

Approved: 4-4-96  
Date

MINUTES OF THE SENATE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairperson Barbara Lawrence at 1:30 p.m. on January 31, 1996 in Room 123-S of the Capitol.

All members were present except:

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

Conferees appearing before the committee: Mark Tallman, KASB  
Gerry Henderson, USA  
Craig Grant, KNEA  
Gloria Timmer, Division of the Budget

Others attending: See attached list

Senator Lawrence introduced Mark Tallman as our first conferee for **SB 527**.

**SB 527:** **Amends the School District Finance and Quality Performance Act as it pertains to the uniform school district tax levy used for financing a portion of school district general fund budgets.**

Mark Tallman addressed the committee as a proponent for **SB 527**. Mr. Tallman stated that failure to take action on this bill would leave a \$500 million gap in the school finance system. To illustrate the magnitude of cuts that would result, he provided an attachment that shows a breakdown, on average, how school district costs are a portion among the different categories of expenditures statewide. Failure to approve the 35 mill levy would clearly require major reductions in academic instruction and student support services. He also stated that KASB believes that a mix of property, sales and income tax should be preserved and that tax reform should be considered on its own merits, without threatening the stability of the public school system (Attachment 1).

Craig Grant addressed the committee as a proponent for **SB 527**. Mr. Grant stated that KNEA is more than willing to consider some other mixtures of funding for the schools. However, KNEA does not believe that this is the right time to consider such issues. Until the federal funding situation is stable, passing **SB 527** will give some financial certainty to schools until a better job of planning the future for young students can be accomplished (Attachment 2).

Gerry Henderson addressed the committee as a proponent for **SB 527**. Mr. Henderson stated that U.S.A. Developed a legislative position in support of a balanced mix of taxes used to fund public services including schools. The members of U.S.A. believe such a balanced mix to be healthy and therefore support the reauthorization of the 35 mill statewide levy. Two of the reasons they support this is that maintaining a balance serves as a guard against serious disruption of resources needed to provide needed public services. Second, they believe that a balance of the three major revenues, sales, income and property tax, would allow all Kansans to participate in the support of public services including schools. For these reasons they would encourage the committee to report **SB 527** favorably (Attachment 3).

Gloria Timmer addressed the committee as a proponent for **SB 527**. Ms. Timmer stated that if the levy is not renewed, the school finance formula as recommended by the Governor would not be fully funded. This funding reduction would mean that the second increment of correlation weighing of \$10 million would be eliminated and that the base per pupil amount would need to be reduced from \$3,626 to \$3,020, a reduction of \$606 per pupil in FY 1997. Further reductions would be necessary in the FY 1998 as larger reductions in the

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION, Room 123-S Statehouse, at 1:30 p.m. on January 31, 1996.

local effort will require additional savings. If school finance funding were to be held harmless, reductions in other State General Fund budgets of approximately \$335 million would need to be made in FY 1997. This reduction in other budgets amounts to just under ten percent of expenditures as recommended by the Governor. These estimates assume that the statutory 7.5 percent ending balance requirement would be met (Attachment 4).

Senator Emert made a motion to pass SB 527 favorably. Senator Harrington seconded the motion.

Senator Walker opposed the motion.

Senator Kerr made a substitute motion to renew 35 mill for 1 year instead of two. Senator Corbin seconded the motion. The motion carried.

The meeting adjourned at 2:10 p.m.

The next meeting is scheduled for February 1, 1996.

# SENATE EDUCATION COMMITTEE GUEST LIST

DATE: January 31<sup>st</sup>, 1996

NAME	REPRESENTING
Grace Hobson	W Eagle
R Myers	Cup Jorum
J Peterson	<del>★</del>
L Ferguson	AP
Jade Gleave	Page
Matthew Ensey	Page
Tom Allen	KFC
Dan Herms	Division of the Budget
Kathie Sparks	" " "
Gloria Timmer	Division of the Budget
Derenda Mitchell	Gov's office
HELEN STEPHENS	BV USD #229
Jim Yonally	USD #512
Ann L. Burnett	USD 501#
Harold Pitts	KCOA
Christy Bailey	Senator Kamm
Chava McKeel	Senator Downey
Bernie Koch	Wichita Area Chamber
Jim McDavitt	Ks Ed Wafel

Merle Hise

Tim Kennedy  
Karen Bowyer

Don Rypse

JILL CRUMPACKER

KACC

Ks. Taxpayers Network  
KASB

Man Vally USD 321

GOVERNOR'S OFFICE

(over)

Sen Scho  
Sheryl A Wesley  
Gerald Henderson  
Phil Alquist  
Marsha Strahm  
Martin Hauver  
Diane Gjerstad  
Sherry Diel  
LINDA McGill

Rich McKee  
Jacque Daves  
Denise Apat  
Mike (New)  
Craig Grant  
Sue Chase  
Mark Tallman

4th Enrollment USD's  
Guest - Wichita, KS  
USA of KS

Cur of Ks.  
Hauver's Capital Report  
U.S.D. 259

KAPS  
PMA

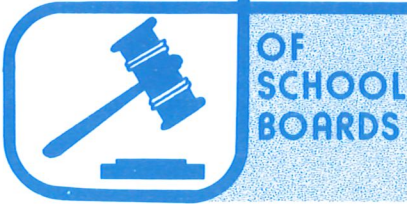
KS Livestock Assoc.  
SQE  
USA

Hein, Ebert & Weir

HNEA

KNEA

KASB



TO: Senate Committee on Education  
FROM: Mark Tallman, Director of Communications  
DATE: January 31, 1996  
RE: **SB 527 - Reauthorization of the Statewide Mill Levy for School Districts  
Finance**

Madam Chairman, Members of the Committee:

We appear today as proponents of reauthorization of the 35 mill statewide school levy for the maximum term of two years. We do so because failure to take this action will leave a \$500 million gap in the school finance system--the equivalent of nearly 25% of school district budgets.

To help illustrate the magnitude of cuts that would result, I have attached a breakdown of school district expenditures on a statewide basis. Note that the great majority of expenditures are committed to instruction, instructional support, student support and largely fixed costs such as maintenance. Because school districts are legally bound to provide special education services, transportation services and at least some level of administration under state and federal laws and State Board of Education accreditation regulations, failure to approve the 35 mill levy would clearly require major reductions in academic instruction and student support services. There simply is not enough money in such targets as administration and student activities to handle this kind of reduction.

Last session, many legislators supported the concept of S.B. 240 or S.B. 41, which would have replaced the 35 mill levy with higher sales and income taxes. However, even under those approaches, the statewide mill levy would have to be approved at some level for a transitional period.

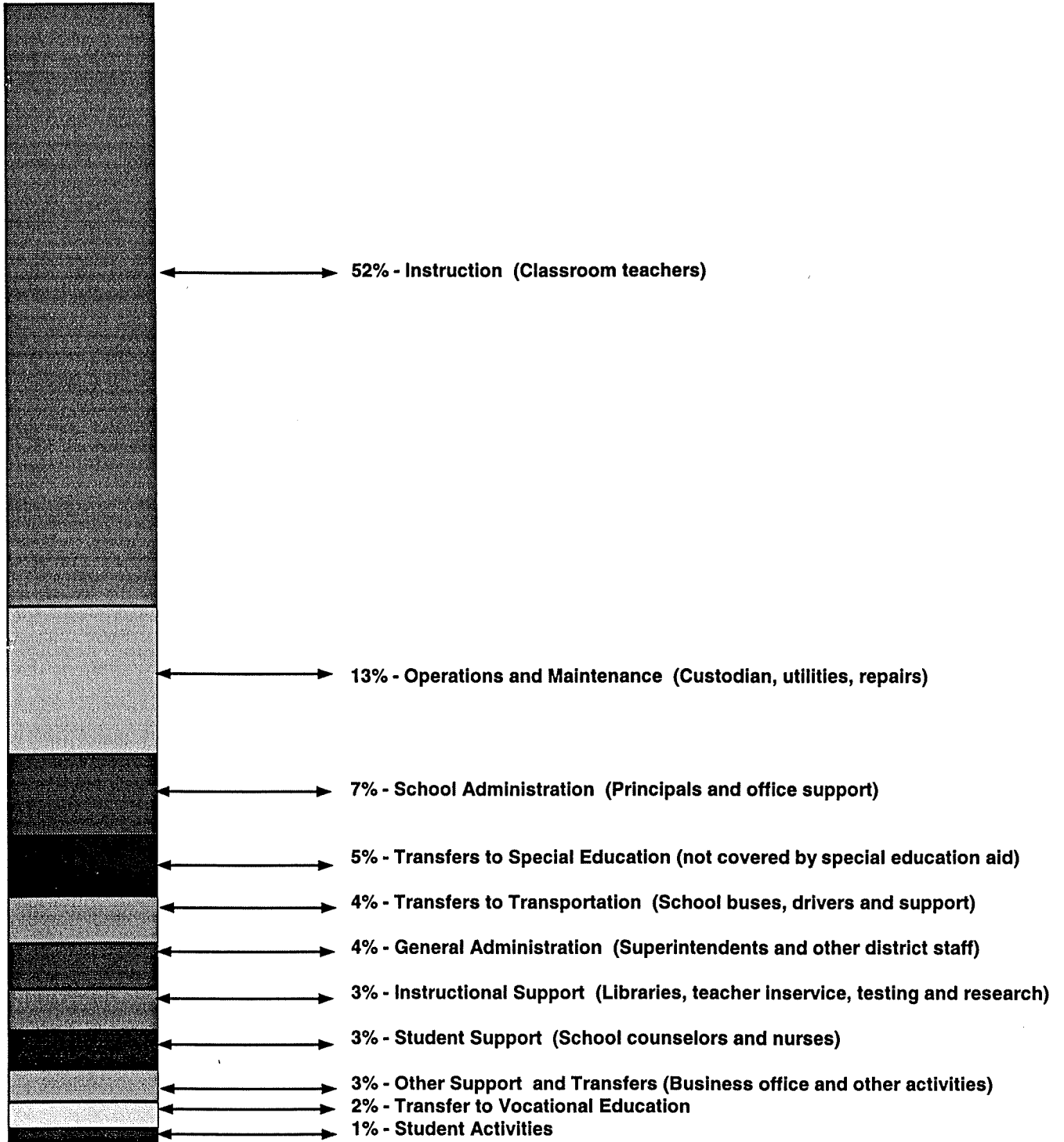
After considerable study this summer by our membership, KASB believes that a mix of property, sales and income tax revenues should be preserved. We would oppose a reduction in the statewide mill levy without replacement revenue. We believe the most critical property tax issue concerning school districts is the local option budget, not the statewide mill levy. Although KASB could support a restructuring of the tax components of school finance at some point, we believe the most immediate need is to approve the 35 mill levy so that schools are not "held hostage" to competing tax plans. Tax reform should be considered on its own merits, without threatening the stability of our public school system.

Thank you for your consideration.

SENATE EDUCATION  
1-31-96  
ATTACHMENT 1

# Public School Costs

This chart shows the average percentage of school district general fund budgets spent on major activities.





KANSAS NATIONAL EDUCATION ASSOCIATION / 715 W. 10TH STREET / TOPEKA, KANSAS 66612-1686

Craig Grant Testimony Before  
Senate Education Committee  
Wednesday, January 31, 1996

Thank you, Madam Chair. I am Craig Grant and I represent Kansas NEA. I appreciate this opportunity to speak to the committee on SB 527.

Kansas NEA supports SB 527 and the reauthorizing of the 35 mill levy for school funding. Our policy statement on school funding indicates our belief that "school funding should continue to be financed through a mix of property, sales, and income taxes with no over-reliance on any one source of funding. We believe that the new school finance formula meets this policy.

This does not mean, however, that we are permanently wed to the current mix. We are more than willing, as we did with SB 41 last year, to consider some other mixture of funding for our schools.

We believe that this is not the time to consider such issues. When our federal funding situation is so cloudy as to not have any idea what the future will hold, we believe that we cannot make long-range decisions which could bring total financial instability or possible financial ruin to our schools.

I believe it could be as many as 18 months before we have a clear handle on what will take place in the federal funding situation. This period covers the next two school years, which is the period covered by SB 527.

Kansas NEA asks that you pass SB 527, give some financial certainty to schools, and revisit the funding situation when we can do a better job of planning our future. Thank you for listening to our concerns.

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ATTACHMENT 2



## SB 527

Testimony presented before the Senate Committee on Education  
by Gerald W. Henderson, Executive Director  
United School Administrators of Kansas  
January 31, 1996

Madam Chairman and Members of the Committee:

United School Administrators of Kansas developed a legislative position in support of a balanced mix of taxes used to fund public services including schools long before I came to my current position. The 1992 school finance act and the accompanying statewide property tax levy created for the first time a near 1/3, 1/3, 1/3 balance among the three major revenue sources; sales, income and property tax. My members believe such a balanced mix to be healthy and we therefore support the reauthorization of the 35 mill statewide levy as proposed in **SB 527**.

Our reasons for the support of a balanced mix are two. First, maintaining a balance serves as a guard against serious disruption of resources needed to provide needed public services. One need only look to our neighbors to the south, Oklahoma and Texas to see the results of putting all or most of the state's eggs in one basket. As that source dried up, the two states have struggled to replace it.

Secondly, we believe that a balance of the three major revenues allows **all** Kansans to participate in the support of public services including schools. For these reasons we would again encourage the committee to report **SB 527** favorably.

LEG/SB527

SENATE EDUCATION  
1-31-96  
ATTACHMENT 3



STATE OF KANSAS



DIVISION OF THE BUDGET  
Room 152-E  
State Capitol Building  
Topeka, Kansas 66612-1504  
(913) 296-2436  
FAX (913) 296-0231

Bill Graves  
Governor

Gloria M. Timmer  
Director

MEMORANDUM

TO: Senate Committee on Education  
Senator Barbara Lawrence, Chairperson

FROM: Gloria M. Timmer, Director of the Budget

DATE: January 31, 1996

SUBJECT: SB 527

Senator Lawrence and members of the Senate Education Committee, I appreciate the opportunity to appear before you today in support of SB 527. This bill would renew the 35.0 mill uniform school finance levy for the 1996-97 and 1997-98 school year (FY 1997 and FY 1998). As you know, the uniform mill levy is a portion of local effort and as such is an offset to the state obligation to finance the school district finance and quality performance act. The amounts included in *The FY 1997 Governor's Budget Report*, which fully fund this act, including the second increment in correlation weighting, assume enactment of this measure.

To provide a measure of the magnitude of the local effort generated by the 35.0 mill levy, based on current estimates of the state assessed valuation base, the levy is expected to generate tax year 1996 revenues of \$565.3 million and tax year 1997 revenues of \$583.1 million. On a school and fiscal year basis, enactment of the levy will result in local effort revenues of \$337.6 million in FY 1997 and \$581.9 million in FY 1998.

If the levy is not renewed, the school finance formula as recommended by the Governor would not be fully funded. This funding reduction would mean that the second increment of correlation weighting of \$10.0 million would be eliminated and that the base per pupil amount would need to be reduced from \$3,626 to \$3,020, a reduction of \$606 per pupil in FY 1997. Obviously further reductions would be necessary in the FY 1998 as larger reductions in the local effort will require additional savings. If school finance funding were to be held harmless, reductions

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1-31-96  
ATTACHMENT 4

in other State General Fund budgets of approximately \$335.0 million would need to be made in FY 1997. This reduction in other budgets amounts to just under ten percent of expenditures as recommended by the Governor. These estimates assume that the statutory 7.5 percent ending balance requirement would be met.

Thank you again for the opportunity to appear before you regarding this important piece of legislation. I will be glad to answer any questions.

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