

Approved: B. Lawrence  
Date

## MINUTES OF THE SENATE COMMITTEE ON EDUCATION

The meeting was called to order by Chairperson Barbara Lawrence at 9:00 a.m. on March 26, 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: Diane Gjerstad, Wichita Public Schools  
Bob Vancrum, Blue Valley USD 229; Topeka USD 501;  
Olathe USD 233  
Mark Tallman, Kansas Association of School Boards

Others attending: See attached list

Chairperson Lawrence called the meeting to order and stated that there had been LOB action on the House side and also a small problem with what the Committee looked at yesterday. Ben Barrett, staff, will explain. He stated that one of the things discovered in yesterday's presentation was that the text and printout used were not quite in sync. They did some consulting and decided there needed to be some changes in the language of the amendment in order for the result to be like it was seen in the printout. In other words, let the printout drive the text rather than the text drive the printout. There were a couple of other areas where there was confusion in terms of some things that would actually work under this amendment which also need to be enlarged on. Once the changes are made they can be made available to the Committee. These changes concern the status of the LOB authority of low spending districts who also adopt LOBs to some extent and one or two other things. They are now trying to redraft the proposal.

Mr. Barrett was asked if he would elaborate on the districts with low LOBs who are trying to expand.

Mr. Barrett said one of the things explained yesterday was that a low spending district qualifies for a under the formula for a certain amount of LOB, then if it should come along a year or two later and adopt an increase in the LOB 10% or whatever, then the two combined would disqualify them for the low adjustment. The language is drafted so when the calculation was made for those districts in future years, it would net out the increase that would be the adopted rate of calculation so that they would continue to get the low spending. It looks strange to adjust out spending to keep from looking poor. It works technically, although it doesn't look right. Basically the language will deal with the combined amount it had under the formula plus the added amount.

The Chairperson stated it was the overall policy the Committee heard yesterday and it is still far from being the document it will be in the future.

The question was asked if this was going to be for a certain time period

The response was that it will be 90% for 1998-99, 80% for the following year and thereafter. This is unless they decide to increase where they will have to go to a vote of the people.

The Revisor stated that everyone who has an LOB is safe for the next school year.

The Chairperson called on Diane Gjerstad, Wichita Public Schools. (Attachment 1) The Chairperson distributed a letter from Superintendent Larry Vaughn, Wichita Public Schools. (Attachment 2)

Ms. Gjerstad stated that Superintendent Vaughn has complemented the school formula, but referred to the LOB time limitations as a train wreck. The Wichita district supports the assistance this proposal grants to districts without LOB authority, but believe the same logic should be extended to those districts who have LOBs. The five year LOB authority this would offer those without LOBs is positive, but the proposal will send the Wichita district down. The district's 16 3/4% LOB generates over \$28M. The loss of 10% equals \$65 per student and next year

## CONTINUATION SHEET

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the loss of 20% equal \$130 per student. In speaking with a USD 259 board member, he said the loss of this amount of money would mean either wage cuts or increased class sizes. This is at a time when the superintendent is proposing to the BOE to lower K-3 pupil-teacher ratios; this throws instability into the district's future.

Ms. Gjerstad listed several issues that will fall to the side when given the opportunity to simply lower property taxes. She ended her testimony by stating that the \$130 per student will adversely impact students. Wichita has demonstrated before this committee that it is on the right path for all children.

Ms. Gjerstad was asked if some type of ability of the local district to declare a moratorium or freeze, is this type of thing something the community could pass.

Her response was that she had spoken to several people in the Sedgwick County Delegation and they don't believe that any proposal like that would pass. She referred to Superintendent Vaughn's letter wherein he stated that he believes it would be easier to sell the entire package, \$28-29M LOB in Wichita, rather than some part of it that might send the wrong message.

The Chairperson stated that she thought it would be very doubtful if the citizens of Wichita would vote for this. More would be known after the next election, because there is a tax lid issue which will tell more about the mood of the people.

Ms. Gjerstad in going back to 1992, told of the court case that the district filed and where \$10 million was lost. They were very active in the debate, but per pupil allocation was lost.

A suggestion to Ms. Gjerstad was that if they are at 16 1.2% now, go for 20%.

The Chairperson stated that they did not understand all the difficulties when going into this. The group knew it was not going to be an easy situation. As they went down several different roads at different times, it became clear that this was such a complicated issue that no one was going to be particularly happy with the outcome.

The question was asked if \$65 was just about what a school would get under **HB 2031** with the accelerated correlation weighting.

Dale Dennis, Deputy Insurance Commissioner, stated that the correlation weighting for two years was just about \$65 and \$22 on top of that for at risk.

Bob Vancrum, speaking for Blue Valley USD 229, Olathe USD 233 and Topeka USD 501, appeared on the bill and distributed his testimony. (Attachment 3) He stated that Blue Valley School District was one of the first districts to adopt the full 25% LOB. The district re-renewed for another four years last October. In either case there was no protest petition circulated. The district has little doubt that the voters would continue to approve a 25% LOB. The question of why he is here is because the district strongly believes in local control and the district is philosophically opposed to expose the budget authority that was previously approved.

The task force that developed the LOB proposal being considered today did an excellent job of addressing many of the problems with the present LOB dilemma for Kansas schools and he does support the concept of local control and believe that districts without LOBs should have some means to access additional budget authority without being subject to protest petitions.

Mr. Vancrum stated the district does not understand why it is necessary for school districts, unlike any other level of government, to continue to have tax levels previously approved (or at least adopted subject to a protest petition), again submitted to the voters. It is consistent with the philosophy behind their present school finance act to leave districts with relatively high spending where they are and allow those with lower budgets an opportunity to catch up. The concept of what is being proposed is the possible loss of 10% or 20% of the LOB in districts which have previously passed LOBs. It seems to be saying that equilibrium will be reached by pulling the well funded schools down, rather than building up those in need.

The bottom line is that they strongly support the concept of "grandfathering" at the entire present level of local option budget, as well as mechanisms currently in the proposal to allow lower spending districts without an LOB an opportunity to catch up. We would even support allowing those with LOBS below the maximum LOB an opportunity to catch up.

Mr. Vancrum urged the Committee to take a very strong look at a complete grandfather clause.

Mr. Vancrum was asked what his proposal would be for those who have no LOB and cannot pass one.

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He replied that it would be the same as this proposal.

Several comments were made about mill levies and the fact that the a district like Blue Valley gets no state aid. One of the Committee members stated that more that the the mill levy is relied upon, the more disqualizing it is.

Mr. Vancrum said in the original 1992 act, it was assumed there would be more base state aid put in and this would gradually replace the LOB. For several reasons this has not happened. That's why for many, if not most of the school districts in the state, the LOB has become absolutely vital. The purpose of being here is to support the concept of allowing districts to continue the LOB they apparently have without further authorization.

One of the Committee agreed with his comments and stated when that bill was passed, the philosophy was that the base would be funded. As the base was funded, the same percentage would bring the cap down.

The Chairperson reminded the Committee that now we have correlation weighting and at risk. New avenues have been chosen for funding, not just the base. When the aggregate is looked at, we have not been irresponsible. The escalating costs were not anticipated, as well as the at risk needs.

Mark Tallman, KASB, presented his testimony (Attachment 4) and joined the others in commending the efforts made by the LOB group. The plan seems to go in the right direction, although it will not satisfy every school district or every taxpayer. The Legislature must strike a balance that reasonably allows schools to meet their constitutional responsibilities to school children.

Mr. Tallman said that for many years the School District Equalization Act was for many years considered a model of school finance. It allowed districts an annual increase in budget without that increase being subject to protest petition or election. Only an increase above the state limit was subject to protest. It also allowed lower spending districts a higher increase to catch up with higher spending districts. This plan brings back some of those positive features. If removing the protest petition from that portion is unfair to taxpayers, then for twenty years the SDEA was unfair to taxpayers.

Under this plan, the taxpayer still has protection through the local school board, which will still have to vote to use the authority that you provide. Even though this authority is going to be provided doesn't mean that it will be used. Local elected officials will still have to weigh the need of their schools. We are not using all the LOB authority we have across the state. Kansas has traditionally allowed school districts to retain budget authority once it has been given. Cutting budgets per pupil means cuts in programs and services to students. The greatest concern about the proposed LOB plan is that districts with large LOBs are not fully protected. It is important to remember that most of the high LOB districts did not use the LOB they received in 1992 to go out and dramatically increase spending. They used it to stay basically where they were.

Mr. Tallman stated it is sometimes hard to explain to taxpayers that school districts, by the nature of having to serve every child and contractual obligations they have, cannot easily say they are going to cut spending. Unlike many other units of government and businesses they don't have the flexibility in the number of clients they have to serve. There is an important distinction that has to be made. This legislature is providing more in terms of base and weighting type authority than the past and this might cushion the blow in some districts. One feature of the law, when there is money, the pressure to spend it is enormous.

Mr. Tallman was asked if KASB had a position on the use of taxes other than property tax.

He replied that philosophically they do not have an objection to the idea of looking at alternative revenue solutions, but it is not as easy as it may seem. The problem is more practical. If there is going to be some local feature like an LOB, then it should be equal in some fashion. If it is going to be equalized in some way, then wealth will have to be defined to determine what equalization people are entitled to have. If an income feature, state aid will have to be based not only on assessed valuation per pupil, but find a way to count income with that. One of the less advantageous parts of the SDEA was the annual debate over how to define district wealth. With regard to the protest petition, KASB has no specific position. From a public policy viewpoint, does it makes sense to give people the right, but make it hard for them to exercise that right in hopes that they don't. It ought to be decided what is the right thing to have happen. There should be some ability to locally adjust the budget, particularly to respond to rising costs. If it's right for students, a board ought to be able to do that because it has the responsibility to give the education. If, on the other hand, you think that at some level the taxpayer needs a voice, it would be hard to say what the right amount is.

The Chairperson stated that perceptually to the public grandfathering and increasing the number needed on a petition would be about the same flag, or would be about as popular with the same people, because we are obviously trying to get at the same thing, but in different ways.

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MINUTES OF THE SENATE COMMITTEE ON EDUCATION, ROOM 123-S-Statehouse, at 9:00 a.m. on March 26, 1997.

Senator Emert rose as a point of personal privilege and distributed a letter from Scott D. Waters, who had appeared on the bill that dealt in part with historical documents.

The Chairperson directed attention to **SB 298**--state board of education prohibited from issuing documents to certain persons.

Senator Emert explained the bill that he and Senator Hensley have sponsored for about three years. The problem exists with the State Board of Education certification of professionals. Some of these professionals that deal with children on a daily basis have had convictions. We don't know when they recertify and don't know if something occurs in the middle of the licensing. Senator Emert would have some cleanup amendments on the bill. Sue Chase, KNEA, spoke to the bill. This year a new idea of the Sentencing Commission came up; doing something around the pre-sentencing investigation. When the Sentencing Commission met in February, none of the House members could attend so they asked Ms. Chase if she would attend, explain the situation and get the feedback on the issue. She asked a series of questions that was prepared by the House Education Committee that dealt specifically with teachers and teacher licensing. The Commission was reluctant to do anything with teachers only as it felt that people would be coming to it and trying to expand the list. The Commission liked the idea and decided to do something, but needed a staff recommendation on the logistics of how to do it; how it should go about collecting the information etc. On Thursday the Sentencing Commission will be meeting and there will be a recommendation from staff. Ms. Chase has not seen the final draft, but it will include a series of questions to be answered when the presentencing investigation around whether or not the person holds a professional license. That information will be somehow transferred from the Court Services office to the Attorney General's office. The Attorney General has stated that she would be willing to have someone take it apart to see which agency the information should go to, whether to the State Board of Education or some other licensing board of the state.

Ms. Chase said what this will do is allow the practices commission to have a set of information on people that currently hold licenses that have been convicted.

The Chairperson stated the reason she wanted to have the bill presented and explained was in case something happens and the Sentencing Commission decides it does not want to be responsible for this. The Committee would have knowledge of this and could deal with it at the rail or at least on short notice.

Ms. Chase said the only other thing the Sentencing Commission was concerned with was whether or not that information could legally be shared with those licensing boards through that process. It was her understanding that **SB 72** opened up that information for wide use. The bill is stalled in the House.

Ms. Chase clarified that this bill only deals with currently licensed individuals who are convicted.

A member stated she didn't think a person convicted of a felony could be a teacher.

Ms. Chase responded that a person can, but the case has to have gone to the Practices Commission and the Commission makes the decision. The Sentencing Commission is going to put into the information gathering that the Court Services officer does for every person convicted. The only people they will be dealing with are those already convicted, but haven't been sentenced; those currently in the process of being sentenced.

An example was of a superintendent in one of the districts who later found out that the district had an employee who had actually been convicted of child molestation.

The comment was made that as soon as the KBI gets the data base in place, the State Board will be able to access.

Dale Dennis, Deputy Education Commissioner, the goal is that once the KBI gets the data in place, when a certificate is issued, the Board will be able to access that. It will tell us if there is a problem.

Ms. Chase stated the process is in place for dealing with these individuals once it is known who they are.

The Chairperson stated that this is the last regularly meeting. **HB 2098** was taken from the Senate Calendar yesterday. The Committee will come back and have more discussions on LOB and hopefully amend it on to **HB 2098** if there is consensus; depending on what the House does, the Senate will have a vehicle if it doesn't. The bill can be passed out of Committee and be held on the floor on the Senate in case the House bill fails. The House is working on its bill and we will work on our own; she will call a meeting from the Senate floor.

Senator Kerr stated he would have an amendment he would like to add that is cleanup that would deal with neighborhood revitalization and it involves school finance - it is **HB 2496**.

The meeting was adjourned.

# SENATE EDUCATION COMMITTEE GUEST LIST

DATE: March 26, 1997

NAME	REPRESENTING
Bob Hancock	Blue Valley USD 229
Brilla Scott	USA
Jacque Dukes	SQE
M. Kevin Ireland	KSDOE
GERALD HENDERSON	USA of KS
Karen Lawrence	<del>ASA</del>
Dod ANDERSON	KNEA
Jo Musselwhite	NEA-Salina
Tom Schwartz	Alvina NEA
Martin Hawver	Hawver's Capital Report
Ken Baker	Hays USD 489
Tim Potter	Wichita Eagle
Diane Gjerstad	USD 259
Annise C. Pitt	USA
Ann Burnett	USD 501 <sup>st</sup> - USA
Pat Lehman	Olarko USD 233
Robin Lehman	" " "
Sue Chase	KNEA
Mark Tallman	KASIB

# SENATE EDUCATION COMMITTEE GUEST LIST

DATE: March 26, 1997

NAME	REPRESENTING
Tom Bruno	Allen + ASSOC.
SHELBY Smith	USA
Don Reynolds	MSD 321

**Senate Education Committee**  
**Senator Barbara Lawrence, chair**

Issues concerning the LOB proposal

March 26, 1997

Madame Chair, members of the committee:

As the largest district in the state serving 44,000 students, we appreciate the legislative concern and action on this issue of epic financial import to districts throughout Kansas. Superintendent Vaughn has complemented the formula but referred to the LOB time limitations as a train wreck.

Wichita Public Schools has and will continue to advocate for the financial assistance which smaller districts need and especially those districts with large numbers of children who are poor. We support this assistance this proposal grants to districts without LOB authority. And we believe that the same logic should be extended to those districts who have LOB's.

The five year stair step LOB authority this would offer those without an LOB is positive. But this proposal would send our district tumbling *down* several steps.

Granted in Wichita our numbers are more staggering—our 16 ¾% LOB generates over \$28M. Under this proposal USD 259 would suffer the

- loss of 10% equals \$65 per student (using 96/97 figures)
- loss of 20% equals \$130 per student

Chip Gramke, USD 259 board member, stated that the loss of this amount of money would mean either wage cuts or increased class sizes. At a time when the superintendent is proposing to the BOE to lower K-3 pupil-teacher ratios, this looming derailment throw instability into our future.

The same reasoning which would provide for those district unable to adopt on LOB—those same societal factors—are in play in many communities across the state. Although the debate should be framed around student achievement, performance growth, USD 259 graduation competencies and comprehensive assessment plan, the continuous improvement budgeting format, the Edison schools, the downsizing of downtown administration & the service center—those issues will fall to the side when given the opportunity to simply lower property taxes.

The Edison schools are enjoying a \$1.8 to \$2M investment by the Edison company in each building for technology and staff development.

The final measuring stick should be on the LOB package—*how does this effect children?*

Madame Chair, members of the committee, \$130 per student will adversely impact students in Wichita, a district who has demonstrated before this committee that we are on the right path—*for all children.*

Thank you for considering our issues.

*Senate Education*  
*3-26-97*  
*Attachment 1*



Larry R. Vaughn  
Superintendent

March 21, 1997

The Honorable Barbara Lawrence  
State Capitol  
Topeka, Kansas 66612

Dear Barbara:

Thank you for taking time to read this fax. It is the only way you and I will be able to communicate because of our schedules. Personally, I will be on a bird watching tour for the next week while Wichita schools are down for spring break. I believe that is considerably different than the activities in which you will be participating.

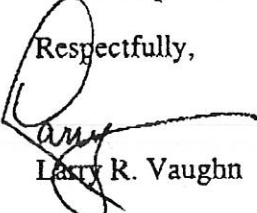
The concern I have about the LOB proposal is that if we agree to reduce the LOB by 10% (as I understand just to please the taxpayers), I fear it would give the impression that we have 10% LOB we do not need. **That is not the case.** As a matter of fact, we need additional LOB money in order to reduce the pupil-teacher ratio in grades K-3 and raise teacher salaries.

I believe it would be easier to sell the entire \$28-29M LOB in Wichita, rather than some part of it which may send the wrong message (mentioned above) to the community. Additionally, if I understand correctly, this proposal has built into it another drop-dead date some years in the future, at which time the LOB will have to be approved again. I know it is in the best interest of the state and the district that this issue be resolved now rather than dealing with it again in a few years.

As a side note, it seems ironic that this proposal allows districts that have been unsuccessful in passing a LOB (and I certainly sympathize with those districts) to gradually allow increments without voter protest. That happens to be what I propose for all LOBs, but the question about equity must be raised with this proposal. It appears that this proposal might very well penalize those school districts that have a LOB and grant some freedom to those districts that have not been successful.

Again, thank you very much for considering this fax. I realize that this topic is not a very pleasant one. I want to reemphasize that the very best thing you can do for the Wichita district is push for the additional 5% LOB without protest to address special education.

Respectfully,

  
Larry R. Vaughn

cc: Senator Christine Downey

*Senate Education*  
*3-26-97*  
*Attachment 2*



TESTIMONY OF BLUE VALLEY SCHOOL DISTRICT USD NO. 229\*  
ON LOCAL OPTION BUDGET ISSUE

\*also speaking for USD 501 Topeka & USD 233 Olathe

To: Sen. Barbara Lawrence, Chairman, and Members of the Senate  
Education Committee 3/25/1997

As you may know, Blue Valley School District was one of the first districts to adopt a successful full 25% local option budget resolution, shortly after the effective date of the present 1992 School Finance law. In fact, there wasn't even an attempt to circulate a protest petition, either at that time, or when the district adopted a four year renewal LOB resolution last October. We are fortunate that the overwhelming majority of the taxpayers located in the Blue Valley area because of national award winning schools, and they fully understand that even with the maximum LOB authority permitted by the 1992 Act, the district was still below the level of funding of the year prior to this act.

We have little doubt that the district voters would continue to approve a 25% LOB. Nevertheless we are philosophically opposed to the concept of having to expose the budget authority that has been previously approved, and feel we must tell you why.

We believe the task force that developed the LOB proposal you are considering today did an excellent job of addressing many of the problems with the present LOB dilemma for Kansas schools:

1. We certainly support the concept of local control of schools and believe it is appropriate that districts without LOBs should have some means to access additional budget authority without being subject to protest petitions.

2. We also appreciate the provisions allowing a district to adopt an LOB at 90% of existing levels without protest petition.

3. As a district which has always been at the 25% cap on LOBs, we also appreciate that the proposal would allow us to adopt the LOB resolution the next time permanently. If this is the best that can be done, certainly this district, for one, would be able to live with this.

We are here today because we really don't understand why it is necessary for school districts, unlike any other level of government, to continue to have tax levels previously approved (or at least adopted subject to a protest petition), again submitted to the voters. We agree that it is appropriate to allow districts that have never obtained voter approval for additional LOB authority

*Senate Education  
3-26-97  
Attachment 3*

some flexibility to raise funds locally without a voter referendum. Among other reasons it is consistent with the philosophy behind our present school finance act to leave districts with relatively high spending where they are and allow those with lower budgets an opportunity to catch up. But the provision which says districts that have an LOB must submit the top 10% of their budget to a protest petition next year, and perhaps 20% the following year is illogical. It seems to be saying that we'll reach equilibrium by pulling the well funded schools down, rather than building up those in need.

The BOTTOM LINE, as we are fond of saying, is that we support strongly the concept of "grandfathering" at the entire present level of local option budget, as well as the mechanisms currently in the proposal to allow lower spending districts without an LOB an opportunity to catch up. We even would support allowing those with LOBs below the maximum LOB an opportunity to catchup. Again, this is entirely consistent with the philosophy of the 1992 school finance act.

I know there are those that say that such a proposal has no chance of final passage this year. As I said before, if that is true, most districts will be grateful for this level of relief if nothing more can be done. But isn't this the year to try to do the very best we can to try to fix the problem? We know that several districts, including some very large districts, may be unable to pass an LOB resolution this year, even though they have in the past. As our population ages, fewer people every year have personal attachment to the schools. This is aggravated by the mobile nature of our society today. I know you all want to produce the best proposal you can in the Senate. We just think a complete grandfathering clause is needed in addition to the provisions the Task Force has already wisely adopted

Respectfully Submitted,  
Bob Vancrum, Blue Valley USD 229  
Governmental Affairs Specialist

KANSAS  
ASSOCIATION



OF  
SCHOOL  
BOARDS

1420 S.W. Arrowhead Rd, Topeka, Kansas 66604  
913-273-3600

TO: Senate Committee on Education  
FROM: Mark Tallman, Director of Governmental Relations  
DATE: March 26, 1997

**RE: Local Option Budget Proposal**

Madam Chair, Members of the Committee

KASB strongly believes that significant changes must be made in the local option budget feature of the state's school finance system. We applaud efforts of legislative leaders to find a workable solution to the problems created by the current LOB law.

The proposed LOB plan certainly will not satisfy every school district, just as it will certainly draw complaints from many taxpayers. However, the Legislature must strike a balance that reasonably allows schools to meet their constitutional responsibilities to the school children of this state. We believe this plan moves in that direction.

We would remind the committee that for nearly twenty years, the School District Equalization Act allowed school districts an annual budget increase without that increase being subject to protest or election. Only budget increases in excess of the annual state limit were subject to protest. Lower spending districts were allowed greater spending increases to "catch up" with higher spending districts. The proposed LOB plan would add a similar feature to the current school finance system. If that approach is unfair to taxpayers, then the SDEA was unfair.

However, Kansas has also traditionally allowed school districts to retain budget authority once it has been given. The state has recognized that cutting budgets per pupil means cuts in programs and services to students. Our greatest concern about the proposed LOB plan is that districts with large LOB's are not fully protected. Remember, most high-LOB districts did not use the LOB to dramatically increase spending. They used the LOB to maintain the level of spending they had already received prior to 1992. We would urge the Legislature to fully protect those districts.

Thank you for your consideration.

*Senate Education  
3-26-97  
Attachment 4*