

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 28, 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:

Others attending: See attached list

Chairperson Lawrence called the meeting to order and called on Ben Barrett, Legislative Research Department, to give the Committee the latest update on the Local Option Budget issue.

Mr. Barrett stated the task force proposal on the LOB is still in an evolutionary state. Staff thinks it is near completion in addressing the types of scenarios that could come up under the plan. It is hoped the finishing touches and language for the amendment will be ready before the day is over and available Monday. He stated he would review a number of scenarios. If anyone could think of any others, he would make sure it was addressed or address it in some manner.

There are two options available to districts as far as adopting a resolution for additional LOB authority. One option would be a simple authorization that the local board would seek to gain permanent and continuing LOB authority. The local board in any subsequent year would have authority to adopt an LOB in any amount it thought was appropriate for that year and it would have that authority forever.

There is another kind of resolution that has a specific percentage of LOB authority authorized in it and a specific number of years for which the resolution is valid. If the district uses that approach, then an LOB could expire and be subject to reauthorization. Just as the LOB authority is under the present law. The main difference would be that the school district can specify the number of years for which that resolution would be valid. Now a board is limited to four years. For increasing LOB authority these two choices would be available to the districts.

District A

District A is a district that has a 25% LOB authority at the present time and has this authority through 1997-98. District A wants to continue this authority permanently. The district successfully adopts a resolution for authority to permanently increase its LOB beginning in the 1998-99 school year. If District A is successful in adopting this resolution, then when it faces the grandfather clause or hold harmless clause that applies to a district like that, in the first year when the hold harmless is 90%, if the district had this authority, it would adopt the 25% resolution for that year. The next year, when the hold harmless would apply, it wouldn't make any difference to this district because it has permanent authority if it adopts the 25% LOB resolution on its own action.

District B

District B is a similar district; 25% LOB authority. This particular district wants to continue this authority for at least four more years. The board successfully adopts an LOB resolution for an additional 2 1/2% in 1998-99, so it has the 90% hold harmless at 22 1/2% LOB; it gets the additional 2% in 1998-99 and it has that authority under a four-year resolution to 2001-2002. In order to keep the LOB at the 25% level for that period of time in the next year, it has to repeat that exercise and adopt an additional 2 1/2% LOB authority. This time it would be for three years because this resolution would have to terminate at the same time as the previous one did. If it were successful in doing that, that would be another way a similarly situated district could have 25% LOB authority, at least through 2002-2002.

District C

District C is just like the two that have been discussed, but it puts out a resolution to increase its LOB authority and the resolution fails and so in this district, the board has LOB authority of 22 1/2% in 1998-99, and 20% 1999-2000 under the hold harmless or grandfather clause that applies in that instance.

Mr Barrett went to the other end of the spectrum, or the low spending districts.

District D

District D is one that has never had an LOB. The district's budget per pupil in the preceding year is compared with the average of all the districts in the enrollment grouping. The difference is computed. It is multiplied by the enrollment of the district to get an equivalent amount of dollars. That total is divided by the budget of the district to get a percentage that would be the LOB authority. The first year take 20% of that percentage and that would be the district's LOB authority in the 1997-98 school year. There is still the five-year phase in for full usage of that provision.

District E

District E is like the one just described except it had an LOB when the law was enacted. When its LOB authority is computed for 1997-98 school year, since it qualifies as a low spending district, its authority is the percentage it had in the preceding year, as an example 5%, and added to that would be the percentage that it would qualify for under this computation he has described. It would be the 5% plus the calculation described under the formula would be its LOB authority in the new school year. That becomes permanent LOB authority in future years and in future years as the calculation is made and additional percentages of LOB authority are available to that district, it adds to the previous base to become the permanent base over time.

District F

District F is one that qualifies under the low spending provision in 1998-99 for a 6% LOB. The district successfully adopts a two-year LOB resolution for twelve percentage points more LOB authority. It would have the 6% it had before plus the 12% or 18% in the 1998-99 and the 1999-2000 school years. The district wants to renew this 12% authority, but it is unsuccessful in doing so. It then falls back into the low spending schedule and its LOB authority for the new school year would be computed based upon the LOB authority it had in the preceding year without the added amount resulting from its resolution. In other words, it had 6% originally; it would have 6% again, plus any additional amount it would qualify for by operation of this formula had the additional authority not been in effect for that year. So, rather than going back to 6%, it is designed to place them back on the schedule like the other districts and give them whatever adjustment they would be qualified for as other districts spending at that level in that school year.

District G

District G qualifies in 1997-98 for 6% LOB authority under the formula applicable to districts spending under the average. District G then successfully adopts a resolution for permanent LOB authority beginning in the 1998-99 and thereafter is whatever amount the local board adapts as LOB authority, subject to the 25% cap. The point is the district started out as a low-spending district and was getting adjustments on that basis. Once it got approved, continuous and permanent authority of its own determination then is controlled by whatever it adopts and not by the formula.

Mr. Barrett clarified that whenever there is a proposal to adopt an LOB resolution, either to get permanent authority or temporary authority for a specific percentage, the existing protest petition election provisions apply. He also clarified that what he was presenting today was the product of staff in its effort to interpret what was intended by the task force. Under this plan there would be school districts that have not been able to adopt LOBs and who are below the average. For the next five years they will automatically be able to move up and start initiating their LOB without being subject to a vote. In all likelihood, districts would continue to move up with additional LOB authority as time went on. It takes five years before the amount they are entitled to under the formula is 100%. They clearly would have increased authority in each of the five years plus they would continue to get increased authority over time. The average will continue to grow.

The entitlements for the low spending districts are based on their relationship to the average of the general fund budget and the LOB in districts combined for the enrollment groupings. As budgets, bases and LOBs grow, and as the districts make use of their authority, the average that is used to do the measurement will increase as time goes by.

Dale Dennis, Deputy Education Commissioner, was asked to furnish printouts for 1800 to 20,000; 20,000 and over; 1800 to 10,000; 10,000 and over; 1800 to 5,000; 5000 to 10,000; and 10,000 and over. The Chairperson also asked for 10,000 to 19,999; and 10,000 to 20,000. There is great disparity between 1800 and 44,000, the range asked for was 1800 to 19,999; 20,000 to 44,000. Mr. Dennis stated there are only three

districts over 20,000: Wichita-Kansas City, Kansas - Shawnee Mission. There would be three between 10,000 and 20,000: Blue Valley - Olathe - Topeka.

The Chairperson stated that the Committee would meet sometime on Monday to come up with an outline of what it wants Avis to draw up.

One of the members stated she has no problem in bringing low spending districts up, but feels like there is inequity in this in that the districts who have already passed LOBs and are above the average are now having to rejustify their position once again. This is a major problem because it is where the bulk of the children are.

The Chairperson stated that the goal was something that would pass both houses. Freezing the districts with those LOBs that have already been voted on and letting those districts who have not been able to pass LOBs come up to a point of equity because they are totally out of compliance.

One of the Committee went back to when the school finance formula was passed and there was a one-year window there where a school district could get 25% with no protest or election. Staff added that there was a rule that no district could increase its budget per pupil by more than 10 percentage points - both general fund and LOB. In the next year any district that wanted to have an LOB had to go through the resolution and protest petition process. There were some districts, because of the 10% limit, which were not authorized to adopt an LOB at all in the first year. They were over the limit with the general fund; several districts had no authority the first year.

The Chairperson asked the Committee if it could vote on something like a freeze on those who have LOBs and then utilizing the formula that came out of the task force for those who have none and for those who are under the average.

Several of the members said they would like to see this on paper first.

The meeting was adjourned.

SENATE EDUCATION COMMITTEE GUEST LIST

DATE: March 28, 1997

NAME	REPRESENTING
Diane Gjerstad	USD 259
Craig Grant	KNEA
Mark Tallman	KASB
SHELBY Smith	USD 501
Jim Yonally	USD #572
Tom Bruno	Allen & Assoc.
Robin Lehman	Olathe UID 233