

Approved: 3-1-2000
Date

MINUTES OF THE SENATE EDUCATION COMMITTEE.

The meeting was called to order by Chairperson Senator Barbara Lawrence at 9:00 a.m. on February 17, 2000 in Room 123-S of the Capitol.

All members were present except: Senator Hensley - Excused

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

Conferees appearing before the committee: Senator Langworthy
Dale Dennis, Deputy Education Commissioner
Jim Yonally, Shawnee Mission Public Schools
John Koepke, Kansas Association of School Boards

Others attending: See Attached List (also representing Kansas National Education Association)

Chairperson Lawrence called the meeting to order and opened the hearing on: **SB 570 - local option budget; increasing the prescribed percentage** She called on Senator Langworthy to begin testimony on the bill. Senator Langworthy distributed two letters from a constituent urging the Senator and Governor to uphold the commitment to increase public education by \$50 per pupil this year and to activate the task force to address school finance reform. An editorial by Laura Scott entitled, "The right path for schools" was included. (Attachment 1) She introduced Majorie Kaplan, Superintendent of Schools, Shawnee Mission School District, who was present to answer any questions the committee might have.

Stating that she sensed there was small sympathy for the bill, the Senator stated that the bill was introduced to address the plight of school districts across the state and the dire needs facing the future of the educational system. She feels the school finance formula is failing the schools and is feeling more pessimistic about the future of education and lack of focus by the legislature on the most important responsibility it has - the education of its children. She shared the fact that over 200 of the 340 school districts in the state are declining in enrollment. Each committee member probably has a district that has experienced in the past or presently has declining enrollment. The seriousness of the problem needs to be addressed in the next year or so. Reasons for declining enrollment vary, and, as such, cannot be lumped into a single solution. She emphasized that something needs to be done with the school finance formula. Not all districts use their full local option budget authority, but most districts are relying on it more each year. Raising the LOB cap is using only a piece of the puzzle. Shawnee Mission is one of the schools that is experiencing declining enrollment and has used its full LOB authority for several years. It is the second largest school district in the state with over 30,000 students. She requested the bill be introduced, the Senator stated, because of multiple requests from patrons in the Shawnee Mission school district. She showed the committee the many pieces of correspondence she had received. She read from a letter and stated she has received many letters asking to raise taxes.

Senator Langworthy ended her testimony by challenging the committee to make the multiple changes necessary to fund education adequately, while addressing its varying needs. Allowing a district to help itself allows the state to fund those who can't help themselves. Johnson County provides 25% of the sales and income tax and yet the Shawnee Mission school District which has helped drive the growth of Johnson County will be strangled if no help appears.

Seeing no questions for the Senator, Chairperson Lawrence called on Jim Yonally, Shawnee Mission Schools, to present his testimony in favor of the bill. (Attachment 2) Mr. Yonally distributed testimony with a sheet that contained budget figures for the Shawnee Mission School District. He stated the concept of the bill is extremely simple, but the effect is very important. He went over the budget figures to let the committee know how the district stood in terms of the budget situation.

Mr. Yonally stated the bill has the potential for every school district in Kansas to increase its budget. The first objection likely to be heard is the loss of federal impact aid, which is currently about \$8 million. In the many years he has been at the capitol, he has not been aware that any impact aid has been lost.

CONTINUATION SHEET

MINUTES OF THE SENATE EDUCATION COMMITTEE, Room 123-S Statehouse, at 9:00 a.m. on February 17, 2000.

The second objection to the bill might be opposition on the grounds of the disruption of equal educational opportunity. Mr. Yonally stated the Supreme Court of Kansas made it clear in a 1994 decision that there is no constitutional requirement that the legislature provide an equal educational opportunity. The court did say that every child has the right to an adequate education. He believes the same court case didn't mean equal expenditures in every district. There is no description and no measure of equality of education across the state.

On the third objection, Mr. Yonally stated that the charge of the wealthier districts accessing the LOB and the poor not being able to do so is not true. The Wealthier districts get less assistance in funding the LOB; the poor districts get more assistance. The LOB is only equalized to the 75th percentile.

Mr. Yonally stated that the district thinks that budget decisions shouldn't be placed solely on the shoulders of state lawmakers. He hopes the argument will not be accepted that the bill's passage would somehow destroy equalization. Passage of the bill carries the potential that every district in the state can increase its budget.

As Mr. Yonally drew to the close of his testimony, he stated the bill might not be needed so badly if all districts would have started at the same stage in 1992, but every large district in the state had to access a sizable amount of local option budget just to maintain the same level of spending they had the year before. This was also true of a number of small schools. An 18% LOB had to be used in the district to stay where it was. If the district could have started with what is being spent now and then the limit was 25% above that for the future, it would have been a different story.

Mr. Yonally was asked what one mill would raise in his district. The reply was over \$1 million. The comment was made that one mill in Galena, Kansas would raise approximately \$6,000. His response was that Galena would probably get 85% to 90% state assistance; his district would get zero.

One of the committee questioned Mr. Yonally as to his opinion that the state wouldn't lose federal impact aid because it never had. It was commented that the state has just barely gotten by the provision that allows the 25% difference between the 5th and the 95th percentile. The reason the state has been getting by is because the law says 25% LOB and that is how the state manages to make it work. If the state goes to 30%, it will absolutely lose the federal impact aid, which would amount to \$8 million. To say the state wouldn't lose federal impact aid because it never has, does not address the issue. It is a virtual certainty that the federal impact aid would be lost.

The Chairperson brought to the committee's attention submitted testimony by g. Eugene Troehler, Chairman, State/Federal affairs Task Force, Overland Park Chamber of Commerce. ([Attachment 3](#))

Dale Dennis, Deputy Education Commissioner, brought information on federal impact to the committee and was asked by Chairperson Lawrence to explain the information ([Attachment 4](#)) Mr. Dennis explained that the federal law states that if the state wants to deduct between the 5th percentile and expenditure per pupil weighted and the 95th percentile, there cannot be more than 25% variation; beyond that, it cannot be deducted. The state could get the impact aid, but it could not be deducted in the computation of general state aid. This would cost the state approximately \$8 million dollars. The information prompted several comments from members of the committee.

The last conferee was John Koepke, Executive Director, Kansas Association of School Boards (also representing Kansas National Education Association). Mr. Koepke was appearing in opposition to the bill and submitted his testimony ([Attachment 5](#)) He stated that he agreed with the remarks Senator Langworthy made in that most of the problems faced by schools is because of the failure of the legislature to address the real concerns since the implementation of the school finance act in 1992 and its failure to keep up base budget funding and the rate of inflation. Mr. Koepke stated the answer is simple: increase the base budget, correlation weighting, funding for special education and expand the declining enrollment provisions that currently exists.

The Chairperson closed the hearing on **SB 570** and called for committee discussion. Several members asked to have clarifying information on several of the issues brought up by conferees. Staff was asked to have the information available for Monday's meeting. The meeting was adjourned.

SENATE EDUCATION COMMITTEE GUEST LIST

DATE: February 17, 2000

NAME	REPRESENTING
Tim Youally	USD # 512
Marjorie Kaplan	USD 512
Bill Truck	USA 512
Bernie Koch	Wichita Chamber
Nally Finney	USD 501
John Kiepke	KA 203
Candy Deaton	Budget
Chuck Bredahl	Adjutant General's Dept
Chip Wheelen	Osteopathic Assoc.
Ashley Sherard	O.P. Chamber of Commerce
Bella Scott	USA
Jacquie Dukes	SQE
HEVIN ROBERTSON	Ks Dental Assn.
Gary Robbins	Ks Opt Assn

February 8, 2000

The Honorable Audrey Langworthy
State Capitol Building, 1st Floor
Topeka, KS 66612

Dear Senator Langworthy:

I hope you enjoyed the message from our elementary school students who are looking to you and your colleagues to secure the \$50 per-pupil funding increase for the next fiscal year and help institute a revised, more equitable school finance formula. On behalf of our Westwood View families, we thank you and our other legislators for upholding the commitment to increase public education funding by \$50 per pupil this year.

As you know, however, we believe an equally critical issue is the need to rewrite the Kansas school finance formula to be more equitable and more effective to sustain quality education throughout the state. I was pleased to learn the Governor has appointed a task force to address school finance reform. Can you help to encourage him to activate the task force immediately to begin deliberating the best, most effective way to resolve the Kansas school funding nightmare?

I know you understand our issues and support our concerns. However, I am baffled by the failure of other legislators to see how effective funding for education has a positive effect on so many other areas the state is dealing with. Education belies everything. Every other funding issue you deal with today might, in the future, be solved without legislation if our children get the first rate education we are seeking today. Studies throughout the country have demonstrated a first class education is the best way to combat the growing prison problem and rising prison costs. And education is the most powerful economic development tool we have. Major employers agree, high quality schools and educators are the best incentive for meaningful sustained economic development. And in communities like Johnson County, high quality schools lure thousands of residents who are willing to pay considerably higher mortgages to get their children into nationally recognized school systems. If we cannot continue to fund the increasing costs of first class public schools, then I surmise Kansas has made the decision to withdraw from the economic development race as well.

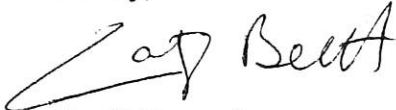
With this crisis in education funding looming, I was inspired (and a bit saddened) by the Missouri aristocrat in Ang Lee's Ride With The Devil who said, "Those Jayhawkers are going to win this war...because they built a school house first...before they even built a church, they built a school." This is the Kansas spirit of "education first" that has been our heritage since our free state status before and during the Civil War until 1992 when things went south. This is the spirit that brought my family and hundreds of others back to Kansas when our first child reached kindergarten age. This is the true Kansas spirit, one in which education rises above all priorities to sit at the very top. I have talked to voters in Wichita, Topeka, Overland Park and Hayes and all agree they cannot fathom a priority higher than first class quality public education for Kansas children. I am saddened and frustrated when I hear a more recent spirit questioning the value of increased funding to continue high quality education standards in Kansas. As our students wrote, first class public education is the number one thing we seek from our government, everything else is secondary.

We urge you, the Governor's task force, and all legislators to work toward crafting and instituting an equitable and effective formula—one that does not penalize a first class suburban district with nationally high test scores, but declining enrollment—one that will ensure all schools can be

Senate Education
2-17-2000
Attachment 1

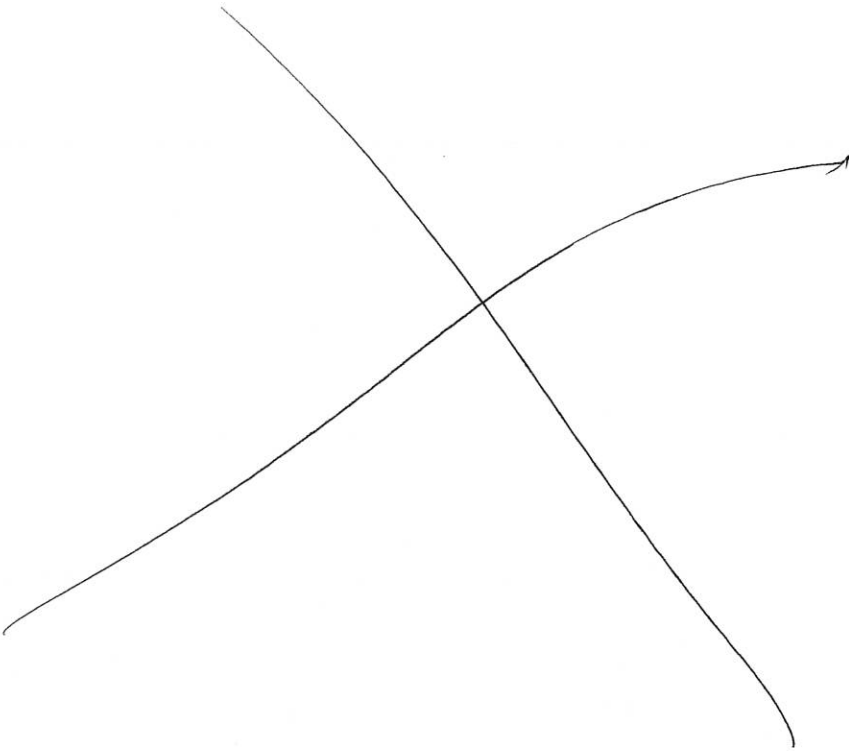
equally great instead of equally mediocre. Audrey, please let me know what our small but mighty Westwood View army can do to encourage the righting and rewriting of the school finance formula soon. We look forward to your support and conscientious leadership as you complete your term. Thank you for your consideration and for all that you have done to keep our schools and our community strong.

Sincerely,



Cathy K. Bennett

2801 W. 49th Ter
Westwood, KS 66205



February 7, 2000

The Honorable Bill Graves
Governor's Office, 2nd Floor
State Capitol Building
Topeka, KS 66612

Dear Governor Graves:

Today several members of the PTA of Westwood View Elementary School in your home neighborhood brought you a card asking for your support in finding the best and most sensible way to appropriate additional funds for public education in Kansas. We thank you and our legislators for upholding the commitment to increase public education funding by \$50 per pupil this year. We urge you and the Senate Ways and Means Committee to look everywhere to find the funds for the \$50 per pupil increase for the coming fiscal year.

However, we believe a more critical issue might be the need to rewrite the Kansas school finance formula to be more equitable and more effective to sustain quality education in this renowned education-first state. I was pleased to learn you have appointed a task force to address this issue and we urge you to activate this force immediately to begin deliberating the best and most effective way to resolve the Kansas school funding nightmare.

As you know, Kansas has a proud heritage as an education first state. I am reminded of the Missouri aristocrat in Ang Lee's Ride With The Devil who said, "Those Jayhawkers are going to win this war...because they built a school house first...before they even built a church, they built a school." This is the spirit my parents, Joan and Bob Bennett saw when they started their family in Kansas in 1950. This is the spirit that brought my family back to Kansas when our first child reached Kindergarten age. And there are countless hundreds of Johnson County families and Kansas families that tell the same story. This is the true Kansas spirit, one in which education rises above all priorities to sit at the very top. I have talked to voters in Wichita, Topeka, Overland Park and Hayes and all agree they cannot fathom a priority higher than first class quality public education for Kansas children. I am saddened and frustrated when I hear a more recent spirit saying Kansas education may have to go without the funding it needs to simply continue the high standards it has set, let alone funding to enhance and develop innovative new programming.

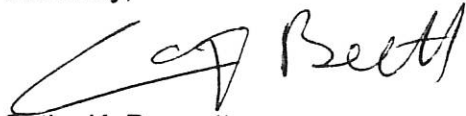
Please be the governor who stands up for education, who looks in every other budget for fiscal savings while fortifying funding for Kansas public schools. Education belies everything. Every other funding issue you deal with today might, in the future, be solved without legislation if our children get the first rate education they deserve today. Studies throughout the country have demonstrated first class education is the best way to combat the growing prison problem and rising prison costs. Our legislators speak of funding to support programs for the aging. While this issue is dear to the hearts of many, it is quality education that will enable us to handle the costs of an aging population more effectively in the future. And education is the most powerful economic development tool we have. Major employers agree, high quality schools, educators and education programs are the best incentive for meaningful sustained economic development.

With all this mind, we say please fix the school finance formula and fix it soon. Please put your task force to work crafting an equitable and effective formula—one that does not penalize a first class suburban district with nationally high test scores, but declining enrollment—one that will ensure all schools can be equally great instead of equally mediocre.

PAGE TWO
GOVERNOR GRAVES

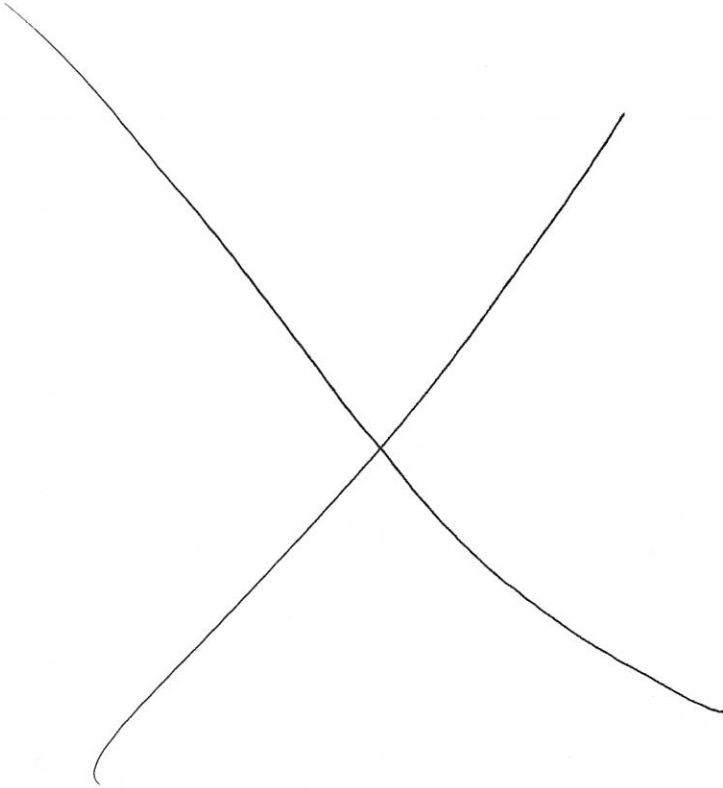
We look forward to your support and conscientious leadership throughout the remainder of your term. Thank you for your consideration.

Sincerely,



Cathy K. Bennett
2801 W. 49 Terrace
Westwood, KS 66205

cc: Senator Audrey Langworthy
Representative Al Lane



Date:

Thurs. 2-3-2000

() Topeka Capital Journal
 () Wichita Eagle
 Kansas City Star

() Hays Daily News
 () Hutchinson News
 () Iola Register

() Manhattan Mercu
 () Olathe Daily News
 () Parsons Sun

The right path for schools

In a recent sermon, my minister reminded the congregation of those "defining moments" in their lives — when a decision was made or a road taken that determined how things turned out for a long time afterward.

Defining moments can occur in political, as well as spiritual, life. For instance, they can occur on those rare occasions when enough legislators have the fortitude to ignore political pressures and do what is right.

For many reasons, this should be the year for another defining moment in how Kansas pays for schools. It is time for a dramatic change that will set education down the right path for years.

Unfortunately, it probably instead will be just another Band-Aid year. Lawmakers face election this year. They are looking at short-term fixes, not long-term, costly solutions. The best we can hope for is for more money for schools for another year or two.

Exacerbating the reluctance to be politically brave is the fact that there is no money to do anything meaningful — for schools or anything else. Any dramatic change in the way the state funds schools probably will take more money — lots of it.

Kansas lawmakers for several years went overboard in cutting taxes, including those dedicated to education. As a result, school budgets are drying up or will dry up in the next few years. A crisis already has affected some school districts.

In no place is this more acute than the big Shawnee Mission district, which has a reputation for excellence unlike any other in Kansas.

How absolutely ironic that this



LAURA
SCOTT

wealthy district, which sends millions to Topeka in revenue from its sales and income taxes, cannot afford to support schools to the extent that constituents would like. By the 2001-2002 school year, the district's reserve funds will be spent, and a \$6 million cut in the budget looms as an unfortunate result.

Citizens in Shawnee Mission are flooding their lawmakers and the governor with letters protesting the inadequate state support. They are holding rallies and inviting legislators to explain themselves.

What's the problem? The state Legislature in 1992 took most funding decisions away from the local school districts and their voters. Lawmakers created a statewide property tax levy to pay for schools. Then they began on a tax-cutting binge. And they eventually cut the property tax levy for schools nearly in half.

While funding from the property tax has been declining, state aid from other sources has not kept up with inflation — or need. State lawmakers have increased the basic per-pupil state aid to schools by only about \$170 since 1992.

Districts with declining enrollments, including Shawnee Mission, feel a greater pinch because they have fewer students than the previous year and, thus, get less per-pupil state aid.

The schools have been allowed to raise some taxes locally, if their voters approved, but the state put a lid on the amount. Shawnee Mission and many other school districts have reached the limit. They cannot raise taxes any more, yet their costs keep climbing.

Recently a Johnson County legis-

lator, Rep. Barbara Allen, gave legislators a reason to run for cover in this election year. She proposed a tax increase for schools. She wants to raise the statewide mill levy just slightly in order to raise \$20 million. Sen. Dick Bond, also of Johnson County, has called for a tax increase as well.

Even if legislators raise taxes for schools and stave off a disaster in Shawnee Mission and other schools for now, the decision would not represent a defining moment in the state's school finance history.

It would be another patch applied to the hole in the dike. And more patches will be required in the future, especially if the economy goes south.

The answer is for legislators to devise a completely new method of paying for schools. They could start by revisiting the old school foundation formula they discarded in 1992, when they passed the current law. They need to restore local control of funding decisions.

Legislators would have to agree to a plan that meets state constitutional requirements of equal educational opportunity for all Kansas children.

And the state would have to agree to meet its obligations to fund the plan sufficiently to accomplish that equal educational opportunity.

The latter part — the funding — is the sticky part. If the state had upheld its obligations to education in the first place, Shawnee Mission schools and others would not find themselves in this predicament.

Laura Scott is a member of the Editorial Board. Her column appears on alternate Thursdays. She may be reached by calling (816) 234-4452, or by e-mail at lascott@kcstar.com.

TESTIMONY BEFORE THE SENATE COMMITTEE ON EDUCATION
FEBRUARY 17, 2000

Presented by Dr. Jim Yonally, on behalf of Shawnee Mission Schools

Madam Chairman, and members of the committee, I want to thank you for the opportunity to appear before you today, and speak in support of SB 570, a bill extremely simple in its concept, but extremely important in its effect. Before I get into my formal testimony, I want to share some information with you about the current, and projected, budget situation in the Shawnee Mission District. (Separate information sheet)

You might say, "if you are declining in enrollment, can't you reduce your budget, since you have fewer children to educate?" We have been losing about 250 students per year, but with 56 schools, that's an average of less than 5 students per school. The reduction doesn't all come from the same school, or even the same area. Also, we average about 2,000 students per high school. Losing 20 to 30 students in one of those schools, which we sometimes do, wouldn't allow us to reduce staff, nor any other costs at all. We have already made drastic cuts in all services not directly related to children. The combination of small increases in state aid that have, consistently, been less than the rate of inflation, declining enrollment, and the projected loss of funding for special education, on a per unit basis, makes adequate funding for education an extreme challenge.

As I said, the concept of SB 570 is very simple, other than some clean-up language, it changes the maximum local option budget (LOB) from a maximum of 25% above the base budget, to 30% above the base.

Yet, as important as this bill is to every school district in the state, there will probably be those who will oppose its passage. The first objection you are likely to hear is that we will lose federal impact aid, currently about 8 million. I've been around this building for about 30 years, and I can't begin to tell you how many times I have heard, "If we do this we will lose federal aid" as it related to some proposal before the legislature. And yet, I am not aware that the state of Kansas has ever lost one dime of federal aid, for any program, because we passed, or failed to pass, some piece of legislation. Let's do what's right, and what is needed, and if we ever actually face the loss of federal funds, that will still be a lesser cost to the state than increasing the base state aid in this amount.

Secondly, there may be those who would oppose this bill on the grounds that it will disrupt the concept of "equal educational opportunity". First, the Supreme Court of Kansas made it clear in a 1994 decision that there is NO constitutional requirement that the legislature provide an "equal educational opportunity". What the court did say was that every child had the right to an adequate education. But "equal educational opportunity" has such a nice ring to it. It sounds like something that we should be for even if the courts don't require it. There's just one little problem, no one has been able to describe just what it means. I believe it was the same court case that said it didn't mean equal expenditures in every district. So what is an EQUAL education? Is it teachers of equal ability? Is it a curriculum of equal quality? Is it having the same number of computers, or library materials? Even if we could agree on some list of criteria on which

to measure quality, we would find that we have never had equal education across the state, or from building to building, or even from classroom to classroom.

Third, some may charge that, if we allow for an increase the LOB, the "wealthy districts will access the LOB, and the poor ones cannot". That claim, clearly, is not true. The use of the LOB is "equalized". That is, wealthier districts get less assistance in funding their LOB, whereas poor districts get more state assistance. The designers of this law decided that they should only equalize the LOB to the 75th percentile. I'm assuming that they felt it was equitable in 1992, and is still so today, because there has been no effort on their part to make any change in this provision in eight years.

One problem with being a proponent of a bill is that you, generally, have to "go first". You don't know who is going to be opposing a bill, or for what reason. However, in addition to the possible opposition listed above, let mention a few more, and what we believe your response should be. I'm sure, for example, that the "taxpayer" or "anti-tax" groups will be opposed to this bill as it lets local boards of education increase their district's spending without a vote of the people. If you think it's inappropriate for local boards to have that much authority and local control, then we would understand your opposition to this bill. If you don't agree, we believe you should support the bill.

Also, there are some people who believe that every dollar of educational spending should come from the state, with no local involvement, whatsoever. They are the people who have always opposed even the concept of an LOB. We believe, on the other hand, that educational funding should be a partnership between the local taxpayers and the state. We think local boards should have more control over the operation of their district, and that budget decisions shouldn't be placed solely on the shoulders of state lawmakers. Again, if you believe that funding for elementary and secondary education should be totally (or nearly so) a function of the state, with as little local decision-making authority and responsibility as possible, we would understand your opposition to this bill.

But the one possible argument which might be offered by opponents that I hope you will NOT accept is that passage of this bill will somehow destroy equalization. The truth is that passage of this bill carries the potential that every district in the state can increase its budget. Some may choose to increase more than others. HOWEVER, and it's important that we all be very, very clear on this point, no one should be in favor of "equalization" if it means that those at the "top" (whatever that is, and whoever they are) must stay where they are so we can "equalize" by bringing the others up to that level. Rather, we should be thinking how to make those at the top a "moving target", that all districts are trying to get to, and all districts should be trying to achieve a level of excellence for their children that is as good, or better than those they are "chasing". In other words, let those districts with the will to be excellent, do so, but also make it possible for others with an equal will, but perhaps lesser means, to be able to achieve the same excellence. The LOB is the only portion of this law that has that option.

I would be happy to stand for questions.

Shawnee Mission School District
Budget situation - FY '00 and FY '01

	FY '00 Original	FY '00 w/Reductions	FY '01 (est.)	
Enrollment (unweighted FTE)	30,110.8		29,860.0	
Enrollment decline provision (*)	226.3		250.8	
Other weightings (**)	3,104.6		3,047.2	
Total weighted enrollment	33,441.7		33,158.0	
Base state aid per pupil	\$ 3,770.		\$ 3,820.	\$ 3,807.
General Fund Authority	126,075,209.		126,663,560.	126,232,506.
Local Option Budget	31,518,802.		31,665,890.	31,558,126.
Total	\$ 157,594,011.		\$ 158,329,450.	\$ 157,790,632.
Increase		\$ 735,439.		\$ 196,621.

Effect of Special Education Reimbursement

Teachers	411.9	411.9	411.9 (!)
Paras (actual)	351.2	351.2	351.2
Total - FTE (units)	552.38	552.38	552.38

Rate per unit	\$ 20,000.	\$ 19,770.	\$ 19,081.
Total	11,047,600.	10,920,552.	10,539,962.

Difference ('00 to '01) from original '00	\$ (507,638)
Difference ('00 to '01) after reduction	\$ (380,590)

Net increase in total budget authority

Difference ('00 to '01) from original '00 - BSAPP @ \$3,820 = \$ 227,801 or 0.14%
 Difference ('00 to '01) after reduction - BSAPP @ \$3,820 = \$ 354,848 or 0.21%

Difference ('00 to '01) from original '00 - BSAPP @ \$3,807 = \$ (311,017) or (0.20%)
 Difference ('00 to '01) after reduction - BSAPP @ \$3,807 = \$ (183,969) or (0.12%)

(*) Enrollment FY '98 - 30,606.8; FY '99 - 30,293.7. Our best choice is the 3-year average which is 30,606.8 + 30,293.7 + 30,110.8 for a total of 91,011.3 or a three-year average of 30,337.1, or 226.3 above our actual enrollment of 3,110.8. However, in FY '01, the numbers are 30,293.7 + 30,110.8 + 29,860 for a total of 90,264.5, or a three-year average of 30,088.2 and we would be better off with the prior year's 30,110.8, or an increase of 250.8.

(**) As we lose enrollment, we naturally lose students in the various "weighted" categories, such as vocational, bilingual, at-risk, transportation and correlation. Biggest factor is going from 130 weighted students (for new facilities) to 87, and next year to 0.

(!) For the first time in recent history, we are not projecting an increase in special education personnel.



February 17, 2000

The Honorable Barbara Lawrence, Chair
Senate Education Committee
State House
Topeka, KS 66612

Dear Chairman Lawrence and Members of the Committee:

As chairman of the chamber's State/Federal Affairs Task Force, I am writing to express the chamber's support for SB 570, which would increase the maximum authorized local option budget percentage by 5%, from 25% to 30%.

Excellence in public education is an important issue for our chamber members. The business community is both a key financial supporter and consumer of education services, and we have always supported responsible investment in quality education to maintain the state's long-term economic health and skilled workforce.

We support SB 570 because it provides communities the opportunity to dedicate additional local resources toward maintaining and enhancing educational excellence in their local school districts. We strongly believe in the importance of affording individual communities flexibility to meet their own particular needs and desires. SB 570 provides an important step in enhancing this flexibility.

For these reasons, the chamber respectfully urges that you recommend SB 570 favorable for passage. Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "G. Eugene Troehler". The signature is written in a cursive style with a long horizontal stroke at the end.

G. Eugene Troehler
Chairman, State/Federal Affairs Task Force

Senate Education
2-17-2000
Attachment 3



February 17, 2000

TO: Senate Education Committee

FROM: Dale M. Dennis, Deputy
Commissioner of Education

SUBJECT: Deduction of Federal Impact Aid From General State Aid

Several years ago the Kansas Legislature spent a great deal of time trying to develop a wealth equalized state aid formula for public funding. An important issue at that time was how to treat the federal impact aid (P.L. 874) revenue received by local school districts in a way to provide equity for all school districts. At issue was how these federal funds should be treated in connection with the school finance formula. Should the funds be ignored with the result being, in effect, a windfall for the few districts receiving them or should they be viewed as a local resource which should be taken into account in determining state aid entitlement? The Legislature's decision was that systemwide equity would be better served by recognizing this money as a local school district resource--to the extent authorized by federal law. At that time, federal law did not accommodate such actions on the part of the state, but the law was amended to accommodate a state if it had a true equalization plan.

As a result, 75 percent of federal impact aid is considered as a local resource in the computation of general state aid under the Kansas school finance formula.. This excludes any federal funds received from federal impact aid that is designated for special education or other special purposes not applicable under state and federal laws.

The U. S. Office of Education rules and regulations include the general and supplemental general funds and the weighted enrollment in computing the operating expenditures per pupil. They require the state to sort the weighted operating expenditures per pupil low to high and count down to 5 percent of the enrollment from both ends of the expenditure per pupil printout. These two expenditure amounts at the 5th and 95th percentiles cannot exceed 25 percent.

If Kansas' weighted expenditures per pupil vary more than the provisions of federal law, you cannot deduct federal impact aid in the computation of general state aid. This would cost the state approximately \$8 million. If it is decided not to deduct the federal impact aid, it may cause problems in the area of equity in addition to the cost to the state. The federal law and rules and regulations cover these provisions.



TO: Senate Committee on Education
FROM: John Koepke, Executive Director, Kansas Association of School Boards
(Also representing Kansas National Education Association)
DATE: February 17, 2000
RE: Testimony on S.B. 570

Madam Chairman, Members of the Committee:

S.B. 570 would increase the maximum Local Option Budget from 25% to 30%. We appear today in opposition to this measure because we believe it would be step away from the state's constitutional obligation to provide suitable funding for all children in Kansas.

This measure is under consideration for one simple reason: the base budget per pupil has not kept up with school district costs and expectation. If the base had been adjusted for inflation since 1994, it would be over \$400 higher. If the base were keeping up with inflation it would be increasing \$95 this year, instead of \$50 or less. The only way districts have been able to maintain some level of reasonable budget growth has been to raise their local option budgets.

We understand that a growing number of districts have reached the 25% maximum LOB. These budgets of these districts will now be limited to base increases. But a number of districts still have no LOB. Due to the political sensitivity of the property tax, these and many other districts make limited use of the LOB. Although the state provides some financial assistance for local option budgets, the wealthiest districts can raise the revenue to finance the LOB at a lower mill rate. Increasing the LOB maximum will simply increase disparity in spending and in educational opportunity.

The real answer is simple: raise to base budget for all districts. Of course, we are told the state has not money and a tax increase is impossible, especially in an election year. But if S.B. 570 is to have any impact, it will also mean a tax increase. It simply shifts the responsibility to local school boards.

The state constitution gives the Legislature the responsibility for suitable funding for public schools. We urge you reject shifting that burden to local schools and vote for adequate funding for all districts and students.

Thank you for your consideration. I will be happy to answer any questions.

Senate Education
2-17-2000
Attachment 5