


Approved: 
Date

MINUTES OF THE SENATE COMMITTEE ON EDUCATION

The meeting was called to order by Chairperson Barbara Lawrence at 9:00 a.m. on February 20, 1997 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
Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee: Dr. David L. Benson, Superintendent, USD 229 Overland Park
Dr. Ron Wimmer, Superintendent, USD 233 Olathe

Others attending: See attached list

Chairperson Lawrence called the meeting to order and called upon Bob Vancrum, Blue Valley School District, who introduced the conferee, Dr. David L. Benson, Superintendent, Blue Valley School District who was present to give testimony on, SB 126--determination of school facilities weighting. (Attachment 1)

Dr. Benson began by stating that this proposal was drafted as a way of overcoming some difficulties that the district had with meeting certain tests and requirements of Public Law 874 - a potential revenue issue with approximately \$8 million dollars in federal funding. In 1993, legislation was passed that allowed districts with extraordinary growth who were already at the maximum LOB to appeal to the State Board of Tax Appeals for additional operating authority for the opening of the schools. Since that time, two school districts have taken advantage of those provisions.

One school by itself does not constitute 5% of the student population in the State of Kansas, however, the two school districts that have taken advantage of this opportunity do constitute more than 5% and therefore are non-compliant with Federal Department of Education rules and regulations concerning Public Law 874.

It has been proposed during the 1996-97 school year that the new facilities weighting factor be increased by .08 from .25 to .33. This increase would correspond with a decrease in the previously authorized Board of Tax Appeals authority. This should bring the district into compliance during this budget year with federal requirements. A future solution for Public Law 874 is included in this bill. This would increase new facilities weighting to .50 from .33. This would require some additional state revenue.

Dr. Benson stated that since this has been proposed, discussions were held with various state legislators who expressed their concerns with the bill. An alternative approach has been developed which goes a long way toward eliminating those concerns about ongoing needs of state expenditures going into districts that are experiencing ongoing growth and capped in their ability to generate new revenue by nature of the fact that they are already at the 25% maximum LOB. This new approach permits the Board of Tax Appeals appeal money to be brought back into the general fund by converting from the State Board of Education to a new pupil weighting factor. That weighting factor would generate the additional general fund budget authority and the increase would be funded by local tax dollars.

The U.S. Department of Education has advised that they have tentatively approved this concept and agrees that this concept will satisfy federal regulations and permit districts that qualify for the increased budget authority through extraordinary growth to meet our needs and open our schools.

In summation, Dr. Benson stated he viewed this matter as an economic development issue. The district continues to grow at a very rapid rate. The Sprint campus will break ground for its new international headquarters, which will be located in the Blue Valley school district. It will bring in 14,000 jobs in the next 5 to 10 years. This will sustain their growth for some period of time, and the necessity for the district to open new schools. (Attachment 1)

The Chairperson asked if there were questions for Dr. Benson.

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Dr. Benson was asked how much money the district receives from the state new facilities weighting; the .25 weighting.

As Dr. Benson did not have that figure, Dale Dennis, Deputy Education Commissioner, answered that if his computation was correct, the answer was \$1,530,000.

Dr. Benson was asked if he could see anything wrong with the state doing away with the new facilities weighting after putting in the \$1.2 million this year and endorse the proposal for the new facilities weighting, whatever would be justified to the Board of Tax Appeals, and what would be allowed would be put on the local taxpayers and the state could take its new facilities weighting back and spread the money among all the school districts.

Dr. Benson stated that he could not speak for the entire state, but as far as Blue Valley is concerned, it wants budget authority so it can continue to operate and maintain the quality of schools that it has. He stated that there is a broader policy question being raised. The new facilities weighting goes to many districts across the state that are opening replacement buildings or new buildings that are based on growth so there is a broader implication to removing that part of the weighting than just what applies to Blue Valley.

It was commented that it doesn't, however, go to every district that's opening a new facility. Only those that meet the mean testing.

Dale Dennis was asked how many districts meet this test and also the total amount of money the state is dispersing through the .25 new facilities weighting.

Mr. Dennis responded that the sum is approximately \$8 million dollars.

A committee member stated for clarification that if this suggested formula is adopted, \$1.2 million will be paid this year and the state will keep getting the \$8 million from the federal government; next year it costs the state nothing additional, but it will keep getting the \$8 million.

Dr. Benson reiterated that this is an alternative that has been worked out to try to overcome some of the objections of individual legislators. This is what is being conceptually proposed. He also clarified that the new weighting factor would be in addition to funding based upon the district's ability to justify that to the Board of Tax Appeals.

Mr. Vancrum stated the intent of his testimony was to say the pupil weighting factor would be in addition to the general fund budget, but there would be no additional state dollars. The school district would be paying for the weighting factor.

Dr. Ron Wimmer, Superintendent USD 233, Olathe School District, was welcomed to the Committee.

Dr. Wimmer was representing the other school district that is utilizing the Board of Tax Appeals funding. He is in support of the concepts that have been introduced by the Blue Valley Schools. The Olathe District enrollment increases approximately 3,000 students every 5 years. In 1965 there were approximately 3,200 students; this year's enrollment is approximately 18,500; next year the district is anticipating 19,200. The local community has been very supportive in providing new facilities, however, assistance is needed through the additional authority of the Board of Tax Appeals.

(Attachment 2)

Dr. Wimmer is Chairman elect of the Olathe Chamber of Commerce and a member of the advisory board of the Olathe Economic Development council. This additional funding is vital to them in being able to bring on new facilities to accommodate the growth of additional students in the district.

Senator Emert moved that the conceptual language continued in SB 126 be amended into SB 182.
Senator Langworthy gave a second to the motion.

The Chairperson called for discussion.

It was commented that there probably is no choice but to do this. It is utilizing the weighting which is something that the federal government apparently is not looking at when it determines whether or not the state falls within the guidelines. It is a way to get around the present school finance plan. Maybe the consideration should be if the new facilities weighting is still needed. Most of these type districts are high growth districts; they are adding a lot of property value at the same time they are adding pupils. Lots of buildings have been opened across the state that don't get this extraordinary piece that has been added on by these two school districts. A lot of school districts are opening buildings - some of them due to growth, but they don't qualify for this.

The one-year .33 which is apparently a part of the conceptual motion will have to be funded. \$1.2 million will

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have to be added to appropriations to cover it. Then it drops back to .25 and then amending the special program provided to allow it to be converted into a weight. This needs to be reviewed. If a different path is being taken towards new facilities weighting, then the Committee needs to take a look to see if the state needs to be involved in providing extra resources for opening school districts or not.

Another member wanted to be assured that the U.S. Department of Education is aware of the weighting that is already approved and that this is on top of and in past violation of that 25% gap.

Mr. Dennis stated that he had been in contact with the federal department and explained the uniqueness of the situation which was whatever the Board of Tax Appeals granted would be converted to a weighted amount and the general fund mill levy would be adjusted upward. The tentative reply from the federal department was that it would be appropriate.

The Revisor said the general fund tax levy means 33 mills for all districts.

Mr. Dennis replied that the way he understood the proposal is that whatever the Board of Tax Appeals would provide as authorized by that law be converted to weighting, then they would raise the general fund mill rate by an equal dollar amount.

The Revisor questioned if this would have to be changed statutorily.

Mr. Dennis stated that it would be changed by the amount that the Board of Tax Appeals would authorize. Instead of 33 mills in current law, it would be 35 or 36 or whatever the Board of Tax Appeals would authorize.

The question was asked if the statutes would have to be changed as far as across the board mill levy.

The response was that whatever the Board of Tax Appeals would authorize would have to go to the general fund by that amount. The financial effect would be whatever the Board of Tax Appeals would give. This would be converted into a weighted school basis and then the mill levy and the general fund would be increased above the statewide levy by that amount.

The Revisor stated that this will still be funded by local property tax. This is where the districts got into trouble in the first place.

Mr. Dennis replied that the federal people used weighted students. If that is converted to the uniqueness of small numbers, that would technically stay within the 25% range. These districts' general fund mill levy will be increased by the amount the Board of Tax Appeals would authorize.

In response to the comment of getting a legal opinion from the federal government, Mr. Dennis responded that this takes a long time; months is common. There will not be a quick opinion. Maybe an oral, but not a written one.

The Chairperson stated that hearings will not be completed on **SB 182** until Monday. Mr. Vancrum was asked to met with the Revisor and have something to place before the Committee and see if this is possible.

One of the Committee offered the comment that since the motion is conceptual, the Committee can go ahead and vote. If it can't be done constitutionally, it can be withdrawn.

Mr. Dennis was asked when the Department of Education reviews the school finance formula. He replied that it is usually based on the preceding year; there is a preliminary and then a followup; about every 6 months they get information - in the Spring and the final in the Fall. There is a year lag on it. The problem of going in this year without this amendment puts us at 26%, which throws the state out of compliance. This would make us non-eligible, which would cost the state \$8 million.

The question was called for.

The motion carried.

Senator Emert, seconded by Senator Langworthy moved the inclusion of the baby LOB for special education, which provision is located in **SB 4**, be amended into **SB 182**. (This gave the 5% without a protests petition).

One of the Committee commented that this is just another way of shirking our responsibility; pushing it off on the local taxpayers.

The merits of LOB's was discussed by several member of the Committee.

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The question was called for.

The motion carried.

Senator Lee was recorded as voting 'no'.

Senator Downey, seconded by Senator Umbarger moved to amend SB 182 on page 6, line 10 by changing '.06' to '.75' alternative needs for students.

This was the recommendation of the summer interim Committee on School Finance.
The fiscal note on this amendment is \$6 million dollars.

The Vice-Chairperson stated that it would be good to wait and see what the House does today.

Another member stated that she has made a personal decision on this amendment. She has decided that this is more important than the transportation amendment that she was going to offer. Kansas is lowest by far of any state in providing funds for alternative and intervention; \$6 million more for at-risk is frugal.

As a matter of clarification, it was stated that this is \$6 million above the Governor's budget and an additional \$10 million total.

Mr. Dennis stated the weighting produces \$20 million for at-risk. Some districts use their own funds above that amount.

The Chairperson stated that the Committee must be aware of the total picture; we are all advocates of education and want education to succeed; all the elements that go into good schools must be considered. We must also remember those schools that are yearly losing students.

Another member commented that there is quite a difference in raising money and raising standards.

The motion was tabled to be taken up on Friday, February 21, 9:00 a.m.

The meeting was adjourned.

SENATE EDUCATION COMMITTEE GUEST LIST

DATE: February 20, 1997

NAME	REPRESENTING
Ken Baker	KACC
Gerald Henderson	USAJKS
Pat Lehman	Olathe USD 233
Robin Lehman	" " "
Sheila Frahm	KACC
Ron Wimmer	Olathe USD 233
GARY DEWEE	"
Jim Allen	KEC • KEFC
Bob Vancouver	Blue Valley USD 229
DAVID BENSON	Blue Valley USD 229
Tom Trigg	Blue Valley USD 229
Jacque Jones	SOE
Deborah Locke-Jeller	LOWV
Brilla Highfill Scott	USA
Jim Yancally	USD # 512
Arschel Boor	CT.
Sue Chase	KNEA
Mark Tallman	KASB
Dianna Apt	USA

**TESTIMONY IN FAVOR OF SB 126 AND HB 2363
FURTHER AMENDMENTS AND SUGGESTIONS
TO THESE PROPOSALS**

**Blue Valley U.S.D. #229
Overland Park, Kansas**

**Dr. David L. Benson
Superintendent of Schools
February 20, 1997**

Over the past few months Associate Commissioner Mr. Dale Dennis, has made the Interim Committee and Standing Committees aware of the US Department of Education rules and regulations regarding Federal Impact Aid. These rules and regulations require any state that treats Federal Impact Aid (PL 874) as a local resource to have no more than a 25% variance between school districts at the 5th and 95th percentiles in operating expenditures per pupil. These regulations apply to weighted expenditures per pupil.

In 1993, legislation was passed to assist school districts experiencing extraordinary growth who had already received local approval for the maximum 25% LOB. This legislation (KSA 72-6441) permits an appeal to the State Board of Tax Appeals to receive additional operating budget authority for opening of new school facilities. Since that time two school districts have been granted additional budget authority under this provision. These two school districts together, constitute more than 5% of the enrollment of the State. Therefore, the State of

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Kansas is non-compliant with Federal Department of Education rules and regulations concerning PL 874. The potential impact of non-compliance is that the State of Kansas would lose Federal Impact dollars.

The proposed change for the 1996-97 school year is to allow all qualified districts to receive an additional .08 new facilities weighting (from .25 to .33). This increased revenue would be offset by a corresponding decrease in the previously authorized BOTA authority. This increase in new facilities weighting would remove the larger district from consideration for BOTA authority; therefore, allowing the State to comply with the federal rules and regulations. This would result in the State qualifying for Federal Impact dollars for the 1996-97 school year.

PL 874 SOLUTION FOR 1997-98 AND BEYOND

For future years, the legislation as introduced, would have further increased new facilities weighting to .50 in order to insure continued compliance with federal rules and regulations. This approach would require increased State expenditures for all qualifying districts opening new facilities. The increased expenditures for the State created some concern among legislators.

An alternative approach has been developed which, hopefully, eliminates the concern among legislators. The new approach continues to permit appeals to BOTA for districts experiencing extraordinary growth and levying the full amount of local option budget authority. The budget authority granted in such BOTA appeals would be converted by the State Board of Education to a new pupil weighting factor. This weighting factor would generate additional general fund budget authority. The increase would be funded by local tax dollars added to the State-wide mill levy, otherwise set by law. The U. S. Office of Education has tentatively approved this concept and agrees that this approach satisfies the federal regulations permitting school districts who qualify to seek increased budget authority to meet the needs associated with extraordinary growth.



Testimony regarding School Funding

February 20, 1997

Ron Wimmer, Superintendent
USD #233 Olathe, Kansas

Gary Diener, Business Manager
USD #233 Olathe, Kansas

Mr. Chairman and Member of the Education Committee:

We appear before you today representing the needs of Unified School District No. 233, (Olathe), related to amendments of the school finance formula to comply with regulations for federal aid to schools.

As you know, our district meets state requirements to apply to the Board of Tax Appeals for local funding due to exceptional enrollment growth exceeding 1,500 new students over a three year period. The district has experienced consistent patterns of enrollment growth from approximately 3,200 students in 1965 to over 18,500 this year. In fact, enrollment increases approximately 3,000 students every five years. We anticipate an additional 700 to 800 students next year and long range projections indicate district enrollment continuing to 30,000 students over the next fifteen years. While local patrons have been supportive of additional facilities to accommodate growth, we must have access to additional budget authority to accommodate the operational costs associated with growth. In addition to state and local funds, federal support of various educational programs provides significant benefits to our students and other students throughout Kansas.

We appear before you today to support amendments to bring Kansas into compliance with federal regulations as well as retain local budget authority to operate our schools. As superintendent and chief executive officer for the Olathe school board, Chair-Elect of the Olathe Area Chamber of Commerce, and a member of the advisory board of the Olathe Economic Development Council I know the value of education to a

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community. The business community and residents of Olathe recognize the importance of quality education as critical for our children as well as our economic growth. Quality education means quality of life for all citizens including residents and businesses. Please continue to support appropriate funding of our schools to keep Kansas an educational leader for our nation. We can be proud of our Kansas schools and the quality of education provided to our children. They deserve nothing less.

Thank You.