

Approved: \_\_\_\_\_

2/23

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 10, 1998 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Ben Barrett, Legislative Research Department  
Carolyn Rampey, Legislative Research Department  
Avis Swartzman, Revisor of Statutes  
Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee: Mark Tallman, KASB  
Gerald Henderson, USA

Others attending: See attached list

Chairperson Lawrence called the meeting to order and called on Mark Tallman, KASB to appear as the first conferee on the governor's school finance bill.

Mr. Tallman stated the first page of his testimony listed the priority issues of an increase in the base, and increases in at-risk and correlation weighting. (Attachment 1) The specific positions listed by Mr. Tallman included base funding, the school finance act, early intervention and education technology.

Mr. Tallman asked the Committee to turn to page 3 of the testimony which contained a chart which he said demonstrated in a different way what will get at the issue of school finance adequacy. The chart looked at the possible results of the bill passed last year using the local option budget. This bill essentially said there was such a thing as an average budget per pupil for districts based on size. Districts would be able to move toward that using the local option budget without being subject to protest, or if they were over they could keep that amounts. This demonstrates to a better extent than the current base does what districts are actually spending based on size. It includes not only the base, but also the local option budget amount that districts have been required to adopt. Despite the correlation weighting seen thus far, the large districts will all have to adopt fairly significant amount of additional money under the LOB bill in order to get to the average that they are already spending. The reason for this is all of the seven largest districts in the state already have local option budgets of at least 16%, with many ranging up to 25%. The next group is considerably below that because this group does not have as much in the way of local option budgets. As one gets to the smallest districts, less is needed to reach the average. This again demonstrates that smaller districts do not tend to need as much local option budget. There continues to be an imbalance on size. This would suggest that the very smallest districts are also required to have rather large local option budgets in order to get to the average of what they are already spending.

Mr. Tallman said it is their belief that what the state should try to do is to move toward providing state funding for the average spending based on size because if not, the LOB wall will mean that if districts take advantage of it, they will have to continue to increase use of LOB simply to get to the average. They will at the local level raise LOBs at the same time the state is trying to end them. Continued reliance on property tax will go forward.

The last page of Mr. Tallman's testimony looked at the school district general fund enhancements recommended by the Governor. This was prepared to illustrate the impact of these recommendations on school district operating budgets. The point that is trying to be made is that if districts are going to be able to offer comparable increases, the only option is to turn to increased usage of the local option budget. Some districts are not able to do this because they are capped out at 25% or will be subject to protest petition or worried about the consequences locally of trying to go back and increase the use of the LOB. Part of the problem they are faced with is that as the state-wide mill levy is being reduced, school districts are in the position of having to raise local mill levies.

At the bottom of the testimony was a list that recognized new dollars coming to education. Mr. Tallman said that in some ways these are restricted and cannot be used for general fund school district operations.

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION, ROOM 123-S-Statehouse, at 9:00 a.m. on February 10, 1998.

Mr. Tallman was asked if he was recognizing the rate of inflation through CPI. He responded that what his organization had looked at was CPI as the agreed upon term although this might not be the best rate to indicate school district inflation. The largest cost that school district have is salaries. Employees look at the inflation rate in terms of what they want or expect in salary increases. It is difficult for school districts to meet that rate or provide any enhancements over that rate if base budgets are not increasing at something close to that rate. In terms of increasing salaries, school districts, unlike the university system varies tremendously in the rate of increase. Small or large districts plus LOBs make a difference. When one looks at the percentage of new dollars going in, it affects districts very differently. Most districts do have an annual increase of some type.

Dale Dennis, KSDE, stated that most district will have a salary schedule with a built-in step; very few will not.

The comment was made that Mr. Tallman's testimony reflected some categories of schools are not adequately funded, the risk being that funding might go to those schools and leave others out.

His response was that his organization would oppose that. Their policy is that state funding should recognize the cost of delivering quality education while recognizing that there should be some local flexibility. There should be some degree of LOB, but only for local enhancements and not to fund the underlying cost. The leadership within his organization concluded, based upon a lot of information, that the larger districts are not being funded. They have stated objectively that if one looks at what the larger districts, the correlation districts, are already spending, it should be considerably higher than it is now. The chart shows the mechanism that was passed to identify an average cost based on size.. It suggests that the larger districts have a lot farther to go to get there. It also suggests that everybody is a little below average. They think the goal of the legislature should adopt should be moving state support to those average costs; to use the LOB mechanism will increase reliance on the LOB, not decrease it. Long term there is an equity problem and a problem with the balance between state resources and local resources. All of the members of the organization do not support that; they annually have debates about favoring one school over another. What has been determined at this time is the belief that we need to recognize that there is an imbalance.

The comment was made that in talking with people at the local level, the superintendents are recognizing the need for equity.

Mr. Tallman responded that typically small schools will say that they are concerned about their operating costs, but they are really concerned about survival.

The Chairperson commented that realistically there probably won't be a large infusion of money over and above the Governor's recommendation. Adjustments will have to be made within parameters in order to keep some semblance of equity and fairness.

Mr. Tallman responded that what the Governor has proposed, though less than they believe is adequate, does meet two of the things they deem important; some increase has been provided for all districts and, through the mechanism of correlation weighting provided a larger increase for larger districts. The problem is that they are not sure that it goes far enough.

It was commented to Mr. Tallman that he seemed to endorse correlation weighting as an appropriate mechanism for achieving equality.

He responded that correlation weighting is one way to address the equity issue, but not the only way. The mechanism itself may have some equity problems. He added that the decision the legislature made was made because doing anything to low enrollment weighting is so opposed by the smaller schools that correlation weighting was another way of doing it. His organization has not said that correlation weighting and low enrollment weighting is the only way to get there. If the legislature believes, based on some evidence that there should be some other way to address schools of different sizes, his organization is not opposed to that.

In response to a comment regarding schools that are just large enough to make it into correlation weighting and schools that are a little too small, Mr. Tallman replied that although districts above the cut-off point have received considerably more dollars than those right below, they still do not have more dollars to operate. It becomes a balance of looking at the increase given or total dollars provided. This is something the Board has not looked at or heard from the members. They have not heard from many districts in the 1700 range, for example; that has not been communicated to them.

In final clarification of some of his earlier statements, Mr. Tallman stated that the correlation weighting schools, although they have gotten a larger increase, every low enrollment weighted school still receives more dollars per pupil than any correlation weighted school. The low enrollment weighted districts still have more money, but they certainly have received a smaller increase.

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION, ROOM 123-S-Statehouse, at 9:00 a.m. on February 10, 1998.

Gerald Henderson, USA, appeared on the bill and stated that he was going to attempt to make some of the same points as Mr. Tallman, but coming from a different direction. He gave the makeup of the USA Taskforce on School Finance and stated the memo mentioned at the prior meeting was labeled Attachment A. It became available to members of the legislature from superintendents either in the task force or communicated by them.

Mr. Henderson said that his difference with the Governor's budget summaries is that only a small portion, \$35.9 million, is made available for enhanced learning programs for Kansas children. Referring to Attachment B of his testimony, he said it was his organization's contention that of the \$100.1 million of additional appropriations, only \$35.8 million will be available as increases. On Attachment C, under 'Spending Enhancement' the money available is \$35.9 million. While this money is new state general fund money, it is not new spending power for Kansas schools. In the listing of other programs, only technology will be provided added dollars for districts; that program requires that schools match dollar for dollar. The \$12.1 million for Special Education keeps state participation in the excess costs of Special Ed at the same level as FY 1998 when accounting for Medicaid is changed. Not one dollar of school district general funds will be made available for enhancements in regular education. It is a new state general fund appropriation, but it is not new spending power for schools.

It remains Mr. Henderson's organization's contention that actual increases in school district purchasing power will be in the one to two percent range for FY 1999, rather than as everyone heard from the Governor, an increase of 4.1%. Teacher negotiators hear 4.1%, and board negotiators will be hard pressed to grant raises much higher than 2%.

Mr. Henderson spoke on why raising teachers' salaries is so important and stated that he was amazed at comments that not enough money is getting into the classroom, while at the same time hearing that if schools had more money they would just put it into salaries.

In ending his testimony, Mr. Henderson stated that the memo sent to his members calls for an increase in base state aid per pupil to \$3800 and, in addition, suggests that the inequities in the current formula be addressed by reducing Correlation Weighting to 1700 FTE students. (Attachment 2)

Chairperson Lawrence referred Mr. Henderson to attachment C in his testimony. She asked if he would not agree that enrollment growth, \$16.3 is new money. His response was that it is all new money, but he does not think it is an enhancement; it is for existing programs for kids.

After several other comments, the Chairman asked Jacque Oakes, Schools for Quality Education and Scott Hill, Kansas State Department of Education, to return on Wednesday to present their testimony.

The meeting was adjourned.

The next meeting is scheduled for February 11, 1998.

# SENATE EDUCATION COMMITTEE GUEST LIST

DATE: February 10, 1998

NAME	REPRESENTING
Ken Baker	Hays, USD #489
Kathy Shumard	Augusta, USD 402
Mark Callahan	IASB
Joan Stephens	USD 402
Pat Lehman	USD 233
Donald Anderson	USAJKS
Bruce Cooper	KNEA
Dennis Gross, Intern	Sen. Huelskamp
Jim Langford	DOB
Roger Toelkes	Senator Hensley Office
Brilla Highfill Scott	USA
Josue Dakes	SDE
Jim Allen	KEC
Jim Youally	USD #512



TO: Senate Committee on Education  
FROM: Mark Tallman, Director of Governmental Relations  
DATE: February 9, 1998

**RE: Testimony on S.B. 447 - School Finance Act Amendments**

Madam Chair, Members of the committee:

We appreciate the opportunity to offer comments on S.B. 447, which would enact three of the Governor's proposals: a \$35 increase in the base, a further increase in correlation weighting and an increase in at-risk weighting. We hope you will allow us to offer some general remarks on school district funding.

The KASB Board of Directors has adopted adequate and equitable school funding as one of its top legislative priorities for the 1998 session, including the following specific positions:

- **BASE FUNDING** should be increased for all districts for the upcoming school year at a level commensurate with increases in their costs.
- **THE SCHOOL FINANCE ACT** should be restructured to address the imbalance in tax level and spending authority across different sizes of districts by adopting a base budget that reflects the actual costs of educating students. Providing a minimum budget per pupil of \$4,750 through the base budget and weighting factors would allow larger districts to meet current costs, expand needed programs where necessary and reduce local option budgets and property taxes.
- **EARLY INTERVENTION** should receive a greater state funding commitment for preschool and kindergarten, early elementary and at-risk pupil programs.
- **EDUCATION TECHNOLOGY** should be enhanced through the development, implementation and funding of a state initiative to link schools and communities through Internet access, distance learning and other electronic communications; and to increase the appropriate use of learning technology in every district, including funding for equipment, software, training and technical support, and advanced telecommunications.

In addition, our board has reviewed the following position about school finance issues.

*Senate Education  
Attachment 1  
2-10-98*

## KASB School Finance Position

1. The base budget per pupil was set far too low when the school finance system was changed. While the low enrollment weighting factor provided most smaller districts with generally adequate funding, larger districts were underfunded. As a result, larger districts had to rely much more heavily on local option budgets.

2. This issue is illustrated in the attached chart, which is based on analysis of the new local option budget passed last session. That law allowed school boards, over a five-year phase-in, to use the LOB to bring them up to the "average" budget per pupil in four enrollment groups. Generally, only use of the LOB above the average (after full implementation) would be subject to protest.

3. Districts in the largest enrollment group, which includes those with 1,800 students or more and represents two-thirds of Kansas students, receive between \$3,700 and \$4,200 in base aid and weightings. Depending on weighting factors, they require approximately \$650, or 16% of the base budget, to reach the average.

4. As district size decreases, base budget funding increases (mostly due to low enrollment weighting) and the amount of funding required to reach the average decreases both in dollars and as a percent of the base. (However, in the two smallest enrollment groups under the new law, this reverses. The smallest districts require greater funding per pupil to reach the average than those in the 300 to 1,800 student group.

5. Remember, the amount per pupil required to reach the average largely represents the amount of LOB required in that group because the "average" includes both base funding and LOB. This means that the new LOB law, while helpful in providing additional resources to some districts, will continue the overreliance on the LOB (and corresponding property tax burden) by the larger districts (and the very smallest). Other districts are politically unable to use the LOB because of its tax impact, and will remain funded at a level below average for their group.

6. Instead of requiring districts to adopt increasing LOB's to reach the average (a target which will rise as districts budget increase), the state should fund provide this funding through higher base support. As this chart demonstrates, districts of all sizes would receive more base funding, but the larger districts (and the very smallest) would receive a larger increase because their unfunded costs are higher. This base support should take into account inflation in educational costs since 1992.

7. The minimum budget per pupil provided should be \$4,750. The largest seven school districts already spend close to or more than that amount through the LOB (the lowest LOB in that group is 16%). Also, every district with fewer than 1,400 students also already spends more than that amount due to weighting factors or the LOB.

8. Some districts would continue to need an LOB because they already spend more than the average or require greater budget flexibility. The maximum percentage of LOB (currently 25%) could certainly be reduced. Reducing reliance on the LOB, now and in the future, would reduce local school district property taxes while providing a higher level of state support.

9. Determining the cost of this plan would require much greater mathematical analysis, but it is important to remember that much of the cost of higher base aid would be offset by reduction in LOB property taxes and LOB state aid, both of which will rise under the new LOB law.

## Chart

### Dollars Per Pupil required to Reach "Average" Budget Per Pupil Under New LOB Law

*Based on 1996-97 Budgets (Last School Year)*

Enrollment Range	Number of Districts	Group Enrollment (% of State Total)	Range in Gen. Fund Budget Per Pupil (LOB not included)	Approximate \$ Per Pupil Needed to Reach "Average"	\$ Per Pupil as % of "average" GFBPP
<b>Largest LOB Enrollment Group</b>					
9000 or Greater	7	149,302.0 (34%)	\$3849 - 3985	\$700	18%
3000 - 8900	20	92,837.8 (21%)	\$3766 - 4293	\$600	15%
1800 - 2999	22	49,166.1 (11%)	\$3813 - 4274	\$650	16%
<b>Next LOB Enrollment Group</b>					
1300 - 1799	19	29,261.7 (7%)	\$3862 - 5034	\$500	11%
1000 - 1299	26	29,607.0 (7%)	\$4691 - 5183	\$450	9%
800 - 999	19	16,717.7 (4%)	\$5094 - 5487	\$500	9%
700 - 799	19	14,310.3 (3%)	\$5057 - 5741	\$500	9%
600 - 699	21	12,991.8 (3%)	\$5302 - 5868	\$450	7%
500 - 599	24	12,989.8 (3%)	\$5599 - 6148	\$400	7%
400 - 499	31	13,918.4 (3%)	\$5752 - 6174	\$350	6%
300 - 399	37	12,935.9 (3%)	\$5382 - 6359	\$350	4%
<b>Next LOB Enrollment Group</b>					
200 - 299	22	5,704.8 (1%)	\$5893 - 7355	\$500	8%
100 - 199	33	5,357.7 (1%)	\$6740 - 8390	\$700	9%
<b>Smallest Law Enrollment Group</b>					
Less than 100	4	329.1 (< 1%)	\$8116 - 8639	\$1,500	18%

This Chart demonstrates:

- Both districts which do not receive low enrollment weighting (over 1,800) and the very smallest school districts are required to adopt much higher local option budgets in order to simply spend the "average" for their size.
- This means those districts require a greater local tax effort to spend at the average. If they do not adopt a higher LOB, they are financially disadvantaged compared to other districts.
- More state funding should be directed to these districts in order to equalize both tax rates and budgets per pupil.

Finally, we would call your attention to the attached sheet which reviews the impact of the Governor's proposed increased in school finance on school district operating budgets.

**KANSAS ASSOCIATION OF SCHOOL BOARDS**

***School District General Fund Enhancements Recommended by Governor:***

Increase in base budget per pupil: \$35 (0.9%)	\$19.8 million
Increase in correlation weighting: equals about \$35	\$10.0 million
Increase in at-risk weighting:	<u>\$ 6.0 million</u>
	\$35.8 million
Cost of additional student enrollment	<u>\$16.3 million</u>
	\$52.1 million

***What These Enhancements Mean To School District Operating Budgets***

- 255 Low Enrollment Districts, with 35% of Kansas students, would receive a base increase of about 1%.
- 49 Correlation Weighted Districts, with 65% of Kansas students, would receive a base increase at about 1%, plus a correlation weighting increase of about 1%, equal to a 2% increase.
- All districts would receive an increase in at-risk weighting. The amount depends on the number of low income students in the district. (The statewide average would be equal to a budget increase of less than 1/3%. These funds must be used for at-risk programs, not general operations.)
- Growing districts will receive additional funds for additional students. Additional students, however, generally result in additional costs.
- The inflation rate has been about 2.8%, more than any district would receive on a per pupil basis.
- The Governor's budget calls for a 4% salary increase for state university faculty and other state employees, and a 2.5% increase in university and other operating expenses.
- To achieve comparable budget enhancements, most districts would have to increase use of the local option budget; increasing local property taxes at the same time the statewide mill levy is reduced.
- Many districts cannot increase their LOB without a protest petition or are already at the 25% maximum. This includes the seven largest districts, with 34% of Kansas students.

***All other funding enhancements must be used for restricted purposes.***

For example, \$12.1 million for special education would only maintain funding at the same limit of excess cost. Local option budget aid would increase \$6.6 million, based on estimates of increased LOB use. Capital improvement aid would increase by \$2.5 million for districts with new building programs. Parents as Teachers aid would increase by \$1.5 million, but must be used for PAT program expenses. Technology grants (\$10 million) is a one-time program. KPERS school contributions would increase \$7 million, mostly due to an increased employer contribution rate. These programs are all important, but do not provide general operating support for districts.





## SB 447

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

Madam Chairman and Members of the Committee:

Lest anyone believe for a moment that I am here to claim that the memo sent to my members, which was mentioned in committee yesterday is correct and that other data distributed yesterday is not; let me assure you that I may indeed be a little crazy, but I am not stupid. I believe both are accurate. The document prepared by the Budget Division and distributed by Senator Kerr yesterday correctly lists items which contribute to growth in the State General Fund attributable to education. This presentation does precisely what the Division of Budget must do. It accurately portrays the appropriations over FY 1998 levels which must be raised by this legislature. Our quarrel with this and other summaries of the governor's budget is that amid all these big numbers, \$84 million on one list and \$100.1 million on another, only a small portion (\$35.9 million) of the state's "robust" economy is being made available for enhanced learning programs for Kansas children.

My memo, included here as Attachment A, is based on the information provided on the summary sheet titled "**GOVERNOR'S FISCAL YEAR 1999 BUDGET RECOMMENDATIONS for UNIFIED SCHOOL DISTRICTS**". That information is included as Attachment B. It is our contention that of the \$100.1 million of additional appropriations listed on Attachment B, only \$35.8 million will be available as increases which school districts can use to fund enhanced programs for children. This same term, enhancement, is used on the data sheet prepared by Legislative Research and included here as Attachment C. The money available for "Spending Enhancement" on this summary sheet is \$35.9 million. All of the other additional appropriations do not result in dollars districts can use to enhance programs for children, a point made in this

*Senate Education  
Attachment 2  
2/10/98*

committee yesterday. New state general fund appropriations? Yes. New spending power for schools? No.

We would further contend that Attachment C is a little misleading in its listing of Special Education (\$12.1 million), the one-time Technology Grant (\$10.0 million), KPERS (\$0.3 million), Parent Education (\$1.9 million), and Other Assistance (\$60,000) as spending enhancements for school districts. Only one, the technology grant, will provide added dollars for districts, and even that program requires that schools match it dollar for dollar. In many districts the match will come from special capital outlay funds, so not even in this instance will general funds be made available for program enhancements. Likewise the largest "new money" in this second listing (\$12.1 million for Special Education) keeps state participation in the excess costs of Special Ed at the same level as FY 1998 when accounting for Medicaid is changed. Bottom line is that not one dollar of school district general funds will be made available for enhancements in regular education. New state general fund appropriation? Yes. New spending power for schools? No.

It remains our contention that actual increases in school district purchasing power will be in the one to two percent range for FY 1999, rather than as everyone heard from the governor, an increase of 4.1%. Teacher negotiators heard 4.1%, and board negotiators will be hard pressed to grant raises much higher than 2%. Why is raising teacher salaries important? Kansas schools are in the middle of a project initiated by the Board of Education and supported by statute, which is making a difference in the learning lives of children. Kansas schools are getting demonstrably better. School improvement is alive and extremely well in Kansas. Quality Performance Accreditation has made and continues to make a profound difference in the way Kansas schools do business. The focus on continually improving student performance is beginning to show up in measurable data. Isn't that what we want? I am continually amazed at comments in this legislature that not enough money is getting into the classroom, and at the same time hearing that if schools had more money they would just put it into salaries. Unbelievable! How is this improvement being accomplished? While leadership by my members is supported by research as essential to school improvement, the job is being

done by teachers. The line of quality control in our business is the line between one teacher and one student. The quality is improving. The compensation for the people who are responsible must likewise improve.

I represent the people in our educational system who are charged with encouraging, facilitating, managing, evaluating, indeed leading the system toward the improved student performance we all want. Continuation of this improvement requires resources beyond those recommended by the governor. The memo sent to my members calls for an increase in BSAPP to \$3800. In addition, it suggests that the inequities in the current formula be addressed by reducing Correlation Weighting to 1700 FTE students. These two true increases in school district spending authority will genuinely enhance the improvements already underway, and would most likely result in further reductions in the property tax. I am referring of course not to property taxes which you levy, but those which have been forced on local boards to support Local Option Budgets. As educational leaders we have been told for a number of years, "Show us that children are learning at improved rates and we will support you." "If we only had the money, we would support you." We have been and we are showing you that schools are getting better. You do have the money. It's time.



**TO:** USA Task Force on School Finance  
**FROM:** Kent Hurn, Acting Chairperson  
Gerry Henderson, Executive Director  
**DATE:** January 15, 1998  
**RE:** Call For Action

Governor Graves addressed many of the items on the USA list of needs for Kansas schools, but in the opinion of task force members fell short of adequately meeting those needs. Task Force members are asked to contact superintendents in their assigned areas as soon as possible and to strongly urge that legislators be contacted with the following information:

1. USA supports the items addressed by the governor in his budget message, but believes schools have not yet been allocated a proper share of the state's economic resources.
2. The governor's proposed general fund budget for FY 1999 includes ending balances of \$392.5 million or 9.6% of general fund expenditures. The statutes require that ending balances be maintained at 7.5% of expenditures. This 2.1% difference means that a bit over **\$80 million** is left on the table which could have been made available for Kansas school children. Therefore, USA believes that the following increases need to be made to the governor's proposed budget:
  - A. add \$95.00 to the governor's recommended increase of \$35.00 to BSAPP for a total increase of \$130.00. BSAPP would thereby total \$3800. **Cost to state general fund - \$50 million**
  - B. further reduce Correlation Weighting from the governor's recommended 1775 to 1700 FTE students. (Original 1998 USA position) **Cost to state general fund - \$30 million.**
3. Other items in the governor's recommendations, which are supported by USA, include:
  - a. Increase at-risk weighting from 6.5% to 8.0%
  - b. Provide \$10 million for technology. Requires dollar for dollar match
  - c. Decrease USD match for Parents as Teachers

2-4

d. Fund 85% of excess cost of special education. **Note:** USA still believes that special education should be funded at 100% of excess costs. Administrators and **legislators** need to understand that 85% funding including Medicaid payments as proposed by the governor is the same as the current 80% funding without Medicaid payments. The \$12.2 million increase in state general fund expenditures is required to stay even with special education growth.

e. Increase postsecondary aid to Area Vo-Tech Schools by 2.5%

f. Increase capital outlay funding for AVTS's by \$1 million

g. Provide \$1 million one-time only money for use for instructional technology purposes at AVTS's. Does not require a match.

4. Administrators and **legislators** must understand that the 4.1 percent increase in K-12 expenditures recommended by the governor includes \$40 million required to replace funds lost to the proposed 4-mil reduction in the statewide property tax. Schools will actually receive increases in purchasing power of between one and two percent dependent on weightings. Of the \$100 million included under Unified School Districts in the governor's budget, only \$35.8 million is actually available for increases to district general funds.

Total recommended increases	<b>\$100.1 million</b>
Property Tax Reduction	- 40.3 million
Technology (requires match)	- 10.0 million
Parents as Teachers	- 1.9 million
(expands a good program, but no new \$\$)	
Special Education (just even)	<u>-12.1 million</u>
<b>Available for general fund increases</b>	<b>\$35.8 million</b>

Again this translates to between one and two percent of current expenditures.

## GOVERNOR'S FISCAL YEAR 1999 BUDGET RECOMMENDATIONS

PROGRAM	COMMENTS	ADDITIONAL APPROPRIATION
<b>UNIFIED SCHOOL DISTRICTS</b>		
Base State Aid Per Pupil	Increase BSAPP by \$35 per student.	\$ 19,852,000
General Fund Mill Rate	Decrease general fund mill rate from 27 to 23 mills.	\$ 40,307,000
At-Risk Weighting	Increase at-risk weighting from 6.5 percent to 8.0 percent.	\$ 6,000,000
Correlation Weighting	Decrease pupil threshold from 1,800 to 1,775.	\$ 10,000,000
Technology	Provides \$10 million for school districts and must be used for instructional purposes (one-time only). Requires dollar for dollar match.	\$ 10,000,000
Parents as Teachers	Decrease match for U.S.D.'s from 100 percent to 75 percent and expand program to additional families.	\$ 1,900,000
Special Education	Fund 85 percent of excess cost (including Medicaid payments).	\$ 12,145,000
<b>COMMUNITY COLLEGES</b>		
Credit Hour State Aid	Increase credit hour state aid by 2.5 percent.	\$ 1,036,442
Technology Grants	Increase funding from \$1 million to \$2 million with 50 percent match requirement for instructional purposes (one-time only). Washburn University is included in this technology appropriation.	\$ 1,000,000

STATE AID TO SCHOOL DISTRICTS FY 1999  
SELECTED DATA

*Attachment C*

	Fiscal Year 1999 (In Millions)		
	Existing Program	Spending Enhancement	Total
<b>School District General Fund and Supplemental General Fund Budgets</b>			
Increase BSAPP from \$3,670 to \$3,705—SGF	\$ -	\$ 19.9	\$ 19.9
Correlation Weight from 1,800 and Over to 1,775 and Over—SGF	-	10.0	10.0
At-Risk Weight from 6.5% to 8.0%—SGF	-	6.0	6.0
Normal Enrollment Increase—SGF	16.3	-	16.3
27 Mills to 23 Mills (\$20,000 residential exemption)—SGF	40.3	-	40.3
Previous Property Tax and MV Tax Reduction and Other Local Effort Replacement—SGF	63.7	-	63.7
Reduced Local Effort Remittance—SSDFF	(2.0)	-	(2.0)
Supplemental General State Aid (Local Option Budget)—SGF	6.6	-	6.6
Total—School Finance Formula	\$124.9	\$ 35.9	\$ 160.8
<b>Other Programs</b>			
Special Education—SGF	\$ -	\$ 12.1 <sup>(a)</sup>	\$ 12.1 <sup>(a)</sup>
Technology Education—BSF	-	10.0	10.0
KPERS—SGF <sup>(b)</sup>	6.7	0.3	7.0
Capital Improvements State Aid—SGF	2.5	-	2.5
Parent Education—SGF	-	1.9	1.9
Innovative Programs—SGF	1.5	-	1.5
Innovative Programs—EDIF	(1.5)	-	(1.5)
Adult Basic Education—SGF	0.02	-	0.02
Other Assistance—SGF (Kansas Cultural Heritage Center (\$10,000); Environmental Education (\$25,000); Foundation for Agriculture (\$25,000))	-	0.06	0.06
Total—Other Programs	\$ 9.2	\$ 24.4	\$ 33.6
<b>TOTAL</b>			
State General Fund	\$137.6	\$ 50.3	\$ 187.9
Other Funds	(3.5)	10.0	6.5
ALL FUNDS	\$134.1	\$ 60.3	\$ 194.4

- a) There is no statutory formula that drives the level of special education funding to be provided each year. The Governor commented that this increase would approximate 85 percent of the "excess costs" of providing special education services. Based on current calculations, for this school year special education excess cost funding is calculated to be 86.5 percent. Under the Governor's proposal for FY 1999 it would be 85.5 percent.
- b) This is not aid that goes directly to school districts. The state makes the employer contribution to KPERS on behalf of school employees. The amount shown in the enhancement column is identified with the Governor's proposed school finance program enhancements.

**Key:**

SGF = State General Fund  
SSDFF = State School District Finance Fund  
BSF = Budget Stabilization Fund  
EDIF = Economic Development Initiatives Fund