again partners in education instead of an embattled group fighting for survival.

Thank you again for your time. I appreciate having the opportunity to speak.

Attach 14-4

HOUSE EDUCATION COMMITTEE

TOPEKA, KANSAS

RE: SCHOOL FINANCE PLAN

I am Mark Ward, an Overland Park resident. My three children attend Morse Elementary School in the Blue Valley School District. I moved to Kansas 14 years ago from Kansas City, Missouri due to the quality school system in Johnson County. I own a business in Overland Park, Kansas with an annual revenue of approximately \$19 million and payroll of \$1.3 million.

My wife, Belinda, grew up in Abbeyville, Kansas, located in south central Kansas. She attended rural county schools in Reno County. Most of our relative's children, including nieces and nephews, attend rural schools throughout Kansas. Our family is concerned about the education of all children across Kansas. We feel all children should receive a quality education and we are willing to support this quality through taxes. We do not agree with reducing current district budgets and, thus, reducing quality education for some children in order to improve other children's education.

Education
Attachment #15
February 13, 1992

As a parent, I feel quality education must first be defined. And this is something that should be left to the educators. I don't feel a quality education is determined by placing a set dollar figure on each child within a district.

Once a quality education is defined and clear goals and objectives are established for all Kansas students, only then should the distribution of school finance monies be examined.

We do not agree with the proposed standard 45 mill levy, or any proposal that limits the local community or school board's authority to maintain their current mill levy budgets and educational opportunities. We feel it is the people's right of any district to have their elected school boards set their mill levy at the level necessary to obtain the quality education for their children. We do not want the state dictating to us what mill levy is appropriate to satisfy the needs of our district.

Concerns and issues raised by school district representatives during yesterday's session are quickly becoming my concerns. Program reductions, increasing classroom size, and the lowered quality of

education that these districts are now experiencing would begin to occur in Blue Valley under current proposals. And just like these districts, it is unacceptable for our children.

Like many business owners in Johnson County, I moved my business, as well as my family, to Kansas because of the quality of education available to my family and the families of my employees. Even though the costs of doing business and owning a home are greater than in neighboring Missouri, we made this choice.

If current school finance proposals are enacted and budget cuts are forced on districts like Blue Valley, I believe many businesses will consider relocating or not locating in the area. In turn, the employees working for these same companies will choose to relocate in areas that do offer the educational opportunities they desire.

Education is the foundation of our community and all of Kansas. Bringing us to a mediocre level will do nothing to retain or attract business and residents in our community and in the state.

The school finance proposal is a very important issue for the state. Do not rush into a decision or system that reduces any of our children's education. Work to improve all our children's education and if this requires no property tax relief, so be it.



PARADISE U.S.D. 399

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17
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Natoma High School
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Paradise Middle School
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Paradise, Kansas 67658
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REPRESENTATIVE RICK BOWDEN, CHAIRMAN
HOUSE EDUCATION COMMITTEE ON HEARING SCHOOL FINANCE

SUPERINTENDENT **NEAL GEORGE**, U.S.D. #399

We have all heard at one time or another that some children get lost in the shuffle of education. Well ladies and gentlemen, if you go with the Governor's plan or whoever's plan of a set mill levy and a cost of pupil ceiling, there will definitely be children lost in the shuffle of education. This will occur when you force schools to cut their budgets, force consolidation, and force the closing of schools. Yes, there needs to be a change in our school finance; but, let's examine both sides of the picture to see what results will occur from the change, instead of making the change and seeing where the chips will fall. This decision can not be made in six weeks or months, but over several years. Are we really looking at Judge Bullock's decision? Is it constitutional or unconstitutional? What about the higher courts?

Yes, my school district will be affected by whatever changes that occur. Yes, we could cut the budget, consolidate, or close. But will this provide the type of quality education my youngsters have a right to? No, because I know the educational needs of my students, others don't.

AGAIN, CHILDREN, LOST IN THE SHUFFLE OF EDUCATION.

The majority of the patrons of U.S.D. #399 earn below average incomes. About half of our students in this district are on free/reduced meals. The school provides transportation for half of the student enrollment, with an average riding time of 30 minutes. There are few independent businesses in the district. The school district itself has the largest payroll within the district. Economic impact comes from the agriculture and oil markets. Therefore, personal income and district wealth is highly unstable.

*Education
Attachment #16
February 13, 1992*

Closing the doors of this school will result, not only in loss of teaching jobs, but janitors, bus drivers, cooks, nurses, and secretaries. Who is going to pay for the unemployment benefits when you force schools to close? Remember, you lost your income tax revenue. What about the businesses we support, not only in this community, but outside our district that are located in Eastern Kansas as well? What about the lost tax revenues that occur from communities when schools are forced to shut down? What is going to happen after communities dry up due to the loss of schools, and find out we made a mistake in that the quality of education is not being produced as it was at one time? You can not rebuild communities that were destroyed by your decision. **AGAIN, CHILDREN LOST IN THE SHUFFLE OF EDUCATION.**

The State of Kansas has come out with the Assessment Tests which show students in rural schools supposedly scoring higher than urban schools. Should we compare the quality of education or the quantity of education? Sure, in larger districts the cost per pupil is less than the average; but, does this say it is quality education? For your information, for the amount of money that was spent for legal problems in the district that has been having internal problems within the board of education and its school, I could have bought every student in my district a computer, with an ample supply of software and provided the state of the art Principles of Technology that would have prepared everyone of my students for the year 2000. Shouldn't we penalize this school for a waste of taxpayer's money? Is this quality education or quantity education? My communities does not offer tax breaks for businesses. Why should the larger cities offer tax breaks to it's businesses? If so, let's report the true wealth of the district, and let them be penalized for it. Next, the larger district that hires lobbyists are using taxpayers money. This is not true representation because my school can not afford to hire one, nor do I believe the taxpayers in my community would allow that; because, they want the tax money to be used in educating the children. **AGAIN, CHILDREN LOST IN THE SHUFFLE OF EDUCATION.**

What does my small school have to offer our students?

1. We have implemented an Effective Teaching Program in which my teachers will get 40 hours training to be effective teachers.
2. We have started on Quality Performance Accreditation (QPA) this year.

3. We went on line with seven schools and a university with Two-way Interactive Instructional Television network, which Natoma coordinates. Five more schools are coming on line.
4. We are implementing the Principles of Technology for the Junior High.
5. A Positive Action Program in raising self-esteem is firmly established district wide.
6. We offer Applied Communications.
7. We annually host a Science Fair in which over 30 schools are invited.
8. We purchased new textbooks that will align K-12 in meeting the curriculum needs.
9. With the Technology Mill, we are purchasing computers for setting up a computer lab.
10. One hundred percent of my teachers are taking part in the Professional Staff Development.

We offer many other items, but the point is, you change the present school finance and I can not offer these innovative programs. **AGAIN, LOST IN THE SHUFFLE OF EDUCATION.**

You, the lawmakers, in deciding a school finance plan, are not in the business of closing schools, shutting businesses down, creating unemployment, and destroying small communities; but, to provide the best quality education for the children of this state. You have a tough decision, let's not divide the State in half; East against West, small district against large district, and taxes against businesses. The children of Kansas are the most important commodity we can offer. Lets not lose them in the shuffle.

Thank you.

attach 16-3

TO: MEMBERS OF THE HOUSE EDUCATION COMMITTEE

FROM: CINDY D. BLEDSOE, PRESIDENT ELECT BLUE VALLEY N.E.A.,
BLUE VALLEY SCHOOL DISTRICT #229

RE: SCHOOL FINANCE PLAN PROPOSAL

DATE: FEBRUARY 13, 1992

I am here to speak in opposition of the proposed school finance plan. Quality education is not something that occurs by accident or chance. It is the direct product of careful planning, hard work, and cooperative efforts between patrons, administrators, teachers, and adequate funding. I urge you to carefully consider the ideas proposed in the Kansas Educational Benefits Plan. Those proposing this plan are directly involved with teachers and parents who are directly involved with our children. This plan proposes logical and fairminded measures toward providing a quality education for all our children. No school district can withstand sudden and drastic budget cuts without severely impacting the students. The damage to our children's education would be incalculable. A primary example is the effect upon student/teacher ratio. I have been an educator for 14 years. I have taught in classrooms of 30 students and in classrooms of 20 students. That difference is very real and cannot really be measured by statistical or accounting principles. When you add significantly to class size you **take** truly meaningful time away from individual student's opportunity to learn. The relationship between the student and the teacher create the environment for learning and make the curriculum work. Our goal as educators is not to merely teach only the basics but to help our students strive for and achieve goals toward becoming productive and successful adults. We must provide our students with ^{the} necessary time and attention it takes to achieve understanding of concepts and processes being taught.

*Education
Attachment #17
February 13, 1992*

As a representative of the teachers' association the significant loss of jobs in the teaching profession coupled with the discontinuation of vital programs is a real problem.

These services are not extras. It's tempting to say "specialists" are extra. The proposed plan will create hardship for students, parents, and teachers who lose their jobs. We are not discussing "icing on the cake", we're not talking about the cake - we're talking about the ingredients to make the cake. Make no mistake about it, if you cut specialists - you are cutting services. Teaching will not be improved by a plan that reduces the number of teachers.

Individual communities must maintain control of local dollars to be able to best meet the needs of their specific communities. The needs of individual districts are as varied as their region and size. This must be respected and upheld. The current proposal could result in mediocrity.

The cure for inequality is not to lower quality. I urge you to take the time to work with school officials, educators, and patrons toward encouraging Kansas public systems to be able to pursue and achieve excellence. The educational welfare of our children deserves our most thoughtful efforts. It is our responsibility.

Attach 17-2

Kansas Educational Benefits Plan

The Kansas Educational Benefits Plan includes as its foundation the concept that all students in the state should have access to educational benefits which provide an equal opportunity for them to live, learn, and work successfully in a global society. "Success" for Kansas students means the satisfactory achievement of the appropriate outcomes in the state's Quality Performance Accreditation program as well as outcomes gained from programs such as counseling, foreign language, tools of learning (i.e., technology, science concepts, access to information, etc.), the fine arts, the visual arts, etc. "Satisfactory achievement" for students means the achievement of outcomes as determined and assessed by state and local indicators.

The first task of the State of Kansas should be the determination of the educational benefits to which each child should be entitled in order to live, learn, and work successfully in a global society. The second task should be to determine the funding provisions which will provide such benefits.

It should be recognized that the tasks of making such improvements in the Kansas educational system will likely take several years of effort. A "quick fix" solution is inappropriate. Efforts should begin during the 1992 Kansas Legislative session and extend over the next several years.

Funding Provisions

The following provisions will be implemented through the modification of the existing SDEA. The current equalization act should be modified and should be supported by new and additional revenue so that it meets the constitutional requirements. The Kansas SDEA has served Kansas well and has been considered a national model for providing equalization aid. It should not be discarded, but should be corrected and fully funded so that it once again serves our state.

1. A minimum property tax levied state-wide to support general fund operations. Property tax proceeds needed to fund the local district's approved budget will be kept locally. Districts with expenditures below the amount supported by the state minimum tax will send excess revenues to the state for distribution through a School District Equalization Plan (SDEP).
2. A minimum per pupil operating fund expenditure for educational benefits within four enrollment categories. The minimum per pupil operating fund expenditure shall

be calculated based upon the costs of providing an equal opportunity for Kansas students to meet the established outcomes. The minimum per pupil operating fund expenditures will be reviewed annually.

3. 100% funding of the actual excess costs of mandated programs: Special Education, Bilingual Education, Transportation; and 100% funding of specialized programs: Parents-As-Teachers, Kansas Inservice Plan, Vocational Education, At-Risk Programs, etc.
4. A local option proviso whereby Boards of Education are authorized to exceed the state minimum per pupil operating fund expenditure up to a specified percentage of the state minimum to maintain existing programs and services.
5. An additional local option quality enhancement proviso for the development of promising educational practices which would allow Boards of Education to exceed the state minimum per pupil operating fund expenditure up to a specified percentage of the state minimum.
6. A separate Capital Outlay Levy which is to be levied state-wide which will be split between the Local Capital Outlay Fund and a State Capital Outlay Fund (Local Capital Outlay to be used for maintenance, repair, equipment, and technology; State Capital Outlay to be distributed by an established formula to qualifying districts for the same purposes).
7. A provision for new school construction outside of the Capital Outlay levy described in item 6 above. Such new school construction funds shall be based on a combination of new local and state resources.
8. Educational funding to be determined one year in advance to allow for planning.
9. Existing local revenue sources (i.e., Income Tax Rebate, Motor Vehicle Tax, etc.) will continue as a component of the revenue mix for local districts.
10. The funding provisions outlined herein should be phased in over a period of several years to spread the impact of the plan on Districts most affected as well as to allow for development of a comprehensive solution.
11. Financial incentives will be provided to encourage cooperative ventures among school districts.

1/30/92 draft (4:00 p.m.)

Attach 17-4



CHAMBER
OF COMMERCE

February 13, 1992

TO: Representative Rick Bowden and Members of the House Education Committee

FROM: Donald R. Goss, President, Olathe Area Chamber of Commerce

RE: House Bill 2892

Chairman Bowden and members of the House Education Committee, I appreciate the chance to come before you today to give you the opinions of my organization concerning school finance. It is the highest priority on our legislative issues agenda. It is an issue that has no easy solution, but must somehow protect the integrity of each school district in the state of Kansas.

I stand before you today recognizing that something must be done about property tax relief in many school districts. But I also stand before you today recognizing that property tax relief is only treating a symptom of the issue that is really more important. That issue is a clear definition of what "Equal Access To Quality Education" really means. The proposal you have before you, House Bill 2892, doesn't answer this question. House Bill 2892 tries to treat the symptom of dollars, not what is equal access to quality education.

My concern, ladies and gentlemen, is that we are trying to use dollars as the deciding factor of the definition of quality education, before we truly know if the dollars are adequate to achieve the definition. My fear is that decisions we make today, without knowing a true definition of quality education, will cause us to define the issue after the fact.

A brief explanation may help draw a clearer picture of this fear. It is the feeling of our school officials that it has cut its budget to the bare bone. Further erosion of dollars will mean programs and staff will need to be eliminated to make the proposed formula work. This includes raising costs to students using school lunches and transportation. If the cuts take place in programs, the most likely targets will be music, physical education, art and the school's library system.

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*Education
Attachment #18
February 13, 1992*

House Committee on Education 2

One can argue that the programs mentioned aren't essential to basic education. The argument, however, depends on which college or university many of these young people will be talking to for admission. Most, if not all, will closely look at how well rounded a child's education has been before making a decision to admit the young adult.

By basing our definition of quality on the dollars we spend, we are not creating an accurate long lasting decision. Instead We are saying "here are the dollars, now fit quality education into them." I can see us, as a result, coming back here in two or three years to cover the same ground we are trying to cover today.

Everyone recognizes the Legislature is working on the premise that a pre-trial order has been issued that asks the legislature to take action. Discussions here in Topeka, and at home, give reason to believe that it doesn't mean we need to artificially determine the cost of equal access to quality education before it has a meaningful definition. It makes more sense, to me, to plan our strategy for action beyond a decision that only addresses dollars. I strongly believe we first need to define what we want education to do. With that definition in place we will more adequately be able to determine the dollars it will take to achieve the level of excellence defined.

Beyond the definition of equal access to quality education, I believe there are two other issues we need to take into consideration when dealing with education finance. These are the ability for communities to make their own decisions about their education system, how we will finance the \$300 million plus dollars House Bill 2892 does not raise.

There are revisions in the most recent version of the bill that allows for some local decision making. I believe it is important to school districts to have that local control, especially in a district that has been growing like Olathe's. To remove the ability to make local decisions concerning schools would create an atmosphere that could discourage a community's continued ability to grow. The changes you have placed in the bill allowing this are to be lauded.

Funding this proposal will be no easy matter. What we need to recognize up front is that property tax relief doesn't equal total tax relief. In some way, everyone in Kansas will help pay for this program out of another pocket. I only hope that as we present House Bill 2892 and others that we make it clear to Kansans that another pocket will be tapped to provide funding for education.

The latter comments, on how we finance the proposal before us, add to my feelings that we must first define what we want education to do before we try to fund it. Let our decisions on this issue be long lasting conclusions, not ones that we will

Attch 18-2

House Committee on Education 3

need to go back and correct each year.

In summary I suggest that we first define what we want education to do, define what equal access to quality education means beyond just dollars. I recommend that we continue to give school districts local control over their growth and decisions affecting their local schools. Finally, I recommend we look closely at how we fund our final proposal so that it truly does provide equal access to quality education at a price all Kansans can afford.

21

TO: REPRESENTATIVE RICH BOWDEN AND THE HOUSE EDUCATION COMMITTEE

FROM: THOMAS J. DAVIES, PRESIDENT
THE OLATHE BANK

RE: HOUSE BILL 2892

Chairman Bowden and members of the House Education Committee, my name is Tom Davies, President of The Olathe Bank in Olathe, Kansas, President of The Olathe Area Chamber of Commerce, former teacher and father of 3 children, one who attends a High School in Olathe, one a Junior High student in Olathe, and one who attends an Elementary School in Olathe.

My interests are wide spread in regards to the community and the finances of education in our community. I would be the first to acknowledge that you and all the legislatures of this State realize the problems and that there is no solution available that will make all the citizens of the State happy.

In Olathe we have prided ourselves in being a community that has worked hard to provide a quality education system. That same quality education system has provided us a marketing tool to attract business and commerce to Olathe. As a matter of fact, if you were to take a poll today of commercial business and homeowners, the majority would say they chose our town because the school system was important to them and it was a good school district.

The devotion of this good school system is something that happened over many years, not overnight. Please don not destroy it overnight.

We must look toward the future and decide what we want the children of Kansas to receive from education and to address the long term. If that long terms needs adjustments in funding, lit us adjust it over time, not at once.

This State has a responsibility and each community has a responsibility to educate our children. We must look for a long range plan to provide that quality of education that we expect our educators to provide.

In my opinion, if the per pupil expense across this state varies as much as I have read and been told about, then it would seem to me that if Johnson County has provided a quality education at \$4,320 per pupil and another community spend \$3,000 per pupil and it is

*Education
Attachment #19
February 13, 1992*

deemed that the quality of education is less than Olathe, our goal should be to bring the low quality up to par with the community that provides the higher quality of education.

If we are going to base quality of education on dollars per pupil, then do not clip our wings by taking all of our financing assistance away. It is my belief that the Olathe School Board and probably many school boards all over the State have worked very hard and diligently this past year to react to what happened with the school finance last year. From my observation our School Board is again working very hard to keep the costs down and the quality up and I commend and applaud them for their efforts. As a parent I want a quality education, as a businessman I want a good school system. We can and will continue attract commerce and industry to our State and our community if we provide the amenities that people look to a community to provide when selecting a new community.

I also feel strongly that the discussion of the authority of a local community to raise monies above and beyond the 45 mills is an issue, I would certainly hope that each and everyone of you would consider the importance of allowing the local communities that authority, if the community wants and can raise additional monies to fund their schools, I certainly believe that there should be that opportunity. Again, if we put a lid or restrict it entirely, what we are saying, in my opinion, is that we are accepting mediocrity in the quality of our education provided. We are not providing the opportunity for someone to achieve a high level of education. I understand the problems, I understand the situation and I appreciate the fact that we would like to do for all kids in the State of Kansas what we do for some, but again let us go the right direction with this. Let us not take those who have succeeded and provided more and take them backwards and cause them to provide less. I ask you to visit the Olathe School system, I ask you visit it not just to see the buildings, not just to see what the programs are, but to watch those kids, watch them grow, watch them learn, listen, and see the programs that are helping our children become better citizens and to be the citizens that will take this State forward.

I appreciate and thank you very much for lowering my property taxes. The business people in Olathe appreciate and thank you very much. I believe the majority recognizes that not only providing an affordable community to live in attracts new business, but the amenities in that community have to be of high quality. We must have good schools to continue to compete and attract people to Kansas and to Olathe. We will lose the businesses to Missouri, people are looking right now so I appreciate and I applaud the fact that we are making a more affordable place and State to live, but we must be creative, we must come up with ways to be able to provide the same quality, particularly the same quality schools that we have been providing. That is the major reason for the location of many business and individuals to our community. I therefore believe that you must be somewhat flexible and allow the local community to be able to raise the money when they feel it is

Attach 19-2

needed and I am sure you will address that with the fairness and an alertness to this situation.

We are still a growing community, the wealth in terms of property values continues to grow, but I do not want you to sit there and think that we do not deal with poverty and the social problems that I believe alot of Kansans feel we are void from. We are providing this education to those people who are less fortunate let us work for a way to continue that service. You have a tough decision before you and I have confidence and I have told the people in my community to have faith in the system because we have built a system that is suppose to work for the good of all citizens and I have faith that will now. Please make your decision for the best interest of all of us.

I believe if this plan provides dollars to some districts that do not have a need for them, now we are not exerising good fiscal policy. If the need is there and this provides them the more dollars to come up to the standards that we believe the quality of education are then wonderful, but if the monies go to them and they do nothing with them, what have we done. At the same time at the other end of the scale, if you take the monies from the districts that have needed them and it reduces their programs we have caused a decline in the quality of all education. I guess what I am proposing to you is to look towards a phase-in and a phase-out program. While I do not want us to lose monies even in the long term, at least allow for some planning. The Federal Reserve Board in 1980 passed a Monetary Control Act. That control act provided that all financial institutions must meet reserve requirements of the Federal Reserve Bank. No bank, no S&L, and no Credit Union ended up exempt from this Act, but they did it over a seven year phase-in and a seven year phase-out. At the end of seven years everyone was equal. You cannot just pull the plug on a district. I believe a long-term phase-in or phase-out plan will provide every school district the oppportunity to plan ahead and to be able to go forward without any drastic or sudden changes. I urge you to consider something such as that in order to get equal access to quality education in this State. You cannot do it by the flip of a switch.

In closing I would just like to reiterate and review that again let us think long term what we want education to be, let us define quality education and realize the cost of it and the cost to maintain quality education. Let us look at the local control issue and be fair in keeping control in the local schools, let us make it affordable, but be realistic. We in Olathe like our pupil to teacher ratio and we want all Kansans to have the same. If we lose funds immediately we will in all probability lose that desired ratio. that pupil teacher ratio and that if you pull the funds that we have received in the past, we will have to make drastic steps which that could and probably will cause higher pupil teacher ratios. This in some cases, not all could cause a lower quality of education.

Attach 19-3

I appreciate the time, I hope my comments have been meaningful and I wish you well and I am confident that you will come up the appropriate legislation to meet the needs of our young people.

21

To: House Education Committee & House Taxation Committee
Subject: House Bill #2892 - School Finance
From: Dana K. Randel, Board Member SQE
Date: February 13, 1992

I come before you this afternoon not necessarily a proponent or an opponent of the House Bill #2892 School Finance. I come with concerns for the students and taxpayers of the state of Kansas.

HISTORICAL BACKGROUND

- 1859 Wyandotte Constitution - State Permanent School Fund
- 1860-1913 Colleges/Universities Governed themselves with elected Boards
- 1861 Statehood - One section per township was set aside for public education
- 1873 State Board of Education formed
- 1886 1st Rural High School District formed
- 1896 9,284 Elementary School Districts
- 1900 11,508 Students Enrolled in Secondary Schools
- 1958 2,794 School Districts
- 1960 1,745 School Districts
- 1965/1966 300+ School Districts
- 1913-1925 State Board Governed Colleges & Universities
- 1925 Board of Regents Govern Colleges & Universities
- 1917 Junior Colleges Authorized
- 1976 Local Spending for USDs 352 million
- 1988 Local Spending for USDs 876 million 149% increase
- 1976 State Aid for USDs 307 million
- 1988 State Aid for USDs 667 million 117% increase

1965/66 Coleman Report

Educational Input

Money
Teacher Preparation
Teacher/Pupil Ratio

Educational Output

Test Scores
Attendance
Graduation Rate

The Coleman Report found that input has no direct influence on output????

SCHOOL FINANCE REFORM

1. Historically correcting inequalities in spending through "Power Equalization" has only meant more money pumped into the formula

*Education
Attachment # 20
February 13, 1992*

2. New money is never guaranteed to go to poor or needy schools
3. Spending differences do not even accurately reflect real resources districts can deliver to their students
4. Don't gear educational policies toward individual school districts
5. Preferences and movements of citizens across district boundaries have direct ramifications for the observed distribution of property wealth. IE. Districts that offer a favorable tax and school-quality package will be attractive to people; causing movement to said district
6. Reform changes in the funding formula of a state only brings about arbitrary capital gains and losses across the districts and to citizens in the state
7. Actual spending levels reflect many things including the preferences of the citizens but does not guarantee improved output.
8. Tax rates across communities bear no direct relationship to the degree of educational equality

3 Waves of School Finance Reform

1. 1971 California Serrano v. Priest
2. 1973 San Antonio ISD v. Rodrigues
Kansas Caldwell v. DeSoto
3. Edgewood I & II Also cases in Montana, Kentucky, Washington etc. ,
etc.

Becoming familiar with Edgewood I & II might be beneficial to anyone considering school finance reform.

The Third Wave has brought forth three methods of equalizing educational inputs.

1. Total Revenue Equality

All money goes into one pot and is equally distributed to all school districts.

DOWNSIDE - May hinder educational budget growth statewide
May lose local control
Texas chose not to do this after Edgewood II

2. Minimum Revenue Equality

Minimum per pupil budget provided by the state - establishing a foundation of school finance

DOWNSIDE- Declared illegal by courts in 1st & 2nd wave of school finance reform

3. Equal access to Revenue or Fiscal Neutrality

Recapture - equal tax rates yield equal tax dollars - state collects minimum amount and puts it into a pool

DOWNSIDE- Without any state set expenditure floor for education - inequalities may easily occur

Third Method of Equalizing Educational Outputs has brought forth three options.

1. Access Caps - Sets ceiling or cap and then equally funds to that point.
2. Penny Pool Plan - minimum budget equally funded - you can raise whatever additional funds you want, but the more you are able to raise the more you pay into the state.
3. Floating Cork - same as Penny Pool, but at certain level you collect only taxes for your district.

In closing please consider two major concerns.

1. Twenty years ago the Kansas Finance Plan of "Power Equalization" was held as an example for the rest of the nation. What has happened to this plan and why. Can we let this occur again?

2. Please consider leaving the "cash reserve", eighteen month funding, unencumbered cash balance, categorical funding, or whatever you want to label school district cash balances, at the local level. Many districts have spent 5,10,15 years developing a financial plan or philosophy based on these funds. Local taxpayers have provided the local tax dollars to build these funds, don't take away the feeling of ownership that this development breeds.

TESTIMONY BY HAROLD GULDNER
before the
THE JOINT HOUSE EDUCATION AND TAX COMMITTEES
HB 2891 and HB 2892
February 13, 1992

Mr. Chairman, Madam Chairperson, and members of the committees. I am Harold Guldner and I am here representing myself as a taxpayer, but I suspect some of the concerns I convey are the same concerns of at least a million taxpayers in the State. I could give you many reasons why I don't like this bill but I will just point out a couple.

One is the outlandish cost, not only the 400 million dollars cost in new money this year but the continued increased costs in future years. Without a cap on the statewide levy proposed, the levy will be over 50 mills this fiscal year, but will probably climb to 70 mills by 1994.

My other concern is the inequity in a statewide uniform mill levy when there is so much disparity in the tax abatements and appraisals of property between counties. One of the reasons why so many school districts have high mill levies now is because their County Commissioners or City Councils have abated the tax on so much property. In my estimation, to make other counties or school districts pay for these abatements, when they have very little tax abated property does not measure up to a uniform and equal statewide tax.

I was in the Legislature long enough to know that probably my testimony or anybody's testimony will not have any bearing on the way most of you vote. Most of you will vote for the proposal in which the computer runs show your school district is getting the most state money and the largest reductions in mill levies regardless of the increased costs to the taxpayers now and in the future.

*Education
Attachment #2/
February 13, 1992*



Blue Valley
Schools

"growing with pride"

23

TO: HOUSE EDUCATION COMMITTEE
HOUSE TAXATION COMMITTEE

FROM: JAMES C. THOMPSON
SUPERINTENDENT OF SCHOOLS

DATE: FEBRUARY 13, 1992

I appreciate the efforts of members of the Legislature here today and yesterday who have patiently listened to Kansans as we have sounded off. I appreciate that you have the interests of all Kansas children in mind as you deliberate these critical issues. And, I am confident that, if well-intentioned and rational people come together to look for constructive solutions, good answers can be found.

I especially appreciate the efforts of several of you who have worked to make improvements in the original school finance proposal which came from the Task Force and Governor. The three bills which are being heard here are improvements over the original plan.

I would like to offer some suggestions to you regarding these bills which I hope you will find as helpful and constructive. Speaker Barkis yesterday called the bills a "starting point." He urged that any modifications be made according to the needs of children. And, he admonished that no one group of children be sacrificed for any other group. I urge us all to maintain that attitude in these deliberations.

My suggestions:

First, I believe that a new school finance plan should be built upon the goal of providing top quality education for every Kansas child. During the hearings yesterday, I heard much about providing "equal educational opportunities" to children. And, rightfully so. But, I heard very little about quality, and House Bill 2892 never uses the word "Quality" in its 27 pages of text. Shouldn't we be taking this grand opportunity which Judge Bullock has provided us to determine what a quality Kansas education means in terms of outcomes and then determine expenditures to provide quality education for each child? Isn't it worth taking the time to determine what a suitable and quality education costs?

Secondly, I am concerned about the reduction of local control and the

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*Education
Attachment # 22
February 13, 1992*

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ill-effects which would follow if we are unable to continue our heritage of local citizens, parents, teachers, and elected Board Members setting educational priorities and making decisions for their schools and being accountable locally for those decisions. If this mistaken interpretation that all money is state money is used to justify the dictating of the annual per pupil expenditures and tax levies from the state capitol, we will have greatly reduced local control. And, local accountability will be lost. We have no idea of what negative consequences that could have for Kansas!

Third, I praise the inclusion of HB 2835 in the plan. Assisting communities to be able to replace and renovate buildings and to add facilities is a great need across our state. Leaving the management and initiation of school construction to the local community is appropriate and provides for local accountability.

Fourth, I would like to suggest that a provision for increasing the base budget be added for the extraordinary expenses of opening and operating additional schools. I know that the spoken-of "third tier" includes that expense as one reason for invoking that option. However, I believe that this need deserves to be placed in the basic plan and is as defensible as making expenditure allowances for small enrollment districts. School districts needing this allowance could apply to the State Board of Tax Appeals and be granted a one-year budget allowance for this extraordinary expense. Blue Valley has four additional schools under construction which we need to open in the next two years. Is it fair that our children be penalized by having the base budget of their district diminished to cover these expenses just because they live in a fast-growing district?

Finally, I am very concerned about the funding for this plan. Will the dollars be there to fund this plan fully at all three tiers? And, if they are not, what or who will be sacrificed? Tier one would cut our operating budget by \$9 million, or 20 percent. Tier two would reduce the loss to \$5 million. Invoking all of tier three would still result in a loss of over \$1 million, and we need to open two new schools this fall and will have 500 additional students. I am very worried about what will happen to a fine school district as a result of the cuts this bill may necessitate. Six of our Blue Valley schools have been honored by the President as among the best in the nation. Three more of our schools are nominated this year by the state for that distinction. At a time when this nation is focusing on improving schools, and this state needs to be doing so, does it make any sense to sacrifice one district--one group of children--in the name of "equality"?

Please continue to work hard to find suitable solutions. Take time to think through various alternatives. We are anxious to assist you in finding solutions. Kansans are known for being interested, informed, rational people. They take the time to make deliberate and reasoned decisions. Nothing less in these considerations will serve the future needs of our children.

Attach 22-2

Robert Parkins

The goal of this legislature should be to insure excellence in education for every Kansas student. However, money alone will not solve our state's problems. The quality of education stems from the effectiveness of programs and the need for them, not from the level of money spent. To preserve outstanding education throughout the state, decisions must continue to be made at the local level. Americans, and Kansans in particular, have always stood for individual autonomy and self-improvement. I trust that this legislature will remain true to these ideals and preserve the local control of Kansas schools.

Every community in this state has different needs. The parents and students of each community can develop the best programs to meet those needs. I do not profess to know how to run a school district in Wichita, or Parsons, or Elkhart. I am best able to deal with my own problems. Shawnee Mission has become one of the best school districts in the nation while spending below the national per pupil average. Money alone does not create excellence. Districts will only achieve success by looking at others, then adapting what they see to fit their own circumstances.

If Topeka takes control of the districts, innovation and adaptation will likely decline. This is especially true of proposals based on Governor Finney's plan. If the legislature must explicitly approve all building and remodeling, districts will not be able to adapt to changing demographics. The simple need to get all such building approved implies that some requests will be

*Education
Attachment #23
February 13, 1992*

turned down, severely hampering the quality of education provided. By managing the funds for special needs, the legislature will further control districts and stifle innovation. Topeka could declare that certain programs do not fit into any special needs category, effectively killing them. If "other categories as determined appropriate by the legislature" can be created, as some have suggested, new categories would spring to life to facilitate pork-barrel projects, with little real impact on learning. Crediting cash balances against school districts' funding for the following year would encourage inefficiency. Administrators would spend extra money without regard to improving the level of education, as excess funds will result in immediate funding cuts.

Finally, and perhaps most importantly, state funding schemes will further remove parents from the education of their own children. Currently, parents with a grievance can take their case to the school board, feeling confident that the board is free to act. However, the more the state controls, the less empowered parents will feel. Topeka, not the school board, will have the final voice on complaints. Parents are the best motivators, the best disciplinarians: their involvement is crucial. When parents feel disenfranchised, students learning will suffer. The best teachers, the best programs, the most money, will do no good if students and their families are not committed to education.

Colorado is seeing many of the effects of state control of education funds. Administrators spend more time in Denver; school districts feel compelled to conform to the whims of the state level government; legislators feel obliged to control the local

districts, in order to insure that the money is spent well.¹ If this happens in Kansas, I fear all districts will suffer.

Schools should be improved, and we ought to attempt to bring the lower quality districts up to the level of the current leaders. However, equality obtained by lowering the standards of excellence towards which we all strive will ruin all districts: those currently at the top, which will be destroyed in the name of equality, and those currently at the bottom, which will have no beacon to strive towards, and no reason to improve. Innovative districts try to show others new ideas which have worked; all benefit. A stagnation of ideas results in a stagnation of everyone's quality of life.

¹ Yaffe, Elaine, "The New Golden Rule," Phi Delta Kappan, November 1990.

February 13, 1992

House Education Committee and House Taxation Committee

Comments by: **Dr. Ron Wimmer**, Superintendent of Olathe USD#233

Honorable Committee Members:

I am Ron Wimmer, Superintendent of Schools of Unified School District No. 233, Olathe, Kansas. I appreciate the opportunity to address you today on an extremely critical topic, the funding of education for the children of Kansas.

In July, 1991 our school district faced a difficult challenge. We found our community divided on the issue of taxes yet united in purpose for the children of our school district. Rather than eliminate programs and services for children, our Board of Education approved a budget resulting in a 27 mill levy increase in our General Fund. The General Fund levy of nearly 94 mills, along with other mill levy categories, resulted in the highest total mill levy in the State - 112 mills. Olathe is not a wealthy school district. While our assessed valuation per pupil is at the median for our state and our budget per pupil falls below the median, our tax burden is the highest in the state overall and second to the highest for the General Fund. We do not spend excessively on a per pupil basis yet we pay a high tax for education in our school district.

Our patrons value and are willing to pay for a quality education. This past year has been a difficult year for us in Olathe as we have struggled to balance expectations for appropriate educational programs for children and the demands of taxpayers to lower property taxes. In this struggle the needs of children have prevailed but not without criticism and conflict which tears at the heart of any community.

Our dilemma in Olathe can be demonstrated further in looking at our growth in enrollment. According to figures released by the State Department of Education, enrollment increases in Kansas from 1987-88 to 1991-92 total 9,400 students. In Olathe, during this same period our enrollment has increased 2,629 students. This represents a growth of 21% during this four year period. Not all of the 2,629 new students in Olathe were new to Kansas. In fact, many of these children came from areas you represent throughout Kansas. In the past ten years our school district has increased in enrollment from 8,972 students in 1981 to a projected 16,000 for the 92-93 school year. This 78% increase in the past 10 years creates significant additional costs.

The need to provide for the new children in our district includes not only teachers, supplies, and materials but buildings in which to house the students. We are in the process of completing a new high school for the nearly 3000 students in grades 10-12 we will have next year. This school can not open without sufficient resources. We encourage your consideration of provisions to recognize the needs associated with growth in a school funding package as well as provisions for opening new schools.

Education
Attachment #24
February 13, 1992

Like your communities, Olathe cares about its children. We can not implement severe reductions in expenditures without extreme negative impact on the children of our school district. If we had such wealth as some might perceive, our expenditures per pupil would not be below the state median nor would we have the highest tax levy in the state. We do not have \$10 million or \$1 million to reduce that would not negatively affect our school district. In fact, due to factors related to last year's funding provisions, we have already made significant reductions in our expenditures. With an estimated increase of over 500 additional students next fall, we can not continue to cut expenditures without impairing programs for students.

Today we are asked to meet the challenge of preparing our students for world class standards and to be competitive in the international marketplace. We accept that challenge. Our students can achieve these expectations and our Kansas schools can prepare students for the world of tomorrow. We must also provide for the children with special needs. We invite you to visit our district and see how we provide for the special needs of children with learning and physical handicaps. Please do not tell these children, their parents, and the educators who love and provide for them every day, that we can not spend enough to care for them as we should. Please do not tell the students of our district we want them to be competitive but we don't have the resources to give them access to technology or materials with which to learn. Please don't tell our teachers that we value their efforts to work with all children but we don't have funds to compensate them appropriately for their work with our most important resource.

I'm hopeful you will work with all Kansans to find a solution which reflects pride in our state. I'm hopeful we will not abandon our commitment to the best education possible by adopting funding provisions based on minimums. Our youth deserve better. In conclusion, I have grave concerns with the Governor's proposals. I am more optimistic about House Bill 2892 and the additional provisions for local budget authority options. I am encouraged about state participation in bonded indebtedness programs. Although we wish to continue to work with the Legislature on these plans, we are optimistic your commitments to education will result in appropriate outcomes from the Legislature. Although I would prefer to be specific with suggestions, I am uncertain at this time which plan will be seriously considered. I applaud your efforts and that of the House leadership to identify additional revenue sources to fund education at the level which provides for excellence in education. Educators do not fear the challenge of meeting and exceeding expectations. We simply must have the resources necessary to accomplish these expectations.

Jonathan Kozol in his book, Illiterate America, says individuals who lack the skills and options provided by a sound education are more likely to turn to crime and substance abuse. We can look to our own state to know the cost of incarceration far exceeds the cost of education. Again, we face the challenge in providing for the children of our school communities. Let us stand united on a solid foundation for our state and our country by ensuring a quality education for the children of Kansas. Thank you.

Attach 24-2

COLBY R. BROWN

STUDENTS UNITED REGARDING EDUCATION

My name is Colby Brown, and I am an eighteen year old high school senior attending Blue Valley North High School, located in Johnson County. Today, I speak to you not only as a high school student, but also as a concerned voter and tax payer of Kansas. I do not want to stand up here and give a lecture on the dollars, cents, facts, and figures of educational finance. In my opinion, that is not the most important issue in developing a sound educational system. What we often overlook in all our debates concerning who gets what, is how well the money is spent. *The mere fact that all districts spend the same amount of money per student does not guarantee equal education*

I recognize and appreciate your determined efforts to provide an equal educational opportunity for all Kansas students. I do not, however, believe that this can be achieved by cutting funding from the educational programs of any district. In working toward our goals, we must move forward, not backwards. In my district alone, the proposed bills would force a possible reduction in staff to up to one hundred members and would prohibit the much needed opening of a third high school. By raising the student to teacher ratio, overcrowding schools, and eliminating programs, the standards of Kansas education will suffer tremendously.

The problem is not whether or where the money is spent, it is how the money is spent. To give districts money before they have time to create worthwhile programs is counter productive. Instead, why not continue to encourage the expansion of programs already established? The survival or success of one is not dependent on the failure or injury of another. It is neither fair nor necessary for one group to suffer in order for others to benefit. Therefore, interdistrict cooperation is the key. By sharing ideas rather than funding, between districts, education can only prosper.

Our main efforts should not be concentrated toward providing equality for our students. Differences in teachers, parent involvement and personal commitment make equality

*Education
Attachment #25
February 13, 1992*

6-28-92

impossible. We should, however, do all that we can to educate students to the highest possible level they can achieve. Kansas has developed one of the strongest educational programs in the United States. The challenge is in maintaining and building on that level of excellence. The proposed bills do not give us the opportunity to expand our educational horizons. Instead, they put a limit on the level to which we can rise.

So while debating and deciding on a new educational finance plan for Kansas, remember, the only way to achieve positive change is to continue moving forward, not backwards.

Colby R. Brown
12021 High Drive
Leawood, KS 66209
491-4088

Testimony before the Joint Committees of
Education and Taxation
of the
Kansas House of Representatives

Thursday, February 13, 1992

Stephen D. Bohrer, Superintendent
Unified School District #304
Bazine, Kansas

I come before you today to emphasize the true efficiency of the small schools of Kansas. I am not in favor of the the proposed flat rate property tax as currently proposed. Especially distressing are the effects the proposed limit in spending would have on our small schools and their communities.

Small Schools are Expensive

It certainly does cost more per student to provide an education to a few hundred than to thousands. The small classes of Bazine's elementary typically have fewer than a dozen students and the secondary classes of three to ten explain the district's double cost over the state average per pupil expenditure. These expenses are accepted by the voters of the district who are willing to pay them and have done so for decades. They don't see the dollars spent as frivolous or inefficient, but an investment in their own and their children's futures.

Cost Efficiency

I predict that if one were to look at the total of all county, state, and school expenses related directly to service school aged kids, that small town schools would no longer seem so expensive. Bazine and Ness county for example have no sophisticated police force, reserve officers, or community strike forces to handle gang related activities as does Wichita. While a problem of urban centers, rural residents have so far not experienced this phenomenon. Drug and alcohol problems, teenage pregnancy, and other problems so prevalent in the nation are likewise less common in small towns and their schools.

*Education
Attachment # 26
February 13, 1992*

Of partial explanation is that small schools watch their students more closely. Communities depend on the schools to provide a great part of the social and cultural life of the town. For instance, since the first of January, junior and senior high school basketball games have occupied eighteen nights. In addition, my 65 junior and senior high kids have participated in scholar bowls, a couple of educational programs, a piano festival, homecoming ceremonies and a dance. Play practice has begun, forensics season is beginning and track season is just around the corner.

The whole town comes to the games to see the boys and girls. If not directly involved, the students are cheering, playing in the pep band, selling concessions for the junior/senior banquet and prom, or helping with a class raffle. The leadership the kids learn and demonstrate by participating in these activities prepares them well for the future; theirs and the states. On any game night ninety percent of the student body is at the school. The activity program adds to the positive events and role models which encourage and motivate the kids to achieve and certainly accounts for where they are a good portion of their lives. Their families want it this way and encourage their children to participate. At least three nights each week I know where my students are and that they are occupied in positive character building activities.

Achievement

The expectations placed on the students to achieve in the classroom in order to remain eligible for participation in this myriad of activities help explain why my eleven seniors averaged 24 on this year's ACT. Tremendous bodies of research reveal that students of small schools regularly perform better than their counterparts at large schools. This is even true when factors such as race, socioeconomic status, family structure, etc. are factored in.

Question of Equity

The governor's proposal calls for an equitable distribution of school funding (meaning the same amount for every child) as if dollars were the only means of measurement. Equity does not require spending the same on every student.

Democracy of Choice

While averaging forty percent state wide the state currently contributes only 24% of my district's budget . The patron's here then, already help pay for those districts less able. The local patrons willingly pay the other 76% needed to maintain their own school. The people remain willing to pay extra to keep their schools, which they see as their lifeblood, just as the residents of other towns are willing to pay taxes for the attributes of their cities.

Each community has certain advantages including its schools, job opportunities, cultural offerings, or geographical interests. Bazine's include the security and comradery of the small town, the quality of its school, and the closeness of the people to those who make the decisions. The proposed spending cap would destroy Bazine. It would, furthermore, lead to the bureaucratic stalemate inherent in most large school districts. The current proposal would raid certain districts in the state to transfer the revenue to other districts.

Conclusion

Enact a level rate if constitutionally mandated or if needed to assure an appropriate education for every child, or even to reduce reliance on the income tax, but don't put a cap on expenditures. Allow communities the democratic choice to sacrifice for its children by spending what the peopled believe is right for their kids and necessary to protect the quality of life in their towns.

If consolidation is to occur let it be by direct action not starvation.

28
February 13, 1992

Ryan Garland
Blue Valley Unified
School District #229

"The Direction in which education starts a man will determine his future life."
- Plato

The question we face is: which direction would we like to take education, and essentially, the lives of those we educate? We have before us two roads, and we must chose to start education down one of them. The first path is local control of education, as well as equalization of state funding. The first path allows the state to provide high quality education throughout the state, while allowing those communities that wish to spend more on their school districts to do so. This direction allows a community and the state to provide the highest possible education they can cooperatively afford. The second path limits education. As a student, I have had the opportunity to experience the positives of an excellent Kansas education first hand. And as a student, I plead with you NOT to limit the education I can receive. The step you are taking by requiring a state minimum on educational finance is a huge step in the right direction, but putting a ceiling on the finances a community can contribute takes us down the second path - the path of limiting potential, mediocre education, and ultimately limiting the future of peoples' lives.

One thing I have noticed, as a student in a Johnson County school from kindergarden to the present, is the spirit and the attitude people in this community have on education. My classmates and I are lucky to live where parents, teachers, and students have demanded the highest quality education affordable for generations. Johnson County school districts are products of these demands and desires, not just products of money. Giving school districts more money will not necessarily increase their quality of education. Each community must first learn the desire it takes to make education successful. We must teach each district that finances produce opportunity, but determination and spirit alone turn opportunity into success. Money doesn't produce that desire. And without the strong, equalized desire for success, equalization of finances will not equalize education.

Any student will tell you that education is equally the process by which knowledge is gained, as well as the knowledge itself. I owe a lot to my school district. Through its programs and classrooms I have learned about arithmetic and I have learned about life. But most importantly, I have learned that those who have been helped

*Education
Attachment #27
February 13/1993*

should turn and help another. Johnson County welcomes and appreciates the responsibility of helping other districts in the state. We would be proud to do our share in supporting an equalization of state funding. But I PLEAD with you, please DO NOT limit those communities that wish to go beyond the state funding. Please allow us to maintain local control, realizing that different areas of the state have different needs, desires, and aspirations. Governor Finney's proposal and House Bill #2892 would take that which has succeeded -and that which could use improvement, and socialistically trapped both into a dormant state of mediocrity.

The direction in which education has started me and my fellow students has been a positive one full of experience and high quality education. But now you must start education out in a new direction. I pray you will keep education unbound, and potential unlimited. The road you choose will be tread by many future generations of students. The road you choose will determine the education, as well as the future lives, of many future generations of students. Chose well.

TESTIMONY

to the

**JOINT HOUSE AND SENATE
EDUCATION AND
TAXATION COMMITTEES**

**PRESENTED BY THE
KANSAS LEGISLATIVE POLICY GROUP**

FEBRUARY 13, 1992

*Education
Attachment #28
February 13/1992*



Kansas Legislative Policy Group

412 Capitol Tower, 400 West Eighth, Topeka, Kansas 66603, 913-233-2227

TIMOTHY N. HAGEMANN, Executive Director

Dear Chairpersons and Members of this Joint Committee:

I am Commissioner **Ethel Evans**. Today I appear on behalf of the Kansas Legislative Policy Group (KLPG), which is an organization of County Commissioners representing 22 counties from primarily the western part of the state. I've attached a list of those member counties.

On February 5, 1992, the Board of Directors met in Topeka to consider proposals that are being considered by the Kansas Legislature. The Board of Directors voted unanimously to oppose any bill that contains a uniform statewide property tax mill levy.

I have numerous concerns of which I have chosen three major issues. The first is in regard to local government's controls. Property tax has always been the source of revenue for counties, cities and other local taxing entities. They tax themselves, balance their needs while taking into consideration their unique diversities. That is why local government has always been known as the most

Attch 28-2

effective and efficient level of government. If Kansas imposes a uniform state mill levy, the state would control schools. This will affect any authority and every decision made by local school boards. It will also place the remaining local governments with any authority to levy taxes in direct competition with the state for the local property tax dollar.

As a County Commissioner whose responsibility is to provide services of:

Fire Protections
Senior Citizen Program
Library
Ambulance Service
Airport
Hospital
Roads and Bridges
County Health Department
Care Homes for the Elderly
Police and Law Enforcement

These are the kinds of services that the citizen expects and deserves -- these along with education are the life-lines and livelihoods of our communities. A statewide mill levy on local properties will jeopardize the local services' tax structure. The loss of financial control of any one of our local governments would eventually lead to loss of all control.

Uniform Statewide Mill Levy

I would also like for you to take into consideration my second concern of the effect on reappraisal. A uniform statewide mill levy would amplify those inequities of appraised properties across this diverse state. A uniform statewide mill

levy will further fuel the turmoil and controversial matters already in question about the reappraisal process -- a process which was done in a short time frame which resulted in ill-defined implementation procedures of an orderly reappraisal. A uniform statewide mill levy will not allow an orderly and timely process to adjust and correct these inequities, but will only create an additional burden -- probably leading to more court decisions and to legislators and then to local governments. Back again to the loss not only of local control but legislative state control under the watchful eye of the courts.

On to my third concern. If a uniform statewide mill levy means equal access to opportunity of education what then becomes of the question of the quality of education? Once again, like reappraisal, we find ourselves in front of the gun of the court, the stop watch is ticking away and we are considering a uniform statewide mill levy which will require education to be redefined in order for it to be affordable. As with reappraisal the inequities will be enormous. A uniform statewide mill levy bill which does not contain the flexibility for the necessity of school reform. A uniform statewide property tax mill levy is a bill which emphasizes a property tax reduction for many Kansans today. It is a bill that funds yesterday's education at the expense of the loss of local control for tomorrow. We need a long term solution that benefits both education of our children and a fair and equitable funding mechanism that all Kansans and her industries can share. I ask you to oppose this bill and any other bill which mandates a uniform statewide mill levy.

I want to thank you for this opportunity to share with you some of my major concerns -- loss of local control, traumatic ramifications of reappraisal and the decline of the quality of education -- all by-products of a uniform statewide mill levy. To conclude I would like to tell you I was born a farmer, was a teacher by certification and a politician by choice. But most of all a citizen of Kansas because of pride. I ask you to guide, direct, protect, and preserve, the most free form of government for the future of Kansas and its most important product - her children.

KANSAS LEGISLATIVE POLICY GROUP

MEMBER COUNTIES

Barber
Barton
Edwards
Finney
Gove
Grant
Gray
Greeley
Hamilton
Haskell
Hodgeman
Kearny
Lane
Meade
Morton
Rice
Scott
Seward
Stanton
Stevens
Trego
Wichita

TESTIMONY IN OPPOSITION TO HB2892

before

THE HOUSE COMMITTEE ON EDUCATION
and
THE HOUSE COMMITTEE ON TAXATION

February 13, 1992

Presented by
Sam Forrer
Ulysses, Kansas

Mr. Bowden, Ms. Wagon, and Committee members; thank you for this opportunity to testify in opposition to HB2892. My name is Sam Forrer. I am from Ulysses, Kansas.

Today, I wish to provide you a constituency report from the "Out-West"...and to provide answers to such questions as: "What are those people thinking?...Why?...What is their response?" So here's my report.

In 1916, President Wilson said, "If I were to pick out one place which was likely to...get hot first about invasion of the essential principles of American liberty, I certainly would look to Kansas among the first places in the country." The word "hot" is not quite the correct term to describe our present temperament, but we believe this Bill to be an invasion of essential principles of American liberty. Through it the State would be advocating the notion of "What's yours is ours". We find that repugnant and believe most Kansans do also.

The severance tax adopted just a few years ago was to be education's golden goose. Through that measure alone, the State took \$11,000,000 from our County and \$58,000,000 from 6 Southwest Kansas counties out of the \$87,000,000 collected state-wide, in CY 1990. Our school district has reconciled itself to this plus the loss of over a million dollars of various kinds of State assistance it had received just two years ago. But now this Bill calls for another tax-shift...piling more discriminatory overhead on the backs of our localized industries...more disincentives for them to do business in Kansas. And to top it off, the State would muscle aside local governments' authority to tax for education. Now I read in the February 12 issue of the "Eagle" that the Governor is considering "giving back" some discretion to the local governments. That's almost an oxymoron...the more accurate statement might be that the State is considering seizing less of the local governments' authority.

Our City has, like many others, issued Industrial Revenue Bonds to assist in economic development. But unlike many others, our City Council, has required, for over 20 years, an annual payment in lieu of taxes from every IRB recipient. During that time, our County granted one tax abatement but has since adopted a policy against tax abatements and exemptions. Thus, we marvel at Sedgwick County's indignant protestations about their shortfall in State educational assistance while having voluntarily exempted hundreds of millions of dollars from its own tax base. And now we see that Wichita just received a \$6,000,000 State windfall.

But our attitude is rooted in more than just money. This Bill fails to recognize at least these three basic areas:

*Education
Attachment #29
February 13/1992*

1. People cherish their independence/self-determination--this Bill would require the State to expropriate part of every district's tax base, would confiscate millions of dollars from all school district's present cash operating capital, and would seriously erode every school district's autonomy. Of what failed political systems do these practices remind you?
2. Short term, politically-inspired approaches are rarely long-term solutions--this Bill cannot even handle the present funding crisis; and it guarantees that next year's crisis will make this year's pale by comparison. The numbers are there. A real solution must, by its own structure, be able to work for at least a decade. By design, this one can't and won't.
3. Educational quality/opportunity cannot be measured by dollars or mil rates--generally, we all try to reduce everything to an easy, objective measure; but some things just do not fit such measures; and educational quality/opportunity are among them. By measuring in dollars expended per pupil and equal mil levies, this Bill attempts to force every student and every district into the same mold. That would eliminate individuality and discard uniqueness. But all Kansas students could then boast of something they would all have in common--that being, a mediocre education. Kansas has consistently ranked among the top ten states in educational quality. Why, then, are some looking to Oklahoma and Texas as models when their quality is consistently ranked in the lower one-third? It makes no sense.

Will Stevens County, Kearny County or Southwest Kansas secede from the State? It's a far-out, extreme idea. But you need to know that among Southwest Kansans, secession is increasingly being seen as a possibility to explore. That reflects the depth of feeling and the conflict that looms on the horizon in Southwest Kansas.

Southwest Kansans are Kansans. And we want a solution that will work for all Kansans. Because our numbers are small, we expect to suffer from a certain amount of political bias. But when one finally feels over-exploited and sees fundamental values being attacked, then extreme reactions can be expected. Will this issue be resolved through an attempted "cram-down?"...or through reason and goodwill? The ball is in your court to answer that question.

Judge Bullock did not say there should be a state-wide mil levy...Judge Bullock did not say the mil levy should be the same. The issue is funding. We still have a formula, however imperfect, that many other states envy. Judge Bullock did say that if the current formula were fully funded, there would be no question of constitutionality. So, let's go back to the present formula and find a mutually acceptable way to fund it. The first step is to defeat HB2892. I respectfully request that you take that first step.

Thank you for your attention and your consideration.

#30

FEBRUARY 13, 1992

MY NAME IS **STEVE GUY**, I AM A MEMBER OF THE SCHOOL BOARD OF USD 363 IN HOLCOMB AND ALSO AM CURRENTLY SERVING AS PRESIDENT OF THE "HIGH PLAINS EDUCATIONAL COOPERATIVE", USD 611.

MY COMMENTS REGARDING THE SCHOOL FINANCE ISSUES WILL NOT CENTER SO MUCH ON THE ECONOMIC IMPACT, THEY WILL HAVE ON MY DISTRICT, PARTLY BECAUSE OF THE FLUID NATURE OF THE PROCEEDINGS, WE DON'T YET KNOW WHAT THE SCHOOL FINANCE PLAN WILL LOOK LIKE AT THE END OF THIS SESSION, AND ALSO BECAUSE YOU WILL NO DOUBT HEAR FROM SCHOOL DISTRICTS, IN SOME DETAIL, AS TO THE EFFECT THE BILLS CURRENTLY BEING DISCUSSED, WILL HAVE ON THEIR DISTRICT. LET ME SAY THIS HOWEVER, MY DISTRICT, THIS YEAR, HAS A GENERAL FUND BUDGET OF \$3,658,960. OUR FTE, IS 679 STUDENTS WHICH MEANS WE WILL SPEND APPROX. \$5,393.00 PER STUDENT. OUR MILL LEVEE NOT INCLUDING OUR 4 MILL CAPITAL OUTLAY OR 4 MILL BOND AND INTEREST, IS 27 MILLS. IT DOES NOT TAKE A REAL MATHEMATICIAN TO CONCLUDE THAT A 45 MILL GENERAL FUND MILL LEVY WOULD BE EXTREMELY DETRIMENTAL TO OUR CITIZENS AND BUSINESSES. A \$3,656 PER PUPIL LID ON SPENDING WOULD TAKE ABOUT 1/3 OF OUR TOTAL BUDGET.

WHEN REVIEWING THESE PROPOSALS, IT IS OBVIOUS THE GOVERNOR AND PROPONENTS OF THESE PLANS HAVE CONCLUDED THREE THINGS. ONE, THAT THE CITIZENS OF MANY DISTRICTS ARE NOT PAYING ENOUGH TAXES, TWO THAT WE ARE SPENDING TOO MUCH ON OUR STUDENTS AND SCHOOLS AND THREE, THAT BUREAUCRATS IN TOPEKA ARE MORE CAPABLE OF PROVIDING FOR THE EDUCATIONAL NEEDS OF OUR STUDENTS, AND HOW THE MONEY SHOULD BE SPENT.

I DOUBT IF THE CITIZENS AND BUSINESSES IN OUR DISTRICT WILL AGREE THAT THEY ARE NOW PAYING TO LITTLE IN PROPERTY TAXES. AN INCREASE OF THIS MAGNITUDE WILL RESULT IN "SUNFLOWER ELECTRIC" REQUIRING A RATE INCREASE, AND "IBP", ONE OF THE STATES LARGEST EMPLOYERS, OPERATING ON NARROWER MARGINS.

*Education
Attachment #30
February 13, 1992*

REGARDING THE SECOND CONCLUSION, THAT OF US SPENDING TOO MUCH ON EDUCATION, THE KNEA AND OUR OWN TEACHERS HAVE BEEN TELLING US AND YOU, FOR YEARS THAT WE ARE NOT SPENDING ENOUGH ON EDUCATION. IT IS BEYOND MY COMPREHENSION HOW EDUCATION OR OUR COMMUNITY WILL BE IMPROVED IF OUR BUDGET IS CUT BY 1/3 AND PROPERTY TAXES INCREASED BY 2/3'S.

THE THIRD CONCLUSION, PROPONENTS HAVE APPARENTLY COME TO, IS THAT BUREAUCRATS OVER 300 MILES AWAY HAVE A BETTER UNDERSTANDING OF THE NEEDS OF OUR COMMUNITY AND SCHOOLS. THIS IS RIDICULOUS. YOU KNOW THIS, AS WELL AS EVERYONE ELSE IN THIS ROOM. NO ONE HAS YET MENTIONED HOW MUCH A NEW LAYER OF BUREAUCRACY WILL SIPHON AWAY FROM THE SCHOOL FUNDING MEASURES YOU ARE TRYING TO FIX.

THERE IS HOWEVER A LARGER PHILOSOPHICAL QUESTION BEING DEBATED HERE THAN THE FUNDING OF EDUCATION IN KANSAS, AND THAT IS, WHETHER GOVERNMENT IS CAPABLE OF SOLVING ALL OF THE INEQUITIES AND UNPLEASANTRIES WE HAVE IN OUR LIVES. NO DOUBT THERE ARE PEOPLE IN DISTRICTS WHERE THE MILL LEVY IS GREATER THAN 45 MILLS THAT BELIEVE WE ARE NOT PAYING ENOUGH TAXES, OR CONVERSELY THAT THEY ARE PAYING TOO MUCH. PERHAPS THEY ARE RIGHT. BUT FUNDING OF THE SCHOOLS HAS ALWAYS BEEN A LOCAL RESPONSIBILITY IN THIS STATE AND FOR GOOD REASON. ONCE YOU REMOVE THAT LOCAL, FINANCIAL RESPONSIBILITY, THEN LOCAL CONCERN, COMMITMENT, AND SUPPORT WILL SOON GO AS WELL. THERE ARE 303 SCHOOL DISTRICTS IN KANSAS, ONLY A HANDFUL ARE PART OF WHAT COULD BE DESCRIBED AS A METROPOLITAN AREA. ALMOST ALL COMMUNITIES THEREFORE REVOLVE AROUND THEIR SCHOOL SYSTEM. THE SCHOOL WILL BE ONE OF THE LARGEST EMPLOYERS AND WILL HAVE ONE OF THE LARGEST BUDGETS. HARDLY ANY OTHER EVENTS IN THESE COMMUNITIES WILL DRAW THE ATTENDANCE THAT SCHOOL ATHLETIC CONTEST, CONCERTS, OR GRADUATIONS WILL DRAW. COMMUNITIES ACROSS THE STATE TAKE GREAT PRIDE IN THE ACCOMPLISHMENTS OF THEIR SCHOOL SYSTEM. THESE SCHOOLS DO NOT BELONG TO THE STATE AS "JUDGE BULLOCK" SEEMED TO IMPLY, THEY BELONG TO THE PEOPLE AND COMMUNITIES IN WHICH THEY RESIDE. SHOULD THE STATE TAKE OWNERSHIP OF THE SCHOOLS, NOT ONLY WILL EDUCATION BE IRREPARABLY HARMED IN THE STATE BUT THE COMMUNITIES AS WELL

Attach 30-2

THE IDEA OF STATE OWNERSHIP OF THE SCHOOLS, AND BELIEVE ME IF THE STATE CONTROLS THE MONEY THE STATE OWNS THE SCHOOLS, SMACKS OF SOCIALISM. SOCIALISM IS SUCH A NICE IDEA ON THE SURFACE. THE ATTEMPT TO MAKE THINGS UNIVERSALLY FAIR AND EQUITABLE, SIMPLY RESULTS IN SPREADING THE MISERY EQUALLY. THE SCHOOL FUNDING PLANS NOW UNDER CONSIDERATION ARE DESIGNED AND WILL RESULT IN ALL SCHOOLS BEING EQUALLY MEDIOCRE.

IN MOST PARTS OF THE WORLD, SOCIALISM CAME ABOUT SUDDENLY AS A RESULT OF REVOLUTION. THE PROPONENTS OF THIS GRAND IDEA HAVE BEEN UNABLE, THUS FAR, TO INSTITUTE IT ON A LARGE SCALE IN THIS COUNTRY. WHAT WE ARE SEEING HOWEVER IS THE PHILOSOPHY OF EQUALIZED POVERTY AND MISERY BEING INTRODUCED SLOWLY AND GRADUALLY INTO OUR INSTITUTIONS. WHETHER IT BE EDUCATION, HEALTH CARE, OR THE NOTION THAT THE STATE IS RESPONSIBLE FOR YOUR WELL BEING, IT IS BEING INTRODUCED INTO THE VERY FABRIC OF OUR LIVES. YOU AS LAW MAKERS MUST RECOGNIZE MANY OF THE PROPOSALS THAT COME BEFORE YOU FOR WHAT THEY ARE.

IT IS IRONIC, ISN'T IT, THAT MOST PEOPLE OF THE WORLD ARE RUNNING AWAY FROM SOCIALISM AS FAST AS THEY CAN, WHILE MANY IN THIS COUNTRY ARE RUNNING TO EMBRACE IT AS FAST AS THEY CAN. OUR FOUNDING FATHERS WERE RIGHT, BE VERY LEERY OF THE GOOD INTENTIONS OF GOVERNMENT.

I DO THANK YOU FOR THIS OPPORTUNITY TO SPEAK BEFORE YOU THIS AFTERNOON, AND APPRECIATE YOUR ATTENTION AND CONSIDERATION.

Attach 30-3

TESTIMONY

to the

**JOINT HOUSE AND SENATE
EDUCATION AND
TAXATION COMMITTEES**

**PRESENTED BY
DR. NELSON BRYANT
CHAIRPERSON**

KANSAS EDUCATION COALITION

FEBRUARY 13, 1992

*Education
Attachment #31
February 13/1992*

Madam Chairman Wagnon, Chairman Bowden and members of the Committees:

The proposal that I have seen would wreck a number of good school districts. If we were getting a large amount of state aid, I might understand it.

The small towns of this state and the nation have been the strength of this country. If you cause schools to deteriorate, and possible close, you will also be damaging those communities.

I believe that some school districts need assistance to improve their facilities and programs. I do not believe that you should damage good school systems that pay their own way in order to help others.

My county (Stevens County) paid \$17 million dollars last year in severance taxes. That equates to 57.3 mills in property taxes. Most people think that only large corporations pay these taxes - that is not true - the mineral rights owners pay several different taxes also on minerals. What happens to the interest on idle funds? Does the local bank lose that?

Several gas company officials have indicated that they would drastically reduce production in Kansas if they get huge tax increases. This would damage the state as well as our area.

How are you going to solve the constitutional problem of reappraisal and classification? They are not equal across the state. The director of property evaluation has has said that only seven counties comply.

How will you deal with industrial revenue bonds and tax abatements as far as counting in district wealth or state wealth?

How will you address the differences in activities offered to students and courses offered in some school districts as opposed to other districts? Some differ as much as 200 course offerings and more.

How will you equalize the cultural and educational advantages between Wichita, Kansas City and western Kansas students? 25% of our students are qualified for free and reduced price lunches.

How will you offset the cost of travelling 100 plus miles for league activities as opposed to travelling across town?

How do you equalize the cost of travelling 3 to 4 hours to the closest state college for our students and staff?

Most state sponsored in-service activities or high school activities are held in central eastern Kansas. It costs us more for many items that are not figured in a state school transportation plan.

Most state facilities, such as parks and reservoirs, are over 150 miles from our area of the state, we get no benefit from them, how will you equalize those benefits for people in western Kansas?

Most communities feel that local control is essential for good government. If the legislature takes over school funds, you are removing that local control. How do you plan to fund this program the second year?

I believe that local boards should be responsible for local budgets and I urge you to leave that control at the local level.

Again, I believe that many school districts need assistance and I encourage you to adequately fund those needs. I urge you not to down-grade some very good

schools in the process.

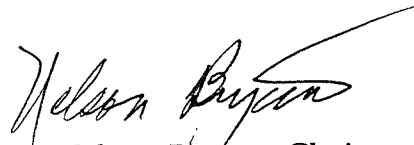
I ask that you consider the following mix of taxes, and when you act on school finance, do it in such a way that all schools can be improved.

Property Tax
Sales Tax
Income Tax
Intangible Tax
Motor Vehicle Tax
Liquor Tax
Tobacco Tax

I also ask that you include industrial revenue bonds and tax abatement values in district wealth. It is not fair for other parts of the state to support them.

Thank you for your time.

Sincerely,

A handwritten signature in cursive script that reads "Nelson Bryant". The signature is written in dark ink and is positioned above the printed name and title.

Dr. Nelson Bryant, Chairperson
Kansas Education Coalition

ALLAIRE T. HOMBURG, TESTIMONY
LEGISLATIVE HEARING
FEBRUARY 13, 1992

Ladies and Gentlemen, Honorable Members of the Legislature, esteemed Colleagues: I would like to thank you for this opportunity to visit with you.

My name is Allaire Homburg, Superintendent and Principal of Schools, Weskan Unified School District No. 242. In order to explain to you where I am coming from, perhaps I should tell you about where I come from.

Weskan Unified School District No. 242 is a school district located at the western edge of Kansas. In the time that it takes us to drive to Topeka, we can drive to Denver, Colorado and back home again.

Our school building located in the town of Weskan, is four miles from the Colorado border. We are in Wallace County and are privileged to have within our district boundaries, Mt. Sunflower, the highest point in Kansas.

Our district is 243 square miles. The school, elementary and high school both, have a F.T.E. of 103.5 students. Our general fund budget for 1991-92 is \$733,000.00, with a mill levy of 61.55. We have 15 teachers (Kindergarten through Grade 12), and one administrator.

Weskan High School has an excellent curriculum, dedicated teachers, and a very talented and well-behaved 31 member student body. We have students graduate with as many as six units of science, four units of math, and three units of computers. We received first and second in the outstanding projects award at the Small and Rural Schools Conference at Kansas State University in 1990-91 for our science projects.

The school offers over thirty units of credit each year and a full range of extra-curricular activities. In athletics we offer football, volleyball, girls and boys basketball, and girls and boys track. We placed fourth at the state in 1990 in boys basketball. We offer quiz bowl, forensics, and music, and we have competed and fared well in both forensics and music at the state level. This past year in music we received 26 gold metals at State Music Contest. Of the 31 students in high school 21 of them are in our show choir.

*Education
Attachment #32
February 13/1992*

Allaire T. Homburg, Testimony
Page 2

I tell you this because I want to impress upon you the fact that we and many schools like us are graduating well-rounded successful young people. We had nine graduates in 1991. All nine have gone on to post high school education. Those nine students earned \$38,850.00 in scholarships. One is enrolled at Brown Mackie, one at Washburn University, one at McPherson College, three at Kansas State University, and three at Colby Community College.

The vast majority of our students go on to institutions of higher learning. Our graduation rate is well over 90 percent. In fact, we have had only one drop out in the past twenty years. This is proof that the small rural schools in Kansas, and this nation, are doing an outstanding job. We are able to do this excellent job because we are small, and we have the support of our communities!

I feel that small schools are vital to the education in Kansas and our nation. Education is the most important business in our state as well as our nation. If we are going to survive as a state, and as a nation, we must continue to graduate young people that have the educational equipment needed so that they can be contributing members and leaders in our society. The small schools are an insurance factor in this educational success.

Next I would like to address the issue of the 45 state wide property tax levy. The 45 mil levy is artificially low. You all know that in order for education to be funded at its current level, you instead will need a 58 plus mil levy. A realistic figure for next year would be over 60 mils, with even higher levies to come in the following years. If the people of Kansas realized this, there would be even more opposition to this rather socialistic proposal.

Another major concern with this mil levy proposal is the loss of local control. School districts exist because the state of Kansas allows them to exist. I would also like to point out that townships, counties, and cities exist for the same reason. The reason that the local units of government are allowed to exist is: it is the "will of the people". Our founding fathers had the foresight to see that local control is essential to good government as a government "By the People".

Attch 32-2

Allaire T. Homburg, Testimony
Page 3

Larger though is not inherently better in any form of government and this is especially so in school districts. The state government has allowed us to exist (in our case for over 70 years). I ask you to allow us to continue to exist. Remove the hatchet placed above our necks by recognizing that rural Kansas is essential for the well-being of Kansas.

Furthermore I believe it is also time that we all are held more accountable. Legislators you must realize that you have contributed to our problems. Last year with the passage of Senate Bill 26 the legislature redefined District Wealth so that now it is 100 percent of assessed valuation and 24 percent of the state income tax paid. I submit to you that you are adding apples and bananas and getting coconuts. If one half of district wealth is the assessed valuation, then the other half should be 100 percent of the income! Not 24 percent of the income taxes paid. It is time you took upon yourselves the responsibility for putting the additional burden property tax upon us with the last year's passage of Senate Bill 26. The executive branch should also admit to contributing to the property tax burden by vetoing the bill that would have lessened the property tax burden by raising the sales and income tax.

I think it is time that the Kansas government quit playing politics with education. Dollars spent per pupil is no measure of equality in education. If equality means that all our schools have to be so large that individual students have a smaller chance of success, or if it means we need to have a student population that necessitates having armed guards and metal detectors at school entrances, or if it further means we should all have high drop out percentages, then we don't want equality. What we want instead is an opportunity to continue improving the excellent job of educating that we are doing in our small schools.

I would like you to consider a state-wide maximum mil levy of 45 mils, with the addition of state aid for the amount of money needed to adequately fund the local school district budgets. For example, in our district we would pay a 45 mil levy locally and would receive approximately 16.55 mils of state aid.

Allaire T. Homburg, Testimony
Page 4

Let me further say a few additional things about Weskan. Our community has one paved road and an unpaved school parking lot. Our students and teachers leave their cars unlocked, their lockers unlocked, and homes unlocked. We have no drug or alcohol problems. We have instead a very talented and concerned faculty that has made the choice to stay at Weskan, even though it may mean less money. They stay because they believe in what we are doing, and know that they have community support.

I ask you, then why should we be forced to give this up, so that our young people would be forced to spend hours on a school bus to attend crowded classrooms miles away?

If bigger is better, why then are there only 40 Kansas State Senators, and 125 members of the House of Representative? Why not 400, or 4,000, or 40,000? How can anyone be critical of the money spent on education, when we are spending over \$9,000 per prison inmate in Kansas.

Finally, how can anyone question school district costs when the legislature has approved over \$400,000.00 in funding for Kansas Inc; whose only function this past year appears to be exploring the need to consolidate local governmental agencies.

Surely through communication, understanding, and cooperation we can arrive at an equitable solution that doesn't harm anyone. These young people we are educating today will determine our future as well as theirs! Heaven help us if the young people we are educating now believe that bigger is better. Will we someday all have to be bussed to one centrally located long term care facility or senior center?

33

HB 2891 AND HB 2892 WILL MANDATE
UNEQUAL-MEDIOCRE
EDUCATION FOR KANSAS K-12 STUDENTS
WITHOUT LOWERING TAXES

Mr. Chairman, the issue before us today is how to equalize educational opportunity for the children attending Kansas K-12 schools. Unfortunately, these two bills PREVENT schools with inadequate teaching resources from having a level playing field with which to prepare their students for the 21st Century.

By fixing the appropriation at \$3,675 per weighted pupil for all districts, the Legislature will force those schools with good teaching resources to deteriorate. Schools with limited resources now will continue to be without the tools necessary to prepare their students to compete in the Global Economy.

The basic problem is that Kansans have not decided what they want students to learn during 13 years in public school. Nor, do we know how much it would cost to teach our kids these skills and concepts if we did identify our objectives. So, until we know where we are going, what resources we currently have to get there and some idea of what our kids already know--we can never predict how much money is required to give every child the same chance.

The neighborhood school is the cost center of education. That is where kids learn. So, we need to EQUALIZE THE TEACHING RESOURCES IN EACH SCHOOL if we are ever going to honestly say that we gave each child the same opportunity.

Setting appropriations bills based on property values has nothing to do with the cost to teach kids. This approach worked when our Grandparents were farmers and the only way they had of paying for their one-room school house was to tax the number of acres each family farmed. That dead horse has not worked for 80 years but we still insist on whipping it in hopes that it will get up and plow.

No service business or household would think of basing its budget on factors which have little to do with their cost of operation. It is naive to think that we can continue to fund education based on property values and items which have limited impact on the cost of teaching kids what they need to know.

Setting a State-wide 45 mill property tax and taking that money away from local boards is a Straw Man which is not worth spending this Legislative Session fighting over. Count the property taxes collected by each district as part of the State School District Finance Fund, but don't take away local control. Also, giving Districts an option to levy an additional 10% further widens the gap between the rich and poor schools and defeats the purpose of the flat rate. Furthermore, counting unencumbered funds as Local Effort may force districts to spend \$250 million by July rather than turn over their money to Topeka.

So, it is a cruel hoax on the tax payers of Kansas to say you are going to lower their property taxes and in the next breath raise State sales and income taxes plus addict people to gambling to raise an additional \$321 million dollars. Property taxes can be lowered by increasing productivity--not by rewarding inefficiency and high operating costs.

The Legislature should not waste tax payers money debating these two bills. Instead, base your appropriation on the costs to educate kids in their neighborhood schools--and you will start providing an equal opportunity to learn--for all K-12 students.

Education
Respectfully submitted,
Walt Chappell
Walt Chappell, Ph.D.
Chanute, KS 66720

2/12/92

Attachment # 33
February 13, 1992

STATEMENT OF
MARSHA DIXON MONICA
3601 W 122 TERR
LEAWOOD, KANSAS 66209

RE: HEARINGS ON PROPOSED BUDGET FOR SCHOOL FINANCING

I would first of all like to thank Chairman, Rick Bowden and the members of the House Education Committee for this opportunity to express my concern over the uncertain direction of public education in Kansas arising out of the Governor's recent proposals on public school financing.

Although I am a Board member of the Leawood Elementary School- PTO, Vice-President of the Leawood Middle School-PTA, and a member of the Leawood City Council, I do not speak to you today in any of these capacities. Instead, I come to you today as a taxpayer in Ford, Grey, Wichita, Stevens and Johnson Counties, a voter, a concerned parent, and most importantly a native Kansan.

I was born in Kansas, raised and educated in Kansas public schools, and have chosen to live and raise my family in Kansas because of the quality of life that I feel Kansas offers. Over the past 42 years, I have lived in various areas of the state. Each town or city that I have lived in has offered different kinds of educational experiences, and life skills that I carried with me throughout life. One is not necessarily better than another but merely different. I have family and friends in the rural towns of Kansas who have also had different experiences going through the public education system in Kansas but we have all ended up as successful, productive Kansans. The point is we do not have to spend the same amount on each child for education to turn out productive and successful adults. We want a system where every child is guaranteed a basic education but where the system allows for individuality so that the local community can decide what is best for it. The right of local citizens to determine the level of services in their communities is a fundamental right that I am not willing to give up. Who better to decide what our needs are than our friends and neighbors, not someone located miles away with no children in our schools. The American "free enterprise" system carries over to our schools. Once a good basic education has been assured, each community should be free to spend what it wants, to educate its young citizens. This right has in the past attracted parents to our school district and helped our area's economy. This freedom of choice and the free market allocation of resources, not some state bureaucrat is why our school system is so great. We don't do it like the Russians or like Governor Finney suggests. Centralized control has failed all across Eastern

*Education
Attachment #34
February 13, 1992*

Europe and in what used to be the Soviet Union. Why then should the great state of Kansas now be considering a centralized system? Instead, we should, as we have in the past, let each community control the destiny of its own schools.

Another issue critical to the Governor's proposal is the impact it will have upon future economic growth in those cities near the Kansas borders. Many of us have found that our property values have remained stable or increased because of the influx of Missouri and other out-of-state residents who want in our Kansas schools. These people have been willing to pay more for homes in Kansas than they would in Missouri because they do not have to pay tuition for private schools as many in Kansas City, Missouri do. As a result, many of the cities on the Kansas side have high assessed valuations which have provided tax monies to local and state government. You can not deny that Johnson County is paying its fair share of taxes. If we no longer have the educational edge, I fear the migration will cease and possibly reverse itself. To keep Kansas growing we need to maintain our high educational standards. "Do not kill the goose that laid the golden egg." If state bureaucracy takes over the Kansas school system, many students will end up going to private schools just as they do in Kansas City, Missouri. This means decreasing property values, less business, as people won't choose to live in Kansas because of mediocre schools, and thus less tax money for all of Kansas. What started out as an attempt to equitably distribute tax revenues will become a nightmare causing loss of taxes and the demise of excellent educational systems. Is this the legacy this legislature wants to leave behind?

House bill # 2892 which was recently proposed has taken the first step in the right direction, however, we're not out of the cellar yet. Don't turn your backs on the youth of Kansas. I ask that any bill approved by your committee preserve local control in capital outlay expenditures. In addition, each school district should be assured of enough money to run an excellent school system, no cap should be placed on the revenue that each locale can raise for education if its citizens vote to do so. Don't force the entire state to conform to the lowest common denominator. Instead, "seize the day" and encourage excellence in our schools throughout Kansas!

February 13, 1992

Attain 34-2

Mr. Bowden and members of the House of Education Committee. My name is Mary Long. I am past President of the Leawood Middle School PTO, and current President of the Leawood Elementary School PTO, both in the Blue Valley School District. But, I am here today to speak to you not as a representative of PTO, but as a concerned parent.

I am the mother of three boys, all who attend Blue Valley Schools. One at the elementary level, one at the middle school, and one in high school.

I am a life long Johnson County resident. When my husband and I married and started a family we agreed to stay in Johnson County even though his business is in Missouri and it would have been easier for him to reside there. Our prime reason for staying in Johnson County was the excellent reputation of the schools.

After almost ten years in the Blue Valley School District I am pleased to say that our children are receiving not only an outstanding education, but that they have greatly benefited from the many special and extra-curricular activities offered.

I am here today to express my opposition to any plan which would result in a budget loss or loss of local control for Blue Valley Schools.

And while I applaud your efforts to promote high standards of educational quality throughout the state, a uniform mill levy for school finance is not the answer. Nor is the possibility of lower property taxes compensation for lower educational excellence.

If you pass a bill which results in reducing personnel, eliminating programs and discontinuing services you will quite possibly force many of us across the state line.

Respectfully Submitted,

Mary Katherine Long

Mary Katherine Long
12208 Fairway Road
Leawood, Kansas 66209

*Education
Attachment #35
February 13, 1992*

SCHOOL FINANCE TESTIMONY

By Dr. Jim Yonally

Shawnee Mission Public Schools

Mister Chairman, and members of the education committee, madam chairman and members of the assessment and taxation committee. My name is Jim Yonally and I am pleased to speak today on behalf of the Shawnee Mission School District 512. We are pleased to appear today to address the topic of school finance.

First, we want to thank those who had the courage to propose an alternative to the governor's finance plan which would have required that we reduce our budget, next year by 16 million dollars over this year. House Bill 2892 would allow us, by using the 10% local option, to spend approximately the same amount, per pupil, as we are spending this year. We do have some concerns which don't allow us to be proponents of this total package. Some of those are:

1. State-wide property tax - does that mean state appraisal?
2. Loss of school district interest revenue if property taxes go the state. \$55.3 million last year (total).
3. The legislature setting the "basic" budget per pupil each year.
4. Enhancements above the basic budget per pupil:
 - a. Judge Bullock said that districts could spend differing amounts if there is a "rational educational explanation". Do we have one that explains why small districts should have a "basic" budget of \$7,337?
 - b. The concept of pupil "weighting". This concept has been considered for some time, but generally rejected because it needs more study.
5. At what level is special education going to be funded now that it is no longer a part of this proposal?
6. Does this plan still bring 212 million dollars into the state that is now is local district's cash balances? Perhaps it's only 159 million.

Lastly, I have heard many legislators, including many on these two committees, say that we wouldn't be in this position if the governor hadn't vetoed the 55 million for education last year. Are we now to understand that it takes 321 million dollars to "solve" a 55 million dollar problem?

In closing, I don't think that it is really fair to just raise questions about a proposal without offering some alternative. There are many that might be improvements, but let me suggest one that seems obvious. What could you do with \$321 million in the present formula? Why completely abandon a formula that has been used as a national model?

I wish you well in your difficult task, and would be happy to stand for any questions.

*Education
Attachment #36
February 13, 1992*

February 13, 1992

Chairman Bowden and Members of the Committee:

The League of Women Voters is a nonpartisan organization which promotes political responsibility through informed and active participation of citizens in government, and takes action on issues we have studied and on which we have reached agreement. The League does not support or oppose any political party or candidate.

It has been several years since we studied school finance, so we are unable to speak to all of the recommendations before you. We would, however, like to present some of our suggestions from our last study, and want you to know we are reviewing our entire state finance position this year.

1. A larger share of financing education should come from the state. We recommend the state provide approximately two-thirds of the total operating costs of education.

2. The State of Kansas should promote equal education opportunity for all children through a school finance plan which makes equivalent resources available to each pupil regardless of the wealth of any particular school district.

3. Equalized expenditures per pupil should consist of revenues from each school district, based on district wealth, with the balance funded from state sources.

4. Revenue to provide this support should be derived from sources such as:

- a. A state levied and collected property tax on state assessed properties.
- b. Income taxes of a progressive nature
- c. Sales taxes (with sales of food exempt from the base) including a sales tax on services.

5. Equalized expenditures per pupil should incorporate a weighting system which takes into account the education level of the pupil, the enrollment of the school system, and adjustments for special, compensatory and vocational education.

6. Special provision should be made for the rapid correction of deficiencies of those school districts whose per pupil expenditures do not provide an adequate basic education.

7. The following factors should be regulated by state guidelines. They should not be used as determinates in school funding:

- a. Incentives for school district consolidation
- b. Pupil-teacher ratios (maximum and minimum)
- c. Teacher training and experience

*Education
Attachment #37
February 13, 1992*

Education Committee
Feb. 13, 1992
Page 2

We recommend additional revenue when needs for services from state and local governments require it, but the decision to seek additional revenue should be accompanied by an evaluation of present programs, giving attention to efficiency in the use of state money and the effectiveness of programs. If the state is to be the sole source of support for local schools, surely the state must assure its taxpayers that their educational system is being run efficiently. We suggest evaluation by a group such as Post Audit.

When it is determined additional revenues are needed, the first standard the League of Women Voters sets for a good tax system is Equity, and we firmly believe ability-to-pay should be the primary basis for distributing the tax burden. We also support a broad based tax system to assure wide-spread sharing of income.

Ruth Wilkin

Kansas League of Women Voters

Attach 37-2

JOINT MEETING OF
HOUSE EDUCATION COMMITTEE AND HOUSE TAXATION COMMITTEE
TESTIMONY RE: SCHOOL FINANCE PROPOSALS

Presented by Ronald R. Hein
on behalf of MESA, Inc.
February 13, 1992

Mister Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for Mesa. Mesa is one of the nation's five largest independent gas producers and currently has approximately 60% of its natural gas reserves in the state of Kansas.

I want to make clear that Mesa does not oppose the package of issues involved in the school finance bill.

However, Mesa and Kansas's other natural gas producers are impacted directly by the school finance legislation and, significantly, by the proposed 45 mill levy.

The concept of a uniform mill levy may sound, on the surface, very fair and equitable. However, the mill levy is only one portion of the formula. The mill levy is applied to the assessed value of property, and different classifications of property utilize varying classification rates. Kansas natural gas is currently assessed at the highest classification rate in Kansas, 50% above many other Kansas businesses.

Similarly, the concept of equalizing the tax burden among all Kansas citizens to provide uniform funding for elementary and secondary education is also appealing. However, the ad valorem tax is only one of the tax burdens which should enter into the school funding equation. In order to achieve true equality, or parity of tax payment, the legislature must look at all taxes collected, and all rates, including rates of assessment.

In addition to property taxes, sales taxes, and income taxes, Kansas oil and gas producers pay a gross receipts tax, known as the "severance tax" on every unit of raw material they produce. The idea of a gross receipts tax in Kansas is not unique; as I understand it, a few other companies also pay a gross receipts tax. These other industries bear the tax at rates of approximately 1%-2%, and more significantly, these taxes are in lieu of other property taxes.

In comparison, Kansas gas producers pay a gross receipts tax at a rate of 7% in addition to property taxes, which for Mesa currently equates to an additional burden of 7% to 8% of gross natural gas income (for a 14-15% combined gross receipts tax). Notably, the taxes paid by gas producers are not levied on different assets; they are both burdens on Kansas natural gas and are both determined by the amount of gas a business produces.

*Education
Attachment #38
February 13, 1992*

I don't believe any other Kansas industry comes close to bearing the gross receipts tax burden, which is levied on profitable and unprofitable businesses alike, that currently exists on natural gas producers. The proposed 45 mill levy would make this disparity even greater.

I recognize that, for many of you, the "oil and gas" industry is viewed as being one and the same.

The tax burdens of oil producers and gas producers are significantly different.

Based upon 1990 statistics, the total wellhead value of crude oil produced in Kansas was 50% greater than the total wellhead value of gas produced. However, it has been estimated that the ad valorem burden is about equal. This disparity of the tax burden as compared to gross revenues will increase under the 45 mill levy program, since oil is spread throughout the state, and for the most part, oil producers in the state will benefit by a 45 mill levy since most oil production is in districts which currently levy more than 45 mills. But, natural gas is heavily concentrated in one Hugoton Field where levies will go up 50% or more.

With respect to the severance tax, gas producers are levied at a rate of 7% of gross revenues; oil is taxed at a statutory rate of 4.33%, or about 40% less. In addition, the same 1990 statistics reflect that due to certain exemptions in the severance tax law, the actual effective rate of tax collected on 1990 oil production was 2.41%, which more closely approximates other Kansas gross receipt burdens. In contrast, the effective rate on gas production was 6.87%. The end result is that when viewed in relation to the value of production, natural gas producers bear a 285% greater severance tax burden than oil producers. When combined with the discrepancy on ad valorem taxes, this becomes astronomical. The current 45 mill proposal will make this even more egregious.

The original rationale in 1983 for the severance tax being imposed on natural gas at 7%, versus 4.33% on oil, was two-fold:

- 1) The severance tax on natural gas could be passed out of state to out of state consumers, pursuant to then existing federal regulation:

Since deregulation at the national level, it is no longer possible for natural gas producers to pass on the cost of a severance tax. Today the tax is directly on Kansas producers.

- 2) The Severance Tax in 1983 was set at 8% with a credit designed to recognize ad valorem taxes paid. The credit for ad valorem tax was 3.67% for oil, and only 1% for gas because of the low mill levies which were applicable on natural gas, which are primarily focused in the Hugoton Field.

Attch 38-2

If the legislature raises the property tax to the 45 mill levy limit for education, the second rationale for the existence of the severance tax at the higher rate on gas will also have been eliminated.

Most industries, when facing a tax increase, have the ability to increase the price of their product, reduce costs, or increase production in order to help mitigate the tax burden. None of these are true for the natural gas industry or for Mesa in particular.

The price of natural gas is determined to a large extent by the "spot market", which is influenced by national and international market forces. Kansas by itself cannot change this. Natural gas producers have already faced the difficult tasks of cost reductions. Mesa, for example, is operating with 35% fewer personnel than it had one year ago today. Consider what the impact on the Kansas economy would be if all businesses were forced to reduce their employees by 35%. Lastly, gas producers in Kansas cannot apportion increased taxes over a greater amount of product, because we are regulated by law as to how much gas we can produce.

Our recommendation, if the legislature is going to enact a uniform ad valorem tax levy, is to help mitigate the impact on our valuable gas industry through corresponding measures to aid in the expansion of the business, or at least to curb the contraction. One badly needed measure is to reduce the natural gas severance tax rate to parity with those imposed on oil producers and/or the other industries on which gross receipts taxes are imposed.

This, along with a review of current production regulatory practices should help stimulate production and as such, should be installed as part of a solution to the school finance problem. There may be other available solutions. We hope you can see the damage that would be done by placing the 45 mill levy on the natural gas industry, when the industry is already under significant strain.

In conclusion, Mesa, like all of us, desires a strong educational system, and equal treatment with regards to the tax system to support good schools.

Thank you very much for permitting me to testify, and I would be happy to yield to questions.

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Attach 38-3

OLATHE TAXPAYERS ASSOCIATION INC.

301 N. CHESTNUT
OLATHE, KANSAS 66061

913-782-5212

MEMORANDUM

TO: House Committee On Taxation
House Committee On Education

FROM: Philip S. Harness
10551 Barkley, Suite 422
Overland Park, KS 66212
(913) 341-8998
Attorney for Olathe Taxpayers Association, Inc.,
a Not-For-Profit Corporation

The purpose of my comments is to share with you the concerns of the Olathe Taxpayers Association, Inc., a not-for-profit corporation organized to address the matters of increased property taxation in Unified School District #233.

The issue of property taxation in and around the City of Olathe, Kansas, has arisen to such a level as to be a serious threat to its business community and its residential taxpayers. The economic climate has been termed by Mr. Jim Wheeler, president of Olathe Taxpayers Association, Inc., as the worst he has seen it since 1954, the year he moved to Olathe.

We are jeopardized by a mill levy with an increasingly voracious appetite. While all the taxpayers arguably pay their statutory share, the business community's financial stake in Unified School District #233 is magnified, because of the assessment ratios and our classification amendment and the naturally higher valuation of businesses.

*Education
Attachment #39
February 13/1992*

While the legislature must be cognizant of both educational needs and the taxpayers' financial ability to pay, that balancing test must not be weighted against the business community. Because of its geographical proximity to Missouri, it must be kept in mind that extravagance in spending may drive our commercial and industrial tax base away.

In Unified School District #233:

1. Homes are harder to sell.
2. Landlords cannot make debt service payments which results in either negative cash flows and/or vacancies.
3. Industrial parks sit vacant and undeveloped.
4. Classified advertisements appear in local newspapers stating space wanted in Johnson County, anywhere but the Olathe School District.
5. Property owners are receiving notices from their mortgage companies of negative balances in their property tax escrow accounts, some in the thousands of dollars with a requirement to pay within thirty days. What is left unsaid is that the failure to do so will put the property owner in breach of the terms and conditions of the mortgage and threatening him or her with foreclosure.

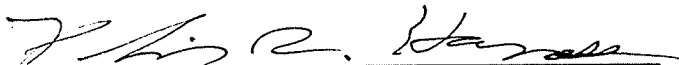
Admittedly, our capital costs have gone up because of bond issues approved by the voters prior to the effects felt from reappraisal. The best efforts at budgeting must have failed as Unified School District #233 has been before the Board of Tax Appeals in 1988, 1989, 1990, and now this early in 1992 requesting

increased budget authority outside of its previously adopted budget. Those years, when added together, total over \$9,500,000 of allowed increased budget expenditure authority. Please see the "Concurring and Dissenting Opinion" in Docket No. 92-0233-SC before the Board of Tax Appeals of the State of Kansas (copy attached for convenience).

As to proposed House Bills #2891 and #2892, the Olathe Taxpayers Association, Inc. endorses those proposals over the present taxing scheme. Responsible action at this time must include property tax relief. It is patently unfair for the Olathe School District to have three times the mill levy of its neighbor, the Shawnee Mission School District. Being against mill levy increases does not equate with being against education. The Olathe Taxpayers Association, Inc. favors an increased state sales tax to pay for the property tax relief contained within either House Bill #2891 or House Bill #2892. We find control over our spending desirable.

Educational opportunities and advantages, without doubt, have assisted in our growth, but in today's environment there seems to be no correlation between dollars spent and quality graduated. Our administrative hierarchy has grown faster than the rest of the school system. We encourage responsible, and not necessarily Scrooge-like, spending on our pupils, as well as for capital improvements. State aid, State assistance, and State oversight may be needed to act as a brake for this runaway spending train. We do not look down upon fellow Kansans if their educational concerns are

less magnified, or different, from our own; rather, we know that the future of this state lies in the educational opportunities available to our young and we believe those opportunities can still be made available while at the same time granting a measure of property tax relief.


Philip S. Harness

CONCURRING AND DISSENTING OPINION

We cannot agree with the majority's endorsement of increasing the budget authority for USD 233 without further comment. In 1989 Olathe School district patrons supported a \$40,450,000 bond issue for construction of capital improvements to accommodate their rapidly growing student population. We have no quarrel with the fact that this expenditure was authorized in the appropriate manner. It appears that, since that time, the school district has been levying an increased mill levy to retire that bonded indebtedness. Again, this action is appropriate. However, we do question whether district patrons were aware, at that time, that substantial additional increases would be necessary to staff and maintain these new facilities.

There are two facts that we clearly recognize which have had a negative impact on the Olathe School District. First, they are one of the most rapidly growing districts in the state in student population. Secondly, the School District Equalization Act has imposed relatively tight budget increase limitations for the past several years. Even considering these factors, however, we question the commitment of this district to frugally allocate their resources.

This is not the first time the State Board of Tax Appeals (BOTA) has reviewed and granted a request from this applicant for increased budget authority. It has, in fact, become an annual occurrence in recent years. Recent grants in authority by BOTA are as follows:

1988:	New Construction (3 elementary schools)	\$2,272,690
1989:	New Construction (1 junior high school)	\$2,121,620
1990:	New Construction (3 elementary schools plus other additions)	\$2,952,200
Total previously authorized by BOTA:		\$7,346,510

We would note that these, like the present application which lists a purpose of new construction, are for staffing and operational expenses rather than for the capital improvements themselves.

Our reason for listing the above excess budget allowances is that each of these amounts can be automatically built into the base school district budget for the following year. In essence, the BOTA has geometrically allowed an increase in the base budget of USD 233 by increasing levying authority. To illustrate this impact:

1989 Budget:	1988 Base Budget
	+
	Percentage Increase Allowed Under SDEA
	+
	\$2,272,690 added to base by BOTA Appeal

Attach 39-5

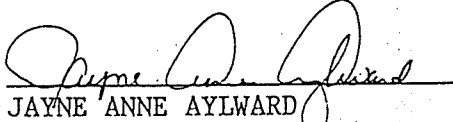
1990 Budget: 1989 Base Budget
+
Percentage Increase Allowed Under SDEA
+
\$2,272,690 added to base by 1988 BOTA Appeal
+
\$2,121,620 added to base by 1989 BOTA Appeal

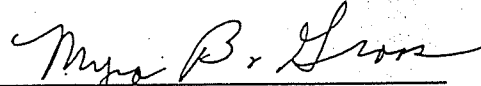
This is a simplistic illustration with other factors which affect it, however, it is only an attempt to give a general illustration of the long-term impact of allowing increased budget expenditures. Adding in the funds authorized in the current appeal, the BOTA has in the past four years added \$9,549,010 to the base budget of this school district.

Considering the growth trend in the Olathe School District, such an increase may seem warranted, however, in reviewing the facts in this case, we are not convinced that this school district has made any extraordinary effort to stay within their budget limitations. No evidence was presented to indicate that staff or administration had been consolidated in order to hold down costs. The district's budget per pupil is over \$4,000 and appears to be increasing. We recognize that economy of scale is traditionally lost in fifth enrollment category schools, however, the budget per pupil has steadily increased along with state aid (modestly), the income tax rebate and the local mill levy-- in spite of a 100 percent increase in the property tax base of this district during the past four years.

What disturbs us the most about this appeal is that no specific cost containment measures were presented by the applicants. The increase in budget authority is referenced back to the 1989 election where district residents authorized a \$ 40,450,000 bond issue. However, we are not convinced that the general electorate was aware, at that time, that the bond authorization would lead to these increases in the budget for human resources and operating expense.

We recognize that it would be impossible for the entire requested \$2,202,500 to be "saved" at this late date, which is why we reluctantly agree to authorize the increased budget authority. However, in future budget exception requests by this applicant, we believe that a full presentation by the school district and thorough review by the BOTA of district efforts to hold down expenditures is in order.


JAYNE ANNE AYLWARD
MEMBER


MYRA B. GROSS
MEMBER

Attach 39-5

My name is Tom Greenway. I am the Mayor of Hugoton Kansas, Gas Capitol of the world.

As I'm sure you are aware, the economy of Southwest Kansas and to some extent of the entire state of Kansas has historically been based on the farming and the oil and gas industries. These industries have been good to the state as a whole and Southwest Kansas in particular. The citizens of Southwest Kansas are fortunate but we are also keenly aware that the institutions to which we point with pride are the result not only of luck but of hard work. Our local governments have, through a combination of a sense of responsibility and hard headed business, been able to provide quality services, including education, that are second to few.

We realize that in a democracy, majority rules. Those of us in the sparsely populated rural areas have been made very much aware of this fact when we see the majority of state spending for highways going to the metropolitan areas, when we see more severance tax dollars going to the state than are being returned. We have been further threatened with the possibility of judicial consolidation, which would lessen the availability of state services in our area. We have accepted this as part of the cost of living in this great state. But now comes before us a proposal that threatens our very way of life and the things that we have worked so diligently for, and we must say "ENOUGH".

Any economy cannot stand still, it must either grow or it will wither. The backbones of our local economy, farming and natural gas, are for the most part in a static condition at present. No growth in farming and moderate expansion, at best, in the oil and gas industry.

Education
Attachment #40
February 13, 1992

Southwest Kansas must therefore look to other industry for its growth. Our two most attractive drawing cards, namely, low property taxes and an excellent educational system are now in grave danger of being totally negated by the proposed school finance bill.

When industry looks at Southwest Kansas or, for that matter, anywhere in the state and sees a 45 mil property tax levy for education, with the possibility of that increasing yearly, the attraction begins to wane. Even the industry we have now will, at best, cease to expand or, at worst, cease to exist. If industry trends downward obviously numbers of jobs will decrease. It follows then that wage earners will leave the area, which will result in fewer taxpayers and a chronologically older population. This means fewer school age children which eventually will result in the demise of our schools. It requires no stretch of the imagination to step from the closing of a school to the closing of entire communities, and we must all agree that there can be no greater blemish on the face of Kansas than the decay of dead or dying small towns.

We agree wholeheartedly with the statement that the education of our youth is the responsibility of all Kansans. Governor Finney, in an address to the Close-Up Kansas conference, stated that, "If people want government to spend more money, people have to be willing to reach down in their pockets to pay for those services." I agree with this statement and I would say to those communities that are now providing mediocre educational opportunities because of insufficient funding for their schools, that they must be willing to reach down in **THEIR** own pockets, not ours. Those communities who, through tax

Attach 40-2

abatement, or uncollected or uncollectible property taxes, have created the problem, must be encouraged to look to themselves for solutions rather than simply compounding the problem by threatening our educational system in Southwest Kansas.

In summation, let me say that a 25 mil levy increase in property tax, a decrease in per student spending, the removal of six million dollars from USD 210, the loss of local control of our school system, and the negative effect this proposal will have on any economic development, will bring about a scenario that we simply cannot accept.

We ask that you realize that you are representing all the citizens of Kansas and that you understand that the staggering burden of a 45 mil levy, especially to the oil and gas industry, is intolerable. We are asking that we be allowed to continue to provide quality education as we have in the past. Thank you.

41

TESTIMONY BEFORE THE EDUCATION AND TAXATION COMMITTEES
BY TONYA EDELMAN
SCHOOL FINANCE PROPOSALS

Ladies and Gentlemen:

My name is Tonya Edelman and I am a senior at Rolla High School. Rolla is a small IA school in the southwest corner of Kansas. The high school has an enrollment of 68 students which is an asset because it allows closer relationships between students and teachers. In our school there is a nurturing of the desire to learn. An example of this nurturing would be my senior class of 14. Within this class, we have a National Merit Scholarship Finalist, and 36% of the class scored 25 or above on the ACT test. I am proud of my school and the many accomplishments of its students.

The proposed school finance plan, if passed, would be detrimental to many small schools like Rolla. All local control will be lost, and the outcome would be Topeka deciding what's best for us. Local control is needed to make decisions which will benefit our respective districts. For instance, Kansas City high schools have very different needs than small rural schools.

I do agree that poorer school districts need help, but we must not adopt the "Robin Hood" theory. It's true that southwest Kansas schools are wealthier because of the oil and gas reserves; however, the metropolitan schools can benefit from taxing businesses who are getting by with paying virtually nothing.

Education
Attachment #41
February 13/1992

Our concern is not so much for the increase in mill levy, but the reduction of per pupil expenditures on which small schools cannot operate.

Kansas does need something done about its education system. However, it is not justifiable to bring exemplary schools such as mine to a level of poor education. Consider our future. All I ask is that you view all options before deciding our fate. I would like to close with a statement made by a person in our school system: "Equal money does not mean equal education." Thank you.

Attack 41-2

TESTIMONY BEFORE THE JOINT EDUCATION
AND TAXATION COMMITTEES

FEBRUARY 13, 1992

Chairman Bowden, Madam Chairman Wagnon and members of the Committee:

I am Norma Deyoe, from Ulysses, Kansas, widow of the late Robert Deyoe. As mother and grandmother, I am deeply concerned with the quality of education that our children may or may not receive in the future.

As a farmer and Director of the Kansas Association of Wheat Growers I see first hand what is happening in our remote areas. Farm income, compared to the cost of raising crops or feeding cattle has made it a "no win situation".

Heaven forbid that higher taxes be passed on to the oil and gas industry as they already support a large portion of education with a hefty severance tax - an additional burden would narrow their profit and they are already competing in a highly global economy.

On the home front, or in my case, "down on the farm" any additional taxes would be the "straw that broke the camels back". In most rural towns, "how agriculture goes, so goes the town".

The big issue seems to be quality education for all students in every school district - to be realistic, professional people prefer the cities to live in and send their own children to larger schools because of the advantages of more curriculum that can be offered, plus cultural electives, such as fine arts, performing and visual arts. The fact is, they have this going for them now - if we are forced to lower our per pupil base, how can it possibly benefit education on an equal basis.

Education
Attachment #42
February 13, 1992

Testimony - Page Two
Norma Deyoe
February 13, 1992

Whether a landowner, the average citizen that operates a small business or perhaps works for a gas company or a senior citizen that lives on a limited budget all realize our school mill levy may not be as high as in other areas or not, they are undoubtedly aware that the the cost of education per pupil is much higher than in the more densley populated areas merely because of our geographical location. Lack of competition at the gas pumps, grocery stores, real estate, clothing, etc. force higher prices. Transportation is a **big** factor, not only for a student but for the entire population.

Thank you, Mr. Chairman and members of the Committee for your time today.

Attach 42-2

Fellow Kansans, voters and taxpayers:

My name is Christian Jacobs and I am a senior at Blue Valley North High School in Overland Park.

I'm not here to talk about numbers. I am here to show you the effects the governor's proposal will have on education.

I have attended the Learning Center Program through my whole academic career. The Learning Center serves as a motivating, organizing, test-taking resource room. My father and I along with other educators have fought many battles to maintain the Learning Center Program in all the schools I have attended: not only having them but making sure that they have the proper faculty and resources. If this program is not maintained, many students such as myself would neither have graduated nor achieve high academic standing. I shudder at the thought of what my life would be like today without the Learning Center. Would I be speaking to you today if there weren't a Resource Center to help me deal with daily situations in school?

I have the ability and the intellect to be successful in High School and College. But, because I have dyslexia, I need the support this program gives me. Some of the extra help I receive from this program is the use of computers, extra time, using teachers as a resource, and cooperative learning. Because of this program I will graduate in May with a 3.3 and a rank of _____ in my class. I am a successful, taxpaying businessman who started my own lawn service company. Although successful, I plan to attend college in the fall. Much of my self-esteem and

43
Education
Attachment #43
February 13, 1992

success I attribute to the many teachers who have given me support through this program.

By funding this program now, you will not have to pay later. Students who could have a positive effect on society would not be able to without the support this program gives them. It would be like a slap in the face if when I leave High School the Resource Center was no longer the effective center that it is today. Because, if not funded it will disintegrate. What will you tell all those hard working students????????????????????????????????????

Thank you.

44

To make any school finance system successful, you must be committed pass the legislation to fund it. The only realistic and consistent way to do this is to increase statewide sales and/or individual income taxes. I want you to know that it is appropriate to do this. The Kansas constitution not only permits you to do this, but in fact, obligates you to provide enough total dollars to provide "educational opportunities" for every child.

This must be such an exciting time to be part of the education committee. Kansans everywhere are showing their concern for education. You have the chance to make a new start in school finance and to come up with a plan that will encourage excellence throughout the state of Kansas. As students, we urge you to look to the future and challenge you to find a system that will do more than reapportion existing funds to the benefit of next year's children and to the detriment of those who follow. Have the courage to come up with a system that will provide sound funding well into the future so that we can put financial issues behind us and concentrate on building the programs that will build tomorrow's leaders.

Sally Hart
9736 El Monte
Overland Park, KS
66207

*Education
Attachment #44
February 13, 1992*

My name is **Velma Randall** and I am the founder of the Concerned Taxpayers of Kansas, which had it's inception in December 1989 when I appeared and spoke as a private citizen on the steps of the State Capital in protest of the unfairness of taxation created by the Classification of Property.

I was asked by taxpayers in Sedgewick, Shawnee and Wyandotte Counties to come speak to their various groups of taxpayers. I went home and started organizing The Concerned Taxpayers of Kansas by having a public meeting on taxes. I then proceeded to work with various groups throughout the state. These groups are still looking for tax relief.

We submitted thousands of signatures to Governor Hayden in protest of taxes. There has been no tax relief and we're still very upset about our taxes and the fact that the legislature has still not given any relief, but then we really didn't expect any until all the legislature was up for re-election, and we haven't forgotten the 44 % increase in benefits in your Retirement Fund. First let's look at the problem. Then let's find what created the problem and then let's find a solution to the problem. We must start with what started the problem before a solution can be found. A Doctor does not continually treat symptoms a good Doctor finds the cause and then comes up with a cure.

The problem!

We all want good education for all of our children but a reasonable and affordable cost to all of the taxpayers in the state. EVERY CHILD IN KANSAS SHOULD HAVE ACCESS TO A GOOD EDUCATION.

What created the problem:

A number of factors created the problem. I will only discuss the two largest causes. The classification of properties and mismanagement of the taxpayers dollars.

The voters of Kansas in 1986 were led to believe that under classification properties would be appraised at fair market value and use value. They were also were led to believe that the mill levy would drop and there would be no windfall for any taxing district as a result. I submit the following information as a matter of record as derived from the Kansas Government Journal. See attachment number 1.

*Edue
Attachment
February 13, 1986*

I will use the Olathe Unified School as an illustration.

Assessed Valuation increased 76 %, Mill levy decreased 33 %. Total indebtedness decreased approximately 3 1/2 %. Number of students increased by 227.23 students or approximately 6 %. What happened to the money?

Our mill levy has continued to increase and the taxes in the Olathe Unified District increased approximately 25 % just this last year and the School Board has received permission from the State Board of Tax Appeals to increase the budget more than another two million dollars. Our mill levy is getting close to what it was before classification. This is an undue tax burden on the taxpayers. Again I ask (and you should ask) the School Board what happened to the taxpayers money?

Another significant factor was the introduction of the discount factor created by the Property Valuation Advisory Committee of the Kansas Legislature and put into effect without a vote of the people.

This discount factor allows a builder of either Commercial or residential properties to determine his taxes based upon net income. Not all property owners were aware this benefit existed. These expenses taken from Gross Income included among many other expenses a 15 % Developers Yield or Risk Rate, 10 % Marketing Expense and finally a 20 % Developer's Profit. Wouldn't every small business, large Corporation, or resident in Kansas love to have this same benefit? But what about the taxpayers? Should they pay higher taxes in order that special interest groups can make a profit without risk? Let's have fair taxation.

Now the solution:

Have the School Boards find the fat in their budgets and do whatever is necessary to correct their mistakes. The first step is admitting them.

Put all property on the taxrolls at their fair market value according to use value as the State Statutes read, and the people were led to believe in the 1986 election.

I have personally turned in over 12 million dollars worth of property (according to registered mortgages) in Johnson County which had

attach 45-2

an appraisal of under 3 million dollars in 1990. This was only approximately six properties.

I believe a mill levy based on a per pupil basis is a good idea. I also believe that any authority to increase should be subject to a vote of the people. The local School Boards should not be able to take advantage of the people in order to spend our money without accountability. Let the record speak.

Let's not talk about quality education but about equality education for every child in Kansas.

Let's all work together on this problem. Let's show the children that legislators, businesses and taxpayers still know how to use math and let's use it in the interests of all.

Attach 45-4

			----- MILL LEVIES-----						
	F T E	Gen Fund	Gen	Capital	Bond	Other	Total	Assessed	Total
	Enrollment	Budget per pupil	Fund	Outlay	& Interest			Valuation	Indebtedness
1988-1989	12, 673.4	3,787.46	92.94	4.00	19.55	0.00	116.49	229,235,716	71,205,000
1989-1990	13,318.9	4,039.37	62.42	2.31	11.73	1.02	77.48	404,671,459	68,720,000
1990-1991	14,193.6	4,149.05	67.04	2.32	18.18	0.69	88.23	434,334,535	106,794,005
1991-1992	14,649.1	4,299.36	93.68	4.00	11.70	3.52	112.90	466,856,264	104,899,005

EXAMPLE OF DISCOUNTED CASH FLOW ANALYSIS

- 100 Number of Lots
- 5 Years to Sellout
- \$17,500 Average Lot Price
- 15.00% Developer's Yield or Risk Rate
- 155.00 Mill Levy
- 10.00% Marketing Expenses
- \$750,000 Remaining Infrastructure Costs
- 20.00% Developer's Profit
- 9.00% Interest Rate on Special Assessments
- 10 # Years Term of Special Assessment

12

Attachment 45-5

7500

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6
# Lots Beg of Year	\$100	\$100	\$80	\$60	\$40	\$20
Lot Sales This Year	\$0	\$20	\$20	\$20	\$20	\$20
Specials Beg of Year	\$0	\$750,000	\$675,000	\$600,000	\$525,000	\$450,000
Interest Payment	\$0	(\$37,500)	(\$60,750)	(\$54,000)	(\$47,250)	(\$40,500)
Principal Payment	\$0	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)
Specials End of Year	\$750,000	\$675,000	\$600,000	\$525,000	\$450,000	\$375,000
Gross Sales Income	\$0	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
Less Mktg Expenses	\$0	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)	(\$35,000)
Less Real Estate Taxes	\$7,952	\$9,292	\$8,952	\$7,925	\$6,144	\$3,532
Less Developer's Profit	\$0	(\$70,000)	(\$70,000)	(\$70,000)	(\$70,000)	(\$70,000)
Less Special Assmt Pmts	\$0	(\$142,500)	(\$108,600)	(\$77,400)	(\$48,900)	(\$23,100)
Net Annual Income	(\$7,952)	\$93,208	\$127,448	\$159,675	\$189,956	\$218,368
Tax Year	1989	1990	1991	1992	1993	1994
Value Each Year	\$427,506	\$499,584	\$481,314	\$426,063	\$330,297	\$189,885
Allocated Value/Lot	\$4,275	\$4,996	\$6,016	\$7,101	\$8,257	\$9,494
Number of Remaining Lots	100	80	60	40	20	0