

Approved: 2-14-95  
Date

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairman Rochelle Chronister at 3:30 p.m. on February 1, 1995 in Room 519-S of the Capitol.

All members were present.

Committee staff present: Ben Barrett, Legislative Research Department  
Avis Swartzman, Revisor of Statutes  
Lois Thompson, Committee Secretary

Conferees appearing before the committee: Gloria Timmer, Budget Director  
Dr. Kent Hurn, Superintendent, Seaman District  
Mark Tallman, Kansas Association of School Boards

Others attending: See attached list

Chairman Chronister stated conferees had been invited to discuss school finance in general for the next three or four days. Additional bills are still coming in. Deadline for introduction of individual bills is open until Friday, February 3.

**Hearings opened on HB 2152 relating to school finance, increase state aid per pupil, definition of state prescribed percentage for purpose of local option budgets.**

Dr. Kent Hurn, Superintendent, Seaman Public Schools, and Chairman of the United School Administrators Task Force on School Finance appeared in behalf of **HB 2152**. He also represented the Superintendents and Business Managers of the following school districts: 229, 233, 500, 501 and 512. **HB 2152** which represents the Governor's budget and policy recommendations provides a very limited increase for all districts by increasing the base and "floating" the maximum LOB. The United School Administrators believe their proposal is a better plan. They recommend: 1) Raising the base budget for all districts in recognition of past and future cost increases. 2) Providing additional funding for districts that do not currently receive low enrollment weighting. 3) Allow the maximum LOB to remain at 25% as the base increases. 4) Modify the local option budget process by allowing districts to keep LOB authority that has been previously approved (no expiration after four years). Remove the protest petition, or at least allow districts to use some portion of the LOB without being subject to protest, and increase the number of signatures to force an election. They are not opposed to looking at the special needs such as transportation and at risk weighting which require adequate funding, but chose to place their emphasis on the base budget. (Attachment 1)

Gloria Timmer, State Budget Director, asked for support of the Governor's bill **HB 2152** which increases the base state aid per pupil of \$3,600 by \$30 at an approximate cost of \$16.6 million dollars and eliminates the declining provision of the local option budget allowing it to stay at 25% despite the recommended increase in the per pupil base. No other change is recommended by the Governor.

The floor was opened to questions by the committee.

Mark Tallman, representing the Kansas Association of School Boards, commented on **HB 2152** and other school finance issues. The KASB believes: 1) the state's goal should be a base budget of \$4,500 for all districts in recognition of past and future cost increases. There has been no increase in the base budget since 1992, 2) provide additional funding for districts that do not currently receive low enrollment weighting, 3) allow the maximum LOB to remain at 25% as the base increases, 4) modify the local option budget process by allowing districts to keep LOB authority that has been previously approved (no expiration after four years),

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION, Room 519-S Statehouse, at 3:30 p.m.  
on February 1, 1995.

remove the protest petition or at least allow districts to use some portion of the LOB without being subject to protest, and increase the number of signatures required to force an election. (Attachment 2)

The floor was opened to questions by the committee.

Morrison moved and Shore seconded a motion to introduce a bill on home rule. Motion carried.

Morrison moved and Ballou seconded a motion to introduce a bill on pupil rights. Motion carried

The meeting adjourned at 5:15 p.m.

The next meeting is scheduled for February 2, 1995.

## GUEST LIST

Committee: Education

Date: 2-1-95

NAME: (Please print)	Address:	Company/Organization:
Jeannine Rosa	323 W. 12th, Hays, 67601	USD 489, HAYS
Jim Marchells	715 W. 10th TOPEKA	KNEA
Craig Grant	Topeka	KNEA
Richard W. Flores	LANSING	USA USA# 469
Hershel Pace	WILLSMILL	CT
KENT HAN	TOPEKA	USA - USA# 345
Arthur Wickert	Topeka	
Bella Highful Scott	Topeka	USA Staff
George Brown	St. Marys	USD 321 Kaw Valley
Don Ryan	Emmett	USD 324 Kaw Valley
H. Dean Schultz	Chase	USD 401 Chase Raymond
Mona Michaud	Chase	USD 401 Chase Raymond
Kathy Sexton		Do. of Budget
Mark Tallman	Topeka	KASD
Chas Burnett	Topeka	USD 501 #
Londone Corder	Lawrence.	Lehman, Brandeberry
ROB BALSTERS	TOPEKA	USD 345 - USA
Bill Tancee	Wichita	Boeing
Arlan Johnson	Tecumseh	
Bill Mank	Minneapolis	St Bd of Ed
Bill Garton	424 S. Main Ft. Scott	USD #234
Susan Myers	Topeka	USD 287
CRAIG NEURSWANDER	MANHATTAN	USD 378
DANN Y JONES	ARK CITY, KS	CITIZEN





## HB 2152

Testimony presented before the House Committee on Education  
by Dr. Kent Hurn, Chairman of the USA Task Force on School Finance  
and Superintendent of Seaman Public Schools, Topeka  
February 1, 1995

Madam Chairman and Members of the Committee:

United School Administrators of Kansas is supportive of much of the Governor's proposal for education this session. We believe, however, that the Governor has not fully addressed the needs of Kansas schools. Therefore, we respectfully submit the 1995 USA position on school finance.

USA continues to endorse the concept of providing **equitable** and **adequate** funding for Kansas schools. The positions listed here presume the infusion of new state monies into the school finance system. USA would oppose any effort to increase funding for some school districts at the expense of any other school districts. Specifically, USA would oppose any reduction to the present low enrollment funding system.

In order to improve both the **equity** and **adequacy** of the existing school finance program, USA will focus on legislation which would:

1. Provide an increase in the Base State Aid Per Pupil (BSAPP) to \$3700  
**AND**  
Assign an equity weighting factor of .036121 (the current weighting factor for 1800) to all districts whose enrollment is 1800 FTE students or above,  
**AND**  
allow the cap on Local Option Budget (LOB) to remain at 25% above the Legal Maximum Operating Budget.
2. Provide that for the purpose of computing state aid, a district be allowed to use the previous year's FTE enrollment or the current year's FTE enrollment which ever is the greater.
3. Provide that a local Board of Education may establish or increase the Local Option Budget by up to 3% per year up to a maximum of 10%. *Any portion of LOB above 10% would be subject to a protest petition.*
4. Provide funding for 100% of the excess costs of Special Education.

In addition to these major issues, USA would support legislation which would:

1. Increase the weighting factor for at-risk students to at least .10.
2. Lower the reimbursement for transportation from 2.5 miles to one mile.
3. Increase the weighting factor for Bilingual students to at least .50.
4. Provide for an increase in the general fund cash reserve. USA would support language which would allow increased flexibility in accessing the cash reserve fund.

# RATIONALE:

## Base State Aid Per Pupil

Three straight years of static budget authority coupled with ever increasing fixed costs of doing business, plus the need to adequately compensate district employees have created a near crisis situation for Kansas school districts. A \$100 increase in BSAPP would equate to a 2.7% increase over a four year period.

## Equity Weighting

The 1992 School Finance Act provided much needed relief for most Kansas school districts. However, it became quickly evident that there were still some districts, roughly those in the old fourth enrollment category, which were having difficulty providing an adequate education for children at the \$3600 Base Budget Per Pupil. While the low enrollment weighting system provided adequate funding for schools under 1900 FTE students, districts over that number have found it extremely difficult to operate. Those districts still have not been able to "catch up". Equity Weighting is an attempt to solve this on-going situation.

An examination of spending levels in schools over 1900 indicates that approximately \$3900 rather than \$3600 is needed to adequately educate a child. Under the low enrollment weighting system, approximately \$3900 is available to districts with 1600 FTE students. The lowering of the equity weighting index to 1800 FTE students is an attempt to get to that adequate (\$3900) figure. It is the USA long term position to continue to work toward lowering the index coupled with increases in BSAPP until something approaching adequacy for all Kansas school districts is achieved. Under the current USA position the equity factor of .036121 would apply to districts of 1800 FTE students and greater. The low enrollment weighting factors for districts of 1799 FTE students and fewer would remain unchanged.

## 25% Cap on Local Option Budget

Districts currently at 25% LOB will not profit by any changes in BSAPP unless allowed to maintain LOB at 25% above Base Budget Per Pupil.

## Provision for Declining Enrollment

Districts experiencing an unanticipated decline in FTE enrollment need one year to plan for that decline.

## Local Option Budget

Local Boards of Education should be able to determine the needs of the district and fund budgets accordingly. Allowing up to 10% LOB at a maximum rate of 3% per year subject to a vote of the local board would allow this flexibility.

## Special Education Funding

Failure to fund Special Education at 100% of excess costs forces districts to transfer funds from resources needed for all children.



TO: House Committee on Education  
FROM: Mark Tallman, Director of Governmental Relations  
DATE: February 1, 1995

RE: **Testimony on H.B. 2152 - School Finance**

Madam Chair and Members of the Committee:

Thank you for the opportunity to comment on H.B. 2152 and other school finance issues. We would like to focus on two broad areas: first, the general framework for school finance represented by the 1992 act; and second, the immediate needs of Kansas school districts.

In 1992, KASB supported many of the major features of the new system which replaced the School District Equalization Act. These included: (1) a base budget for all students which represented an equitable foundation for funding; (2) a system of pupil weighting which recognizes the fact that different students with different educational needs require different levels of expenditure in order to achieve equity; (3) a statewide minimum mill levy which insures an equitable level of contribution by all Kansas taxpayers; and (4) a local option budget system which allows each district to respond to the special needs of its students. We believe that any school finance system must have as a basic philosophy that the state has an interest in, and an obligation to, every child in Kansas. We cannot be concerned only with the children in "our" district; we must be concerned with the children in every district of "our" state.

However, there were several features of the 1992 act we did not support, and believe should be changed by the Legislature. The major concerns are as follows:

First, the base budget per pupil was set too low. In 1991, the Legislature adopted amendments to what turned out to be the final year of the SDEA. Under those amendments, the budgets per pupil of school districts the "Fourth Enrollment Category" (between approximately

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2,000 and 10,000 students) were to be increased to the level of school districts in the Fifth Enrollment Category (over 10,000) during a three-year phase-in period. The budgets of districts in the First, Second and Third Enrollment Categories would not have been changed.

In the 1992 act, the \$3,600 base did provide budget increases for many - but not all - Fourth Enrollment Category Districts. But that base was far below the budget per pupil of every Fifth Enrollment Category District. Merging the "Fourth" with the "Fifth" should have required a base of well over \$4,000. The low enrollment weighting factor was set so that most districts below 1,900 enrollment (the former First, Second and Third Enrollment Categories), either received budget increases or at least as much budget as they had previously. But every school above 10,000 students had to make extensive and disproportionate use of the local option just to maintain their budget levels, because \$3,600 was just too low.

As you know, the LOB is subject to protest petition. But there were two special features included in the act during its first year of operation. In the first year, the LOB was not subject to protest. This meant that districts needing the LOB simply to maintain budgets could adopt them without protest. In the second year, those LOB's were subject to protest, but because they were already in place, no tax increase was required and the districts could rightly point out that defeating the LOB would mean cuts in current services. On the other hand, all school districts were limited to a 10% budget per pupil increase for the first year of the act. Many district did not even get to the \$3,600 level. As a result, these districts - the lowest spending districts in the state - were not allowed to even propose an LOB in the first year without protest. If these districts propose an LOB now, it will be subject to protest and it will require a tax increase.

Although the 1992 act made a big step toward equalizing school budgets in its first year, that process has been frozen. The low enrollment weighting maintains the same ratio between large and small districts as was present in 1991; the first year of the act allowed some districts to begin LOB's without protest while other districts could not. The fact that a district's LOB authority expires after a maximum of five years means that long term budget stability is always threatened, especially in the state's largest school districts (which enroll over one-third of the state's children). The fact that the LOB is subject to protest means that school boards are limited in their ability to determine and finance the educational needs of their students.

That is why we believe the state's goal should be a base budget of \$4,500. At the same time, the low enrollment weighting factor should be adjusted so that smaller districts receive the same amount of budget authority they currently receive, plus an increase that recognizes inflation over the past three years. In principle, the approach presented by the USA Task Force moves us in this direction.

The immediate issue facing all schools is the fact that the base budget per pupil has remained at the same level for three years. In that time, inflation has certainly increased operating costs per student in every district. At the same, there are clearly pressing educational needs for improved instruction, more services to students at risk, and other services. Districts which can turn to the LOB to fund those costs must use increased local property tax - which reverses another positive aspect of the 1992, significant property tax reduction. Districts which cannot use the LOB face an erosion of budget and services.

H.B. 2152, which represents that Governor's budget and policy recommendations, at least provides a very limited increase for all district by increasing the base and "floating" the maximum LOB. We support that effort, but we want to stress this proposal will not even cover increased operating expenses in most districts. The USA proposal is a far better plan, but even under that proposal, funding will simply not be available for the kind of improved educational services that we believe Kansas students need to maintain our state's historic educational superiority.

In summary, our recommendations are as follows:

1. Raise the base budget for all districts in recognition of past and future cost increases.
2. Provide additional funding for districts that do not currently receive low enrollment weighting.
3. Allow the maximum LOB to remain at 25% as the base increases.
4. Modify the local option budget process by allowing districts to keep LOB authority that has been previously approved (no expiration after four years). Remove the protest petition, or at least allow districts to use some portion of the LOB without being subject to protest, and increase the number of signatures required to force an election.

A final comment concerning proposals you will hear about in areas such as transportation, at risk weighting and other programs: KASB certainly does not oppose looking at those special needs. But we have chosen to place our emphasis on the base budget. An adequately funded base will go along way toward addressing those issues. But however addressed, those issues require adequate funding.

Thank you for your consideration.