

MINUTES OF THE SENATE EDUCATION COMMITTEE.

The meeting was called to order by Chairperson Senator Dwayne Umbarger at 1:40 p.m. on February 17, 2003 in Room 123-S of the Capitol.

All members were present except: Senators Hensley and Downey (excused)

Committee staff present:

Kathie Sparks, Legislative Research
Theresa Kiernan, Revisor of Statues
Judy Steinlicht, Secretary

Conferees appearing before the committee: Fred Kauffman, USD 489, Hays
Emery Hart, USD 301, Utica
Bill Frick, USD 512, Shawnee Mission
Brad Stauffer, USD 501, Topeka
Bob Vancrum, USD 229, Blue Valley
John Koepke, KASB
Theresa Kiernan, Revisor of Statutes

Others attending: See Attached List

SB83–School districts; capital outlay fund; authorizing expenditures; duration of levy

Fred Kauffman, USD 489, Hays gave testimony in favor of **SB83** asking for greater flexibility in the use of capital outlay funds to help through a financially difficult time. ([Attachment 1](#))

Emery Hart, USD 301, Utica gave testimony in favor of **SB83** from his experience as a public school administrator, a school district board member and a taxpayer. **SB83** will help local school districts with budgeting problems without raising additional local taxes or additional state funding. Mr. Hart asked that districts be allowed to use capital outlay funds and/or general funds for utilities, building and facilities insurance payments and software purchases. ([Attachment 2](#))

Bill Frick, USD 512, Shawnee Mission gave testimony in favor of **SB83**. Due to the current financial situation of the district and the expectation of expenditures increasing, the district must find other revenue sources or make further program reductions. This bill will provide some means of satisfying the financial demands of the district on a short-term basis. ([Attachment 3](#))

Brad Stauffer, USB 501, Topeka testified in favor of **SB83** with reservations. This bill will give school districts some flexibility in managing budgets with limited resources. USD 501 believes a better solution is better funding of the Base State Aid Per Pupil. If BSAPP had received adequate funding in past years, consideration of this bill would not be necessary. ([Attachment 4](#))

Bob Vancrum, USD 229, Blue Valley School District, spoke in favor of **SB83** and **SB84**. **SB83** would permit expenditure of capital outlay funds for utility services and property insurance. **SB84** enacts a new local enrichment fund of up to five percent of the general fund budget which may be levied by those school districts that have maxed out on their LOB and desire to levy additional property tax locally to supplement their general fund spending. Blue Valley supports adequate funding of the current school finance formula and supports any additional power granted to the board to raise locally funds over and above those provided by the formula. ([Attachment 5](#))

John Koepke, Executive Director, KASB, spoke as an opponent of **SB83**. KASB understands the desire to allow school districts additional budget authority, but have concerns about the disqualifying effect of the Special Capital Outlay fund, since no state assistance is involved in the capital outlay levy. ([Attachment 6](#))

CONTINUATION SHEET

MINUTES OF THE SENATE EDUCATION COMMITTEE at 1:40 p.m. on February 17, 2003 in Room 123-S of the Capitol.

SB84–School districts; enrichment fund

Bill Frick, USD 512, Shawnee Mission urged support of **SB84** which will allow districts the ability to provide local funds to support the district through an enrichment fund. Their support is based on the current financial situation of the district. **SB84** will provide some means of satisfying the financial demands of the district on a short-term basis. (Attachment 7)

John Koepke, Executive Director, KASB spoke in opposition of **SB84**. KASB believes this is another inappropriate way of trying to extend school district budget authority. **SB84** has an inequitable effect by increasing the spread between the highest and lowest spending school districts. (Attachment 8)

SB55–School boards; meeting schedules

Theresa Kiernan gave a brief overview of **SB55**. This bill takes out confusing language regarding the requirement for school districts to set up, for the entire year, the time and day of the week for required monthly meeting dates.

Senator Vratil made a motion to recommend **SB55** favorable for passage. Seconded by Senator Schodorf. Motion carried.

Discussion followed on **SB5** and **SB7**. Theresa Kiernan is working on an amendment for **SB5** and the Committee is waiting for information on **SB7** from Dick Carter, Board of Regents on an amendment. The Committee will study concerns on **SB83** and **SB84** and hold final action in a few days.

Meeting adjourned at 2:28 p.m. The next meeting is scheduled for February 18, 2003 at 1:30 p.m. in Room 123-S.

SENATE EDUCATION COMMITTEE GUEST LIST

DATE - 2-17-03

<u>NAME</u>	<u>REPRESENTING</u>
Emery Hart	USD 301 Utica
Judy Hart	USD 291 Grinnell
Sheryl Spalding	USD 229 BLUE VALLEY
John W. Roeder	WASB
Bill Truck	USD 512 Shawnee Mission
Amy Kony	Clatsop District Schools
Fred Kaufman	489 Days
Paul Stuff	TPS
Henry Aft	USA - U.S.W. 50e
Billa Scott	USA
Dodie Wellshears Johnson	Patrick Hurley & Co.
Dorris Brant	Pratt, KS
Jim Brant	Pratt, KS
Laura Anderson	USD 512 Shawnee Mission
Ron Dover	Myself and my children
Nicole Romine	GBFA
Steve Johnson	Ks. Gas Service
Nirshu Pasa	Citizen

Testimony in Support of Senate Bill 83

February 17, 2003

**Fred Kaufman, Superintendent
Unified School District No. 489, Hays**

I am speaking on behalf of U.S.D. 489. Thank you for allowing me to present my ideas.

I am here because of a sharp concern about our financial situation.

We know that because of the \$27 per pupil reduction and because of our declining enrollment, our combined general fund and supplemental general will be \$466,000 less next year than the budget published for the current year.

We also know that because of increased numbers and decreased funding we will have to increase our special education transfer about \$400,000.

We anticipate that the U.S.D. 489 cost of staff health insurance will go up about \$200,000 and property insurance another \$45,000.

We have been at the top of our local option budget since 1993 and have nowhere to go.

If indeed it is impossible for the state to increase funding through the formula we request that you allow us to take care of ourselves by allowing greater flexibility in the use of capital outlay funds.

I am not requesting additional funding. All I ask is greater flexibility in the use of currently collected funds to help us through a difficult time. Please support Senate Bill 83.

Thank you for your consideration.

*Senate Education
2-17-03
Attachment 1*

Testimony by Emery L. Hart regarding Senate Bill # 83
Committee on Education
February 17, 2003

Mr. Chairman and Committee Members:

I would like to thank you for giving me some of your time to express my opinions on Senate Bill # 83. First, I would like to tell you a little bit about my background and experience as it pertains to the matter before you.

1. I have been an educator for the past thirty-six years, thirty-one of which I have served as an administrator, both as a principal and a superintendent of schools. During that time I have seen many ups-and-downs in education.

a. In 1968, when I was a teacher and administrative assistant, the Webster Elementary School was closed due to declining enrollment and tight finances, and the students were moved into Stockton on the second day of classes. It was difficult adjustment for the students and staff and my first exposure to this problem of inadequate funding to maintain a school.

b. Two years ago, I was the Superintendent of USD # 280 West Graham-Morland where I served for seven years in that position. Once again, due to declining enrollment and lack of funds, we disorganized the district. This time it not only affected the students and staff, it affected an entire community.

c. While serving as the Superintendent of USD # 280, I also began serving as the part-time Superintendent of USD # 301, NesTreLeGo at Utica. Since the closing of USD #280, I am still the Superintendent at Utica. Time is running out for us there. Like almost every district in western Kansas, we lack students and therefore, adequate funding to operate.

2. I serve as a member of the Board of Education of USD 291, Grinnell Public Schools, where I live and served as Superintendent for 13 years.

3. I am a concerned citizen of Kansas and a supporter of public education.

Therefore, I come before you as a citizen with three different perspectives on the matter at hand: a public school administrator, a school district board member, and a tax-payer patron. It is from these points of view that I feel that I can understand the difficult job you have before you in finding fair and equitable ways to finance public education in Kansas during these difficult economic times.

Senate Bill # 83 is a Bill that can most definitely help local school districts with budgeting problems without raising additional local taxes or additional

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state funding. What I am asking on behalf of the school districts in Kansas, not matter the size because we would all benefit, is to give us the leeway to use our capital outlay funds already in existence in additional ways, which directly tie with the existing uses of that fund. As you know, at this time capital outlay funds can be used only for buildings, their upkeep and improvement, and hardware or other like purchases. What we are proposing is the following:

1. We be allowed the flexibility to take our utilities payments out of the capital outlay funds and/or the general fund budget. This makes sense because utilities are essential for running the physical plant and are compatible expenses.
2. We be allowed the flexibility to take our building and facilities insurance payments out of capital outlay funds and/or the general fund budget. This again is an expense directly related to the physical plant because in the event of a catastrophe, the insurance funds would be used to replace or repair the facilities that were insured with these funds.
3. We be allowed the flexibility to take our software purchases out of the capital outlay fund and/or the general fund budget. The logic here is that you can't operate the computer hardware purchased with capital outlay funds without software. Therefore, these are compatible line items and should come from the same source of revenue.

We are not proposing that you allow an increase in the capital outlay mill levy, only that the allowable expenditures in the three above areas be added to existing expenditures from this fund. If these three line items could be moved from the general fund budgets of districts, the money freed up could be used to supplement line items like teacher salaries and staff wages. This would allow local boards of education the opportunity to evaluate district needs and use their funds accordingly. Thus, without raising any new taxes, money already collected by a district could be used more efficiently without depleting the necessary capital outlay funds as they were originally intended. The issue of fairness is one that is being debated at this time. I ask you, was the capital outlay mill levy ever fair or equal? Of course, it wasn't. Any time funds are collected at the local level based on local evaluation, there will be inequalities. Nevertheless, the key is these are local funds, locally raised. I truly believe this could be a benefit to budget-strapped school districts and it would be a partial, creative solution to a very real problem in Kansas. Together we can make a difference.



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Educating for Life

Testimony in Support of SB83 – Senate Education Committee on February 17, 2003

The Shawnee Mission School District supports SB83. This bill allows school districts the opportunity to take utility costs and the premium for certain lines of insurance out of the capital outlay fund. Our support of this measure is based upon the current financial situation of the district. Over the last two years, the district has reduced programs by \$15.5 million. Even if the base amount per pupil remains at \$3,863 next year, district revenue is expected to decrease another \$3.1 million next year. At the same time, expenditures will increase. In the case of medical insurance, we will probably see double digit increases. It is unlikely that the state will have funds to increase the base. This will leave districts with two options: find other revenue sources or make further program reductions.

During a recent board meeting regarding the district's budget, over 500 people attended. They were angry that the current finance formula would be implemented in a way that would cause large annual reductions in the programs that they support. Hopefully a long-term answer can be found to this problem. Until that time, districts are desperately in need of additional revenues. This bill would give districts the ability to shift some expenditures to the capital outlay fund.

While some may argue that this is not the ideal way of raising funds, it does at least provide some means of satisfying the financial demands of the district on a short-term basis. We urge you to support this bill.

Bill Frick, Associate Superintendent – Shawnee Mission School District

An affirmative action equal opportunity employer

*Senate Education
2-17-03
Attachment 3*

Testimony on SB 83
Senate Education Committee
Hon. Dwayne Umbarger, Chair
By Brad Stauffer
Topeka Public Schools



February 17, 2003

Thank you Mr. Chair, Members of the Committee,

Good afternoon. Senate Bill 83 is one we support with mixed emotions. I speak in support today because of the flexibility it provides school districts as we try to manage our budgets with limited resources.

The capital outlay fund has traditionally been reserved for major maintenance and capital improvements to our schools. In recent years our district has shifted some maintenance salaries to capital outlay and have found that helpful in freeing up general fund dollars for instructional purposes.

Giving districts the option to pay utilities, insurance and other expenses from this fund will provide boards of education some additional discretion in funding educational programs. With the current prospects for increased K-12 funding, this flexibility would be an important consideration for our Board in finalizing the 2004 budget.

The only reservation we have in moving this direction is that we believe the real solution is better funding of the Base State Aid Per Pupil. If BSAPP were receiving adequate yearly progress, to coin a phrase, we probably wouldn't need to consider this proposal. This option may not provide significant help to districts with low assessed valuation, but because it provides our district additional options in meeting the needs of our students, we stand in support.

Thank you for your time and attention. I'd be happy to answer your questions.

**TESTIMONY BEFORE THE
SENATE EDUCATION COMMITTEE
IN SUPPORT OF SENATE BILLS 83 AND 84
FEBRUARY 17, 2003
BY BOB VANCNUM, BLUE VALLEY SCHOOL DISTRICT USD 229
GOVERNMENT AFFAIRS SPECIALIST**

Honorable Chairman and Members of the Committee:

I am certain it comes as no surprise that I rise in support of Senate Bills 83 and 84. Senate Bill 83 would permit expenditure of capital outlay funds for utility services and property casualty and liability insurance. Senate Bill 84 enacts a new local enrichment fund of up to five percent of the general fund budget which may be levied by those school districts that have maxed out on their LOB and desire to levy additional property tax locally to supplement their general fund spending.

The Blue Valley School Board has adopted legislative positions that direct me to first support adequate funding of the current school finance formula through increases in base state aid per pupil, but secondly, support any additional power granted to the board to raise locally funds over and above those provided by the formula.

This committee has heard from the State Board of Education and the various state associations that since the current school finance formula was enacted in fiscal year 1993, state aid per pupil has only increased at about half the rate of inflation, and in fact has lagged behind the growth in Kansas personal income. Because of the current financial crisis, the Governor's proposed budget for 2004 provides no increase in base budget per pupil, no increase in special education funding and in short, no relief for teacher salaries that are approximately 40th in the nation, let alone the galloping cost of health insurance.

The plain fact is we have a school finance system that is broken and the state apparently lacks the means to adequately fund school districts across the state of Kansas, and the will to raise taxes necessary to do so. This issue is compounded in a district that for over a decade has grown by more students than the average Kansas school district's total enrollment. It's also compounded because we are one of the relatively high cost of living communities that must compete in teacher salaries with better funded school districts in Missouri.

What are the objections to allowing school districts to supplement their own budget? I've heard in these halls that it is unconstitutional to have a disequalized system. No judge has so ruled in a case properly before them in Kansas. Secondly, it's argued that such a system will cause us to lose some \$9 million in federal impact aid. I seriously doubt these bills would do so.

Lastly, I've heard statements that come very close to saying it is not fair to allow school districts who have relatively high assessed property valuation and supportive

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patrons to raise dollars to spend on education which other districts cannot or will not raise. Sometimes this is coupled with the statement that if local budgetary control would be restored, Johnson County legislators would never again support statewide increases in funding. I even heard a state representative on the House Education committee assert that what Johnson County really wanted was the quality of a private education system in a public education setting. Well, what is wrong with that?

With all due respect, this argument sounds both extremely parochial and inconsistent with the facts. In my 23 years of experience in this building, Johnson County legislators have consistently been among the strongest supporters of public education. Our citizens are well aware that we contribute more in state taxes than is returned to Johnson County and probably in an amount approaching two to one. Yet, we have consistently asked our legislators to support more funding for base state aid per pupil, because there is a shared knowledge in our community that excellence in public education has been the major factor in growth in job development, wealth and population growth in our county. One of our greatest fears is that this excellence in education cannot be maintained under existing school finance laws.

Certainly we would all prefer an annual increase in funding of base state aid that at least keeps pace with the CPI but it's clear that's unlikely this year and next. The plain fact is that it may be everything the state can do to pass a tax increase just to maintain the status quo. Our patrons are saying very clearly that the current state-permitted budget is not good enough. That is why passage this year of Senate Bill 83 and 84 is so vitally important. Mr. Chairman, I'll be happy to stand for questions.

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

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Testimony on SB 83
before the
Senate Education Committee
by
John W. Koepke, Executive Director
Kansas Association of School Boards

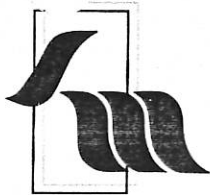
February 17, 2003

Mr. Chairman and members of the Committee, we appreciate the opportunity to appear before you on behalf of the member boards of education of the Kansas Association of School Boards with regard to Senate Bill 83. This bill would have the effect of expanding the use of funds generated by the Special Capital Outlay levy which local school districts are authorized to levy. It would also make it somewhat easier to adopt such a levy.

While we fully understand the desire to allow school districts additional budget authority, we do not believe this is an appropriate way to reach that goal. We have always had concerns about the disequalizing effect of the Special Capital Outlay fund, since no state assistance is involved in the capital outlay levy. Districts with high property wealth per pupil can obviously raise money for this fund much more easily than districts with lesser property wealth. Unless a state assistance program for this levy is instituted in a similar manner to that provided for the bond and interest levy, we must oppose this measure.

Thank you for the opportunity to express our views on this matter and I would be pleased to answer any questions.

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Attachment 6



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Educating for Life

Testimony in Support of SB84 – Senate Education Committee on February 17, 2003

The Shawnee Mission School District supports SB84. This bill allows districts the ability to provide local funds (up to 5% of general fund budget) to support the district through an enrichment fund. Our support of this measure is based upon the current financial situation of the district. Over the last two years, the district has reduced programs by \$15.5 million. Even if the base amount per pupil remains at \$3,863 next year, district revenue is expected to decrease another \$3.1 million next year. At the same time, expenditures will increase. In the case of medical insurance, we will probably see double digit increases. It is unlikely that the state will have funds to increase the base. This will leave districts with two options: find other revenue sources or make further program reductions.

During a recent board meeting regarding the district's budget, over 500 people attended. They were angry that the current finance formula would be implemented in a way that would cause large annual reductions in the programs that they support. Hopefully a long-term answer can be found to this problem. Until that time, districts are desperately in need of additional revenues. This bill would give districts the ability to shift some expenditures to the enhancement fund.

While some may argue that this is not the ideal way of raising funds, it does at least provide some means of satisfying the financial demands of the district on a short-term basis. We urge you to support this bill.

Bill Frick, Associate Superintendent – Shawnee Mission School District

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Attachment 7

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Testimony on SB 84
before the
Senate Education Committee
by
John W. Koepke, Executive Director
Kansas Association of School Boards

February 17, 2003

Mr. Chairman and members of the Committee, we appreciate the opportunity to appear before you on behalf of the member Boards of Education with regard to Senate Bill 84. Senate Bill 84 is a measure that seeks to extend the local option budget authority of local school districts by 5%, funded solely by a local mill levy. We believe this is another inappropriate way of trying to extend school district budget authority.

It has an inequitable effect by increasing the spread between the highest and lowest spending school districts from the present 25% to 30%. It further exacerbates this inequity by funding this increase with an inequitable tax source. As we testified earlier on Senate Bill 83, property tax resources for school funding can only be used equitably in school funding if lower property wealth districts receive state assistance in the manner provided in the supplemental general fund. Therefore, we must also oppose this measure.

Thank you for the opportunity to express our views on this matter, and I would be happy to stand for any questions.

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Attachment B