

MINUTES OF THE HOUSE EDUCATION COMMITTEE

The meeting was called to order by Chairperson Kathe Decker at 9:00 a.m. on February 17 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks Legislative Research Department
Art Griggs, Office of the Revisor of Statues
Ann Deitcher, Secretary

Conferees appearing before the committee:

Mark Tallman, KASB & KNEA
Diane Gjerstad, Wichita School District
Dr. Stuart Little
Tim Rooney

Hearings were continued on :

HB 2481 - relating to school districts; concerning local option budgets.

HB 2630 - relating to education; concerning local option budgets.

HB 2837 - concerning school districts with less than 100 pupils.

Offering testimony in opposition to **HB 2481, 2630 and 2837** was Mark Tallman. (Attachments 1 and 2).

Diane Gjerstad spoke as an opponent to **HB 2481, 2630 and 2837**. (Attachment 3).

The hearing on **HB 2481, 2630 and 2837** was closed.

HB 2807 - concerning school finance formula.

Dr. Little spoke briefly in explanation of **HB 2807**.

Written only testimony in support of **HB 2807** was offered from Tom Trigg, Deputy Superintendent Blue Valley Schools. (Attachment 4).

Tim Rooney offered testimony in support of **HB 2807** with a power point presentation that explained the KEY Plan Works. (Attachments 5 and 6).

The meeting adjourned at 10:45. The next meeting is scheduled for Wednesday, February 18, 2004.



Testimony on
HB 2481– Local Option Budgets
HB 2630 - Local Option Budgets
HB 2837 - Districts less than 100 Pupil

Before the
House Committee on Education

By Mark Tallman, Assistant Executive Director/Advocacy
February 16, 2004

Summary of Bills:

HB 2481 (Rep. Carter) A district at 25 percent LOB would be allowed to increase that by any amount, and could keep only half of that additional amount (local property taxes and the state aid, if any). The other half would be returned to the state, the state aid part removed, and the remaining funds would be redistributed to districts performing at the median or below on state assessments in reading or mathematics.

HB 2630 (Rep. Merrick, *et al.*) Would raise the maximum LOB from 25 percent to 30 percent.

HB 2837 (Rep. Patterson, *et al.*) – Would require the board of education of a district that has fallen below 100 FTE to submit to the State Board, a plan for the transfer of the district's territory to another district. This plan would also include other technical details affecting the end of the district as a separate entity. The bill would also allow certain other districts to qualify for a new "cost of living" weighting for the purpose of enhancing teacher salaries and depending upon the cost of single family residences in those districts.

Madam Chair, Members of the Committee:

With the chair's permission, I have combined my testimony on these three bills into a single statement, both in the interest of time and because these bills are somewhat similar. These bills offer the first opportunity for this committee to examine the issue of school finance this session.

At this point in the legislative session, it seems to us there are three general perspectives on education funding in Kansas. The first perspective, which we believe, is that the state needs to significantly increase the amount funding for public education, not because our schools are bad, but to keep them strong and make them better. Base state funding for operating budgets has not keep up with rising costs, new mandates and increased requirements and educational goals. This has forced district to turn to "local" funding sources to make up the difference: local option budgets, local sales taxes, more of capital outlay levies, higher students fees, exclusive vendor contracts, etc. However, local revenues are dramatically unequal. These devices perpetuate significant

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inequities in both educational quality and, even more important, academic results. Kansas, like all states, faces a significant "achievement gap" between the middle class "majority" population and student in poverty, some minority groups, students with disabilities, and new immigrants to our state and nation. Yet these "at risk" students are the fastest growing part of the our population; they are our future. The Augenblick and Myers suitable cost study, which was commissioned by the Legislature, presented recommendations on how address these problems. The issues are the basis of Judge Bullock's finding that the school finance system is unconstitutional. (Whatever the Legislature or Supreme Court may think about Judge Bullock's conclusion of law, I believe the facts stated above truly cannot be refuted.) To call for significant increase in education funding means supporting a tax increase. The governor has presented a proposal that would make a significant step toward addressing these issues, but we believe it will take more than the governor has proposed to truly solve the problem.

The second major perspective, which has been expressed by the Kansas Chamber of Commerce and Industry and some other groups, is that, while education is important, the state cannot afford to spend any more on our school system, because that would require raising taxes and the most important thing for the state's economy is to "lower the cost of doing business." Many legislators have also expressed opposition to any kind of tax increase.

The third perspective, represented by the bills before you today, is that while STATE taxes and educational funding should not or will not be increased, local school districts should individually be able to raise more taxes to spend locally. KASB believes that school districts should be able to enhance their budgets beyond that base budget provided by the state, provided that all districts can exercise the same level of discretion with the same tax effort, but we do not believe the authority is should be unlimited. Given the current facts of school finance outlined above, we think the authority has already been stretched to limit.

These three perspectives are not necessarily exclusive. It is certainly possible to support - and vote for - both more state funding for all schools AND more local authority; although we believe that if the state was funding education appropriately, school districts would not need more local funding. However, we do not understand a position that raising STATE taxes to support education for ALL children will hurt the economy, but raising LOCAL taxes to help SOME children is appropriate.

All three of these bills must share at least at least two presumptions. First, that money DOES matter in education quality. If spending more makes no difference, why should the state change the law to allow districts to spend more, especially if many legislators are also opposed to tax increases? Second, the amount of money provided through the general state base funding is not adequate, even with a 25 percent local option budget. We agree with both of those presumptions. We disagree that these bills are the best way to address the school funding issue.

First, we believe that every citizen of Kansas has an equal obligation to provide a suitable education to every child in Kansas, not just the children of your own school district. We believe that is what the Kansas Constitution requires. Furthermore, the Legislature and Kansas State Board of Education (and for that matter, the Federal government through the No Child Left Behind Act) have defined high academic standards, assessment and performance from all students, regardless of their district. Our state policy is not, and should not be, to have islands of excellent schools surrounded by mediocre or failing schools.

However, the more the state relies on local funding, the harder it will be to provide excellence across the state. For example, assessed valuation per capita ranges by county from a high of \$53,107 to a low of \$3,980. Even if the state attempts to equalize the difference (and the current LOB is only equalized to the 75th percentile), average mill levies per county range from 165 mills to 66 mills. Some counties with high mill levies (due to low valuation) are also the poorest into terms of personal income. It will always be much more difficult to raise property tax levies in poor counties than in wealthier ones, not because they love their children or value education less, but because it takes a much greater tax effort.

HB 2481 address this problem by allowing districts to exceed the 25 percent, but return half of the additional amount raised to assist districts with low test scores. This is an admirable attempt to assist those districts whose students are struggling academically – and seems to recognize that helping those students will take more resources and these students live in districts that will find it harder to increase the LOB. But if those facts are true, we believe it is the state’s obligation to provide those resources, not require students to “wait and see” if enough districts will exceed the 25 percent cap to provide the necessary funding.

HB 2360, which simply raises the LOB limit from 25 percent to 30 percent, would allow current school funding trends to continue. Let’s consider those trends.

Since the school finance act was created in 1992, the base budget per pupil has lost \$841 compared to inflation (in other words, if the base has been adjusted at the rate inflation, it would have been \$4,704 instead of \$3,863). So if base state aid had merely matched inflation, school districts would be receiving an additional \$488.6 million in base state aid (incidentally, that is about half of the amount recommended by Augenblick and Myers and cited by Judge Bullock). Why didn’t the base budget keep up with inflation? Because beginning in 1996, the Legislature began reducing the statewide mill levy, first from motor vehicles, then by lower the rate and creating a residential exemption. The lost revenue to school districts from these reductions this year is \$505 million – over half a billion dollars the state had to replace.

Was cutting property taxes more important than increasing school support? It really doesn’t matter, because in most cases, property taxes for education were not reduced for long. Since 1992, Local Option Budgets increased from about \$97 million to about \$564 million this year, an increase of about \$ 468 million, - almost exactly what was required to make up the loss due to inflation, and close to what the Legislature cut in property taxes. What the state gave in property tax relief, local school districts had to take back – not for extravagant new spending, but simply to keep up with rising costs. Instead of raising revenue through a statewide levy – uniform in all districts – schools have had to rely on the LOB, which is less expensive for the wealthiest districts, and therefore more expensive for poor districts.

Some might argue that if the statewide mill levy would have not been cut, school boards would have raised their LOB just as much. The evidence doesn’t suggest that, but if that is a concern, then it makes no sense to pass these bills and give districts more authority to raise local taxes.

Finally, let me address the two components of **HB 2837**. We do not support requiring districts to be dissolved if their enrollment drops below 100 students. In fact, we believe most such districts will consolidate or disorganize on their own. Three pairs of very small districts have already done so in recent years; a number of others are in the process. We believe it is better to let this happen locally, rather than imposing a state mandate. Regarding the proposed new weighting based on high costs of housing: if there really is a need for such a weighting, it should be part of the regular school finance formula, not based on local funding. We would remind the committee that the Augenblick and Myers study called for just such a regional cost of living adjustment.

In conclusion, we believe that each of these proposals falls far short of what the Kansas school system needs. Any plan that tries to rely on local funding for education is bound to leave many children behind. The question is: what kind of state do we want? We do not believe Kansas can or should compete by being the cheapest place to do business. Our strength is in our education system. We can and should compete by having the smartest, best educated people. That will take a greater investment in our schools. Like any investment, that means a little less money in our pockets now. But the long-term results of that investment will be worth it.

Thank you for your consideration.

2002 Value and Tax per Capita

| County | 2000 Population | ASSESSED VALUE | | | | PROPERTY TAXES LEVIED | | | | COUNTYWIDE AVERAGE MILL LEVY | | |
|------------|--------------------|----------------|----------------|---------------|----------------|-----------------------|----------------|---------------|----------------|------------------------------|----------------|------------|
| | | Assessed Value | Rank | Per Capita | Rank | Tax Levied | Rank | Per Capita | Rank | Mill Levy | Rank | County |
| | | | High to Low | | High to Low | | High to Low | | High to Low | | High to Low | |
| Wyandotte | 157,882 | 885,922,653 | 4 | 5,611 | 90 | \$146,394,556 | 4 | 927 | 65 | .165245 | 1 | Wyandotte |
| Harper | 6,536 | 49,939,797 | 72 | 7,641 | 56 | \$8,087,857 | 54 | 1,237 | 37 | .161952 | 2 | Harper |
| Ford | 32,458 | 201,495,200 | 21 | 6,208 | 80 | \$31,477,446 | 12 | 970 | 60 | .156219 | 3 | Ford |
| Lincoln | 3,578 | 29,442,993 | 98 | 8,229 | 46 | \$4,577,563 | 84 | 1,279 | 32 | .155472 | 4 | Lincoln |
| Rooks | 5,685 | 38,959,930 | 80 | 6,853 | 71 | \$6,012,175 | 76 | 1,058 | 48 | .154317 | 5 | Rooks |
| Neosho | 16,997 | 77,740,394 | 46 | 4,574 | 103 | \$11,889,644 | 40 | 700 | 93 | .152940 | 6 | Neosho |
| Russell | 7,370 | 55,429,756 | 64 | 7,521 | 57 | \$8,429,994 | 51 | 1,144 | 42 | .152084 | 7 | Russell |
| Clark | 2,390 | 31,322,243 | 93 | 13,106 | 17 | \$4,758,873 | 83 | 1,991 | 13 | .151933 | 8 | Clark |
| Pratt | 9,647 | 78,983,244 | 45 | 8,187 | 47 | \$11,960,034 | 39 | 1,240 | 36 | .151425 | 9 | Pratt |
| Hodgeman | 2,085 | 23,361,524 | 103 | 11,205 | 25 | \$3,524,676 | 99 | 1,690 | 16 | .150875 | 10 | Hodgeman |
| Cloud | 10,268 | 63,579,267 | 55 | 6,192 | 83 | \$9,545,042 | 48 | 930 | 64 | .150128 | 11 | Cloud |
| Barton | 28,205 | 160,253,525 | 27 | 5,682 | 88 | \$24,040,085 | 21 | 852 | 75 | .150013 | 12 | Barton |
| Pawnee | 7,233 | 50,889,842 | 70 | 7,036 | 67 | \$7,628,902 | 60 | 1,055 | 51 | .149910 | 13 | Pawnee |
| Stafford | 4,789 | 50,411,679 | 71 | 10,527 | 29 | \$7,471,624 | 64 | 1,560 | 18 | .148212 | 14 | Stafford |
| Sumner | 25,946 | 144,875,843 | 31 | 5,584 | 91 | \$21,408,435 | 25 | 825 | 80 | .147771 | 15 | Sumner |
| Montgomery | 36,252 | 192,975,303 | 26 | 5,323 | 96 | \$28,443,459 | 15 | 785 | 82 | .147394 | 16 | Montgomery |
| Ellsworth | 6,525 | 46,826,291 | 75 | 7,176 | 65 | \$6,894,148 | 69 | 1,057 | 50 | .147228 | 17 | Ellsworth |
| Rice | 10,761 | 86,180,778 | 43 | 8,009 | 51 | \$12,670,110 | 36 | 1,177 | 39 | .147018 | 18 | Rice |
| Republic | 5,835 | 46,563,371 | 76 | 7,980 | 52 | \$6,757,933 | 70 | 1,158 | 40 | .145134 | 19 | Republic |
| Rush | 3,551 | 31,408,177 | 92 | 8,845 | 40 | \$4,539,482 | 85 | 1,278 | 33 | .144532 | 20 | Rush |
| Graham | 2,946 | 26,960,663 | 100 | 9,152 | 36 | \$3,877,380 | 96 | 1,316 | 30 | .143816 | 21 | Graham |
| Osborne | 4,452 | 30,967,528 | 95 | 6,956 | 69 | \$4,405,540 | 86 | 990 | 58 | .142263 | 22 | Osborne |
| Lane | 2,155 | 24,600,216 | 102 | 11,415 | 22 | \$3,483,170 | 100 | 1,616 | 17 | .141591 | 23 | Lane |
| Rawlins | 2,966 | 30,621,661 | 97 | 10,324 | 31 | \$4,258,225 | 89 | 1,436 | 23 | .139059 | 24 | Rawlins |
| Washington | 6,483 | 52,410,795 | 67 | 8,084 | 49 | \$7,280,525 | 66 | 1,123 | 44 | .138913 | 25 | Washington |
| Bourbon | 15,379 | 74,655,674 | 48 | 4,854 | 101 | \$10,347,768 | 44 | 673 | 96 | .138607 | 26 | Bourbon |
| Labette | 22,835 | 104,298,906 | 37 | 4,568 | 104 | \$14,450,635 | 31 | 633 | 101 | .138550 | 27 | Labette |
| Phillips | 6,001 | 43,461,124 | 77 | 7,242 | 63 | \$6,021,108 | 75 | 1,003 | 55 | .138540 | 28 | Phillips |
| Smith | 4,536 | 35,667,964 | 83 | 7,863 | 54 | \$4,940,702 | 82 | 1,089 | 47 | .138519 | 29 | Smith |
| Greenwood | 7,673 | 53,866,029 | 66 | 7,020 | 68 | \$7,429,284 | 65 | 968 | 61 | .137922 | 30 | Greenwood |

SORT

House Education Committee
 Date: 2/16/04
 Attachment # 2-1

2002 Value and Tax per Capita

Handwritten initials

SORT

| County | 2000 Population | ASSESSED VALUE | | | PROPERTY TAXES LEVIED | | | COUNTYWIDE AVERAGE MILL LEVY | | | | |
|------------|-----------------|----------------|------------------|------------|-----------------------|---------------|------------------|------------------------------|------------------|-----------|------------------|------------|
| | | Assessed Value | Rank High to Low | Per Capita | Rank High to Low | Tax Levied | Rank High to Low | Per Capita | Rank High to Low | Mill Levy | Rank High to Low | County |
| Reno | 64,790 | 421,009,348 | 8 | 6,498 | 77 | \$57,254,543 | 6 | 884 | 69 | .135994 | 31 | Reno |
| Butler | 59,482 | 369,188,909 | 11 | 6,207 | 81 | \$50,115,396 | 7 | 843 | 79 | .135745 | 32 | Butler |
| Logan | 3,046 | 31,118,535 | 94 | 10,216 | 32 | \$4,198,999 | 92 | 1,379 | 28 | .134936 | 33 | Logan |
| Cowley | 36,291 | 199,846,944 | 23 | 5,507 | 93 | \$26,846,080 | 17 | 740 | 89 | .134333 | 34 | Cowley |
| Barber | 5,307 | 56,129,111 | 63 | 10,576 | 28 | \$7,521,194 | 62 | 1,417 | 25 | .133998 | 35 | Barber |
| Geary | 27,947 | 111,232,061 | 36 | 3,980 | 105 | \$14,900,574 | 30 | 533 | 105 | .133959 | 36 | Geary |
| Ness | 3,454 | 37,230,655 | 81 | 10,779 | 27 | \$4,982,490 | 81 | 1,443 | 22 | .133828 | 37 | Ness |
| Mitchell | 6,932 | 51,772,528 | 69 | 7,469 | 58 | \$6,919,131 | 67 | 998 | 56 | .133645 | 38 | Mitchell |
| Clay | 8,822 | 56,447,547 | 62 | 6,398 | 78 | \$7,538,906 | 61 | 855 | 74 | .133556 | 39 | Clay |
| Wichita | 2,531 | 32,946,237 | 88 | 13,017 | 18 | \$4,387,602 | 87 | 1,734 | 15 | .133175 | 40 | Wichita |
| Shawnee | 169,871 | 1,222,387,945 | 3 | 7,196 | 64 | \$162,528,363 | 3 | 957 | 62 | .132960 | 41 | Shawnee |
| Chautauqua | 4,359 | 22,076,378 | 104 | 5,065 | 99 | \$2,934,857 | 103 | 673 | 95 | .132941 | 42 | Chautauqua |
| Trego | 3,319 | 31,810,258 | 90 | 9,584 | 34 | \$4,210,051 | 91 | 1,268 | 35 | .132349 | 43 | Trego |
| Greeley | 1,534 | 32,236,285 | 89 | 21,015 | 9 | \$4,217,654 | 90 | 2,749 | 10 | .130836 | 44 | Greeley |
| Lyon | 35,935 | 199,589,268 | 24 | 5,554 | 92 | \$26,016,210 | 18 | 724 | 91 | .130349 | 45 | Lyon |
| Edwards | 3,449 | 39,340,208 | 78 | 11,406 | 23 | \$5,124,027 | 79 | 1,486 | 21 | .130249 | 46 | Edwards |
| Norton | 5,953 | 39,129,554 | 79 | 6,573 | 76 | \$5,071,312 | 80 | 852 | 76 | .129603 | 47 | Norton |
| Allen | 14,385 | 70,916,318 | 52 | 4,930 | 100 | \$9,161,892 | 50 | 637 | 100 | .129193 | 48 | Allen |
| Scott | 5,120 | 60,605,276 | 57 | 11,837 | 19 | \$7,815,976 | 57 | 1,527 | 19 | .128965 | 49 | Scott |
| Thomas | 8,180 | 71,842,970 | 51 | 8,783 | 42 | \$9,251,975 | 49 | 1,131 | 43 | .128781 | 50 | Thomas |
| Ottawa | 6,163 | 49,545,458 | 74 | 8,039 | 50 | \$6,352,400 | 72 | 1,031 | 54 | .128214 | 51 | Ottawa |
| Jewell | 3,791 | 34,082,963 | 86 | 8,990 | 38 | \$4,361,084 | 88 | 1,150 | 41 | .127955 | 52 | Jewell |
| Anderson | 8,110 | 58,766,322 | 59 | 7,246 | 62 | \$7,502,722 | 63 | 925 | 66 | .127670 | 53 | Anderson |
| Elk | 3,261 | 21,775,060 | 105 | 6,677 | 75 | \$2,761,793 | 104 | 847 | 77 | .126833 | 54 | Elk |
| Franklin | 24,784 | 150,293,752 | 29 | 6,064 | 86 | \$18,930,516 | 28 | 764 | 83 | .125957 | 55 | Franklin |
| Kingman | 8,673 | 76,535,671 | 47 | 8,825 | 41 | \$9,599,404 | 47 | 1,107 | 46 | .125424 | 56 | Kingman |
| Marion | 13,361 | 90,633,589 | 41 | 6,783 | 72 | \$11,300,096 | 41 | 846 | 78 | .124679 | 57 | Marion |
| Woodson | 3,788 | 27,610,195 | 99 | 7,289 | 59 | \$3,411,957 | 101 | 901 | 68 | .123576 | 58 | Woodson |
| Gray | 5,904 | 62,003,283 | 56 | 10,502 | 30 | \$7,647,754 | 59 | 1,295 | 31 | .123344 | 59 | Gray |
| Decatur | 3,472 | 31,728,643 | 91 | 9,138 | 37 | \$3,878,262 | 95 | 1,117 | 45 | .122232 | 60 | Decatur |

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SORT

| County | 2000 Population | ASSESSED VALUE | | | | PROPERTY TAXES LEVIED | | | | COUNTYWIDE AVERAGE MILL LEVY | | |
|-------------|-----------------|----------------|------------------|------------|------------------|-----------------------|------------------|------------|------------------|------------------------------|------------------|----------------|
| | | Assessed Value | Rank High to Low | Per Capita | Rank High to Low | Tax Levied | Rank High to Low | Per Capita | Rank High to Low | Mill Levy | Rank High to Low | County |
| Leavenworth | 68,691 | 376,100,587 | 10 | 5,475 | 94 | \$45,957,410 | 8 | 669 | 97 | .122194 | 61 | Leavenworth |
| Marshall | 10,965 | 79,484,978 | 44 | 7,249 | 61 | \$9,604,212 | 46 | 876 | 70 | .120831 | 62 | Marshall |
| Jefferson | 18,426 | 112,658,907 | 35 | 6,114 | 84 | \$13,585,758 | 33 | 737 | 90 | .120592 | 63 | Jefferson |
| Hamilton | 2,670 | 63,880,247 | 54 | 23,925 | 8 | \$7,701,802 | 58 | 2,885 | 8 | .120566 | 64 | Hamilton |
| Atchison | 16,774 | 100,323,700 | 39 | 5,981 | 87 | \$12,079,854 | 38 | 720 | 92 | .120409 | 65 | Atchison |
| Riley | 62,843 | 299,778,441 | 13 | 4,770 | 102 | \$35,967,794 | 11 | 572 | 103 | .119981 | 66 | Riley |
| Comanche | 1,967 | 33,997,781 | 87 | 17,284 | 12 | \$4,064,571 | 94 | 2,066 | 12 | .119554 | 67 | Comanche |
| Harvey | 32,869 | 203,660,050 | 20 | 6,196 | 82 | \$24,317,761 | 20 | 740 | 88 | .119404 | 68 | Harvey |
| Dickinson | 19,344 | 120,356,019 | 33 | 6,222 | 79 | \$14,335,740 | 32 | 741 | 87 | .119111 | 69 | Dickinson |
| Wilson | 10,332 | 57,997,245 | 60 | 5,613 | 89 | \$6,894,371 | 68 | 667 | 98 | .118874 | 70 | Wilson |
| Ellis | 27,507 | 200,407,371 | 22 | 7,286 | 60 | \$23,680,774 | 22 | 861 | 73 | .118163 | 71 | Ellis |
| Kiowa | 3,278 | 52,040,892 | 68 | 15,876 | 13 | \$6,144,181 | 74 | 1,874 | 14 | .118064 | 72 | Kiowa |
| McPherson | 29,554 | 252,021,563 | 16 | 8,527 | 43 | \$29,436,302 | 13 | 996 | 57 | .116801 | 73 | McPherson |
| Chase | 3,030 | 34,848,292 | 84 | 11,501 | 20 | \$4,065,415 | 93 | 1,342 | 29 | .116660 | 74 | Chase |
| Wabaunsee | 6,885 | 54,049,327 | 65 | 7,850 | 55 | \$6,295,301 | 73 | 914 | 67 | .116473 | 75 | Wabaunsee |
| Sheridan | 2,813 | 30,685,851 | 96 | 10,909 | 26 | \$3,570,412 | 98 | 1,269 | 34 | .116354 | 76 | Sheridan |
| Jackson | 12,657 | 67,905,053 | 53 | 5,365 | 95 | \$7,849,515 | 56 | 620 | 102 | .115595 | 77 | Jackson |
| Sedgwick | 452,869 | 3,048,850,929 | 2 | 6,732 | 74 | \$345,530,080 | 2 | 763 | 85 | .113331 | 78 | Sedgwick 6,732 |
| Nemaha | 10,717 | 72,240,391 | 50 | 6,741 | 73 | \$8,182,661 | 52 | 764 | 84 | .113270 | 79 | Nemaha |
| Finney | 40,523 | 379,944,348 | 9 | 9,376 | 35 | \$42,832,718 | 10 | 1,057 | 49 | .112734 | 80 | Finney |
| Sherman | 6,760 | 57,285,541 | 61 | 8,474 | 44 | \$6,437,779 | 71 | 952 | 63 | .112381 | 81 | Sherman |
| Brown | 10,724 | 74,318,240 | 49 | 6,930 | 70 | \$8,137,461 | 53 | 759 | 86 | .109495 | 82 | Brown |
| Miami | 28,351 | 251,918,945 | 17 | 8,886 | 39 | \$27,547,176 | 16 | 972 | 59 | .109349 | 83 | Miami |
| Crawford | 38,242 | 193,764,424 | 25 | 5,067 | 98 | \$21,157,432 | 26 | 553 | 104 | .109192 | 84 | Crawford |
| Gove | 3,068 | 34,503,405 | 85 | 11,246 | 24 | \$3,752,709 | 97 | 1,223 | 38 | .108763 | 85 | Gove |
| Morris | 6,104 | 49,707,632 | 73 | 8,143 | 48 | \$5,346,152 | 78 | 876 | 71 | .107552 | 86 | Morris |
| Seward | 22,510 | 221,014,242 | 19 | 9,818 | 33 | \$23,634,112 | 23 | 1,050 | 52 | .106935 | 87 | Seward |
| Meade | 4,631 | 90,687,814 | 40 | 19,583 | 10 | \$9,652,379 | 45 | 2,084 | 11 | .106435 | 88 | Meade |
| Osage | 16,712 | 102,011,923 | 38 | 6,104 | 85 | \$10,729,797 | 43 | 642 | 99 | .105182 | 89 | Osage |
| Saline | 53,597 | 422,023,857 | 7 | 7,874 | 53 | \$44,139,235 | 9 | 824 | 81 | .104589 | 90 | Saline |

2002 Value and Tax per Capita

4-2

| SORT | | | | | | | | | | | | | |
|------------------|--------------------|-----------------------|------------------------|---------------|------------------------|------------------------|------------------------|---------------|------------------------|------------------------------|------------------------|------------------|--------|
| County | 2000 Population | ASSESSED VALUE | | | | PROPERTY TAXES LEVIED | | | | COUNTYWIDE AVERAGE MILL LEVY | | | |
| | | Assessed Value | Rank High to Low | Per Capita | Rank High to Low | Tax Levied | Rank High to Low | Per Capita | Rank High to Low | Mill Levy | Rank High to Low | County | |
| Johnson | 451,086 | 6,159,906,685 | 1 | 13,656 | 16 | \$638,775,340 | 1 | 1,416 | 26 | .103699 | 91 | Johnson | 13,656 |
| Douglas | 99,962 | 837,927,886 | 5 | 8,382 | 45 | \$86,087,118 | 5 | 861 | 72 | .102738 | 92 | Douglas | 8,382 |
| Wallace | 1,749 | 26,020,902 | 101 | 14,878 | 15 | \$2,657,721 | 105 | 1,520 | 20 | .102138 | 93 | Wallace | |
| Doniphan | 8,249 | 59,156,090 | 58 | 7,171 | 66 | \$5,747,305 | 77 | 697 | 94 | .097155 | 94 | Doniphan | |
| Cherokee | 22,605 | 115,007,568 | 34 | 5,088 | 97 | \$10,791,945 | 42 | 477 | 105 | .093837 | 95 | Cherokee | |
| Morton | 3,496 | 137,613,169 | 32 | 39,363 | 4 | \$12,556,946 | 37 | 3,592 | 3 | .091248 | 96 | Morton | |
| Stanton | 2,406 | 86,456,293 | 42 | 35,934 | 6 | \$7,859,103 | 55 | 3,266 | 6 | .090903 | 97 | Stanton | |
| Linn | 9,570 | 149,080,166 | 30 | 15,578 | 14 | \$13,545,273 | 34 | 1,415 | 27 | .090859 | 98 | Linn | |
| Cheyenne | 3,165 | 36,234,870 | 82 | 11,449 | 21 | \$3,287,819 | 102 | 1,039 | 53 | .090736 | 99 | Cheyenne | |
| Haskell | 4,307 | 151,578,791 | 28 | 35,194 | 7 | \$12,945,947 | 35 | 3,006 | 7 | .085407 | 100 | Haskell | |
| Pottawatomie | 18,209 | 324,963,887 | 12 | 17,846 | 11 | \$25,886,140 | 19 | 1,422 | 24 | .079659 | 101 | Pottawatomie | |
| Grant | 7,909 | 284,630,738 | 15 | 35,988 | 5 | \$22,561,124 | 24 | 2,853 | 9 | .079265 | 102 | Grant | |
| Kearny | 4,531 | 226,272,294 | 18 | 49,939 | 2 | \$17,744,017 | 29 | 3,916 | 2 | .078419 | 103 | Kearny | |
| Coffey | 8,865 | 427,284,533 | 6 | 48,199 | 3 | \$29,323,336 | 14 | 3,308 | 5 | .068627 | 104 | Coffey | |
| Stevens | 5,463 | 290,122,779 | 14 | 53,107 | 1 | \$19,211,359 | 27 | 3,517 | 4 | .066218 | 105 | Stevens | |
| Statewide | 2,688,418 | 23,034,628,287 | | 8,568 | | \$2,651,360,953 | | 986 | | .115103 | | Statewide | |



House Education Committee Local Option Budget enhancement bills Representative Decker, chair

Submitted by: Diane Gjerstad
Wichita Public Schools

February 16, 2004

Madame Chair, members of the Committee:

The process is methodical, if not predictable. Last session within five days one year ago, we heard last year's versions of local option expansion bills. This year's bills are different in their construction, but the results and policy implications remain the same. And, accordingly, our objections remain intact.

Back in 1992 the local option budget was added to satisfy districts concerned about the possibility of funding limitations in the uncharted waters of a new school finance formula. The original formula would have decreased the local option budget as the base increased. Merging equity for all districts. Three years of no base increases began the unraveling of the original concept. The local option reduction was quickly removed. Several large districts quickly used the entire 25% authority.

Wichita took about ten years to use the entire 25% authority. During the late '90s, across the state a number of districts struggled with the protest provisions. A common characterization of the district who could not raise their local option budgets were low assessed valuation and higher poverty level. The disparities in spending increased. Finally the legislature amended the statute to effectively remove the protest petition by permitting districts spending less than the average of districts of comparable size to increase the local option, up to the average spending, without protest. Since then district, including Wichita have 'caught up' with their generally wealthier peers.

Today districts are using 90% of the total available local option budget by levying over \$500M in property taxes, not for the 'extras' as envisioned in 1992, but for general operating expenses.

The local option budget is neither 'local' nor 'optional'. But what remains 'local' and 'optional' is the ability of a large number of districts to access additional property tax dollars. Furthermore the districts who are most likely to *not* be able to expand their LOB are the districts who have the greatest numbers of students who are not meeting the academic performance standards set by the state.

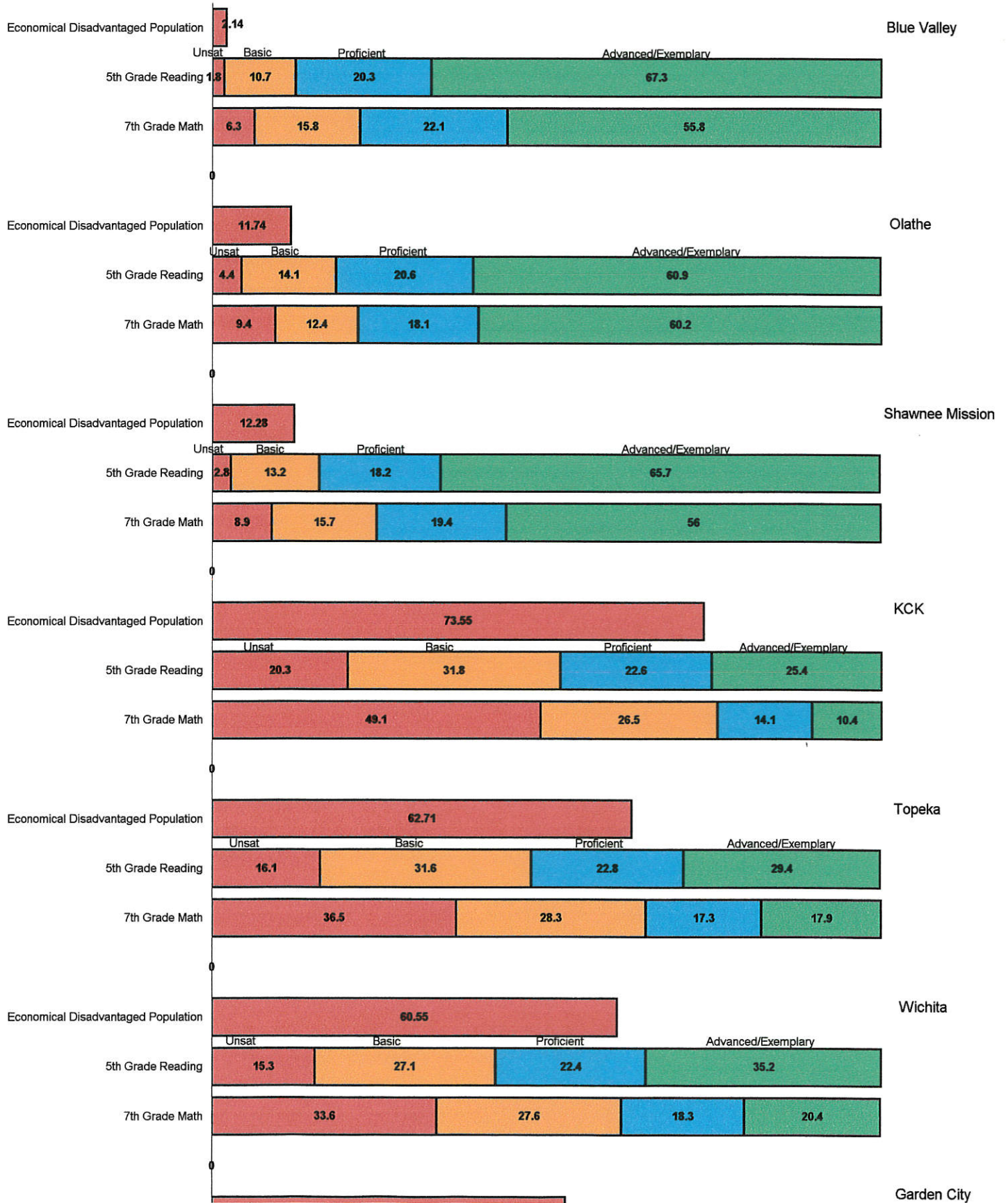
Why should Wichita care if other districts increase spending?

- Teacher and professional staff recruitment. Districts with higher per pupil budgets are able to offer higher salaries and signing bonuses. Our seasoned teachers are attractive candidates.
- No Child Left Behind places the greatest immediate pressure on high poverty schools who are charged with making annual gains, without blemish, in difficult populations. This new charge, were all students will learn and be able to demonstrate learning will take resources – teacher training, time for interventions, technology, after school programs – are just a few examples of what the districts with lower wealth and higher poverty will be required to do to bring all students up to the same high level of proficiency. NCLB will take more money!

Madame Chair, I applaud the sponsors desire to increase resources for education. However, with the immediate demands of NCLB, we must look for solutions where all students benefit, not a few.

House Education Committee
Date: 2/17/04
Attachment # 3-1

Link Between Student Achievement and Economics



Testimony on HB 2807
House Education Committee
February 17, 2004

Honorable Chairperson Decker and Distinguished Committee Members:

Blue Valley Unified School District #229 believes in equal education opportunity for all Kansas children, adequately funded through the state school finance formula and the opportunity for local control of the school's financial destiny by the local board of education. The school finance plan, enacted in 1992, is fiscally insufficient to support quality education for all children and it removes local control of our school systems. We support changes in the plan, which restore local control and local oversight of all of the operations of the school system, which allow local school systems to maintain top quality educational programs, and which provide a full educational curriculum for all Kansas children.

Blue Valley USD #229 supports financial equity as defined as an equal opportunity to generate dollars to support educational activities in each district, not equal expenditures imposed by state formula. The attributes of an appropriate school finance formula include the following: equal opportunity to educate, i.e., the same revenue for a given tax rate; suitable funding for all districts; local control to increase budgets to meet local needs; and inflationary increases.

The plan presented here today, meets the criteria stated above. A finance formula should allow for the same revenue to be raised for a given tax rate. It should also allow for local control in order to meet the diverse needs in each community. This plan deserves debate, as it is a significant departure from the existing school finance formula.

I would be happy to answer any questions.

Tom Trigg, Deputy Superintendent Blue Valley Schools

House Education Committee

Date: 2/17/04

Attachment # 4

February 17, 2004

House Education Committee Testimony on HB 2807

Process

- Bill is the broad outline of a new finance plan
- Idea of SMSD administrator; Shawnee Mission School District supports a revision of the school finance formula with these components, but open to constructive suggestions for modification
- Met with school districts, legislators, civic groups and others around the state
- Incorporated many ideas, issues, and concerns
- Some details and specifics need additional exploration
- Special Education not addressed

Goal

- All districts should have suitable funding as required by the state constitution; suitability standards will be consistent with State Board requirements.
- This will empower school boards to respond to the needs of their community and raise additional funds to meet or exceed suitability requirements.
- The state will equalize between the state and local funding so each district can raise the same additional per pupil funding for the same mill rate.
- Include a provision to monitor the achievement gap. If the achievement of district's students are behind other districts and the district has a lower mill levy, the district would be required to increase its rate equal to the average of the other districts until achievement matches the other districts.
- Simplified funding and budgeting
- Provide a method to increase funding as costs rise.
- Not the "property rich" versus the "property poor" and disqualifying because those districts with the resources pay more and the state equalizes access to revenue

How the KEY Plan Works

- Build on foundation of current year budget (adjusted to a BSAPP of \$3,890) for all USDs
 - Freeze into place all current weightings and state aid for implementation year
 - Freeze into place all mill levys for the implementation year
 - Following implementation year locals set mill levy
 - Requirements included to ensure mill levy reductions do not come at the expense of student performance

House Education Committee

Date: 2/17/04

Attachment # 5-1

- Additional funding of K-12 after implementation year based on two factors
 - Statewide assessed valuation per pupil (AVPP)
 - As statewide AVPP grows, district budgets grow.
 - All districts use the same AVPP.
 - Local mill levy changes
 - Local boards are empowered to set the tax rate.
 - For each mill levy, all districts (at or below the 95th percentile) will be able to generate the same per pupil funding. State funds are used to make this guarantee.
- As statewide AVPP increases or local decisions to raise revenue, USDs partner with the state to fund based on ability to generate revenue locally

Issues to be Addressed

- Categorical aid possibilities. Support increases to address real needs
 - Bilingual and “at risk”
 - Support increase either as implementation enhancement or continuing categorical aid

Estimated Costs

- Year one, implementation year.
- Year two scenarios
 - 7.0% AVPP increase, no mill levy increase
 - (Total \$49 million=\$28 state and \$21 local)
 - 0.0% AVPP increase, 1 mill statewide increase
 - (Total \$50.4 million=\$31.5 state and \$18.9 local)
 - 3.5% AVPP increase, 3 mill statewide increase
 - (Total \$175.7 million=\$108.5 state and \$67.2 local)

February 17, 2004

"New Formula" Discussion



Slide 1

Reason For State Involvement in Education

The primary local support for education is property tax. Without state equalization, taxpayers in a poor district (low assessed valuation per pupil) would have to pay a much higher mill rate than a more affluent district.

| | Revenue | Assessed | |
|-----------------|----------------|------------------|-------------|
| | Per | Valuation | Resulting |
| <u>District</u> | <u>Student</u> | <u>Per Pupil</u> | <u>Rate</u> |
| Rolla | \$5,000 | \$263,383 | 18.98 |
| Haysville | 5,000 | 20,180 | 247.77 |

Slide 2

House Education Committee

Date: 2/17/04

Attachment # 6-1



•Attributes of a good formula

- All districts should have an equal opportunity to educate their students (ie same revenue for a given tax rate).
- Provide suitable funding for all districts.
- Allow local boards to increase their budgets to meet the needs of their community.
- Provide method for inflationary increases.

Slide 3



Recent Court Case

“It [current finance law] fails to equitably distribute resources among children equally entitled by the Constitution to a suitable education

or in the alternative

to provide a rational basis premised in differing costs for any differential.”

Slide 4

Transition

- The new plan allows all districts to retain their current budget authority (increased to a BSAPP of \$3,890) and tax rates initially remain constant.
- For all future increases in revenue:
 - The state equalizes the taxable property wealth so all districts have the same opportunity to raise revenue.
 - District funding increases as statewide assessed valuations per pupil rise.

Slide 5

How would the New Plan work?

| | A | B | C | D | E | F | G | H |
|-----|----------|---------------|-----------|------|----------|-------|-----------|-----------|
| 1 | | | Assessed | | | | Total | |
| 2 | | | Valuation | Mill | District | State | Revenue | |
| 3 | District | | Per Pupil | Rate | Share | Share | Per Pupil | |
| 4 | 244 | Burlington | \$461,051 | 1.08 | 500 | \$0 | \$500 | |
| 5 | 217 | Rolla | 283,958 | 1.76 | 500 | 0 | 500 | |
| 19 | 494 | Syracuse | 135,627 | 3.69 | 500 | 0 | 500 | \$134,967 |
| 100 | 489 | Hays | 52,382 | 3.70 | 194 | 306 | 500 | |
| 118 | 315 | Colby | 48,520 | 3.70 | 180 | 320 | 500 | |
| 122 | 305 | Salina | 47,019 | 3.70 | 174 | 326 | 500 | |
| 139 | 259 | Wichita | 44,849 | 3.70 | 166 | 334 | 500 | |
| 202 | 446 | Independence | 37,508 | 3.70 | 139 | 361 | 500 | |
| 215 | 457 | Garden City | 35,439 | 3.70 | 131 | 369 | 500 | |
| 225 | 379 | Clay Center | 34,422 | 3.70 | 128 | 372 | 500 | |
| 241 | 500 | Kansas City | 32,224 | 3.70 | 119 | 381 | 500 | |
| 27E | 402 | Augusta | 27,651 | 3.70 | 102 | 398 | 500 | |
| 279 | 336 | Holton | 27,088 | 3.70 | 100 | 400 | 500 | |
| 302 | 475 | Junction City | 16,940 | 3.70 | 63 | 437 | 500 | |

District Pays \$32,224 times levy (3.70 mills in this example) \$119
 State Pays \$102,743 (\$134,967 - \$32,224) times the same mill levy 381

Slide 6

Current School Finance Formula is Prescriptive and Allows Little Flexibility for Local Boards



| <u>Category</u> | <u>Students</u> | <u>Weighting</u> | <u>Allocation</u> |
|------------------------------|-----------------|------------------|---------------------|
| | 5,000 | 100.00% | \$19,315,000 |
| Bilingual | 28 | 20.00% | 21,633 |
| Vocational | 15 | 50.00% | 28,973 |
| At-Risk | 80 | 10.00% | 30,904 |
| New Facilities | 250 | 25.00% | 241,438 |
| Low/Correlation | | Varies | 800,000 |
| Total General | | | \$20,437,947 |
| Special Education | | | \$2,000,000 |
| Local Option Budget | | 25% | 5,609,487 |
| Total Operating Funds | | | \$28,047,434 |

Assumes these are only significant factors between districts and weightings are appropriate.

Slide 7

Slide 8

Problems with Current School Finance Formula

Current formula goes beyond equalization of wealth

- Establishes a maximum expenditure level for each district. No flexibility to provide additional opportunities for children.
- Attempts to identify key operational factors (bilingual, vocational, at-risk, etc) and apply weightings to offset these differences.
- Local option budget only equalized to 75%.

Effect

- No common agreement on the weighting factors used or the strength of each weighting.
- The expenditure caps force each district to a "lowest common denominator" because the unwillingness or inability to pay additional taxes in some communities affects the budgets for all districts.
- Complicated budgets with funds for each weighting category.

How do districts increase their revenue?

- Assessed valuation increase.
- Board resolution to increase mill rate.

Slide 9

Example of Hypothetical District

AV/Pupil Increased an Average of 7% Per Year from 1998 - 2002

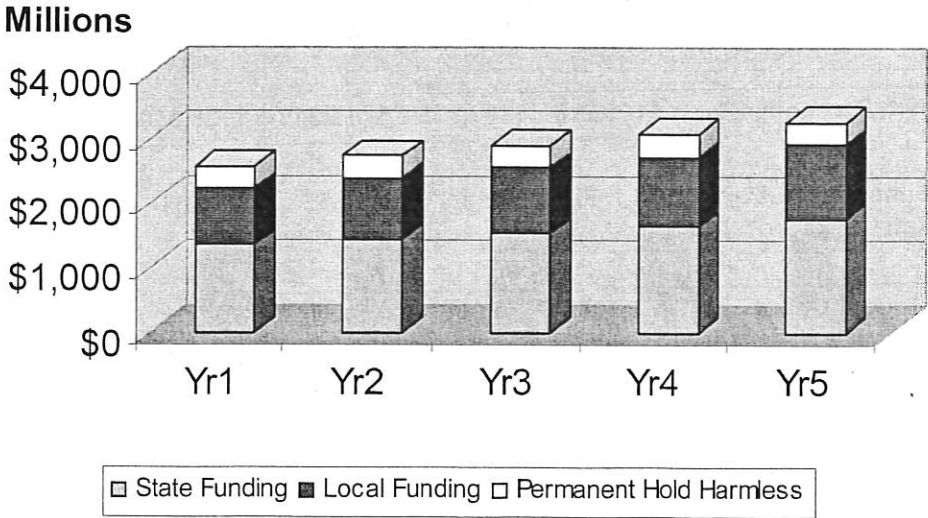
| | YR1 | YR2 | YR3 | YR4 | YR5 |
|-------------------------------------|-----------|-----------|-----------|-----------|-----------|
| 95th Percentile ** | \$105,218 | \$102,338 | \$115,313 | \$135,350 | \$134,967 |
| General & LOB Rate | 31.65 | 31.65 | 31.65 | 31.65 | 31.65 |
| Student Count | 5,000 | 5,000 | 5,000 | 5,000 | 5,000 |
| State and Local Funding (thousands) | \$16,650 | \$16,195 | \$18,248 | \$21,419 | \$21,358 |

Districts receive annual increases based upon AV/Pupil.
Slide 10

Computing Hold Harmless

| | | |
|------------------------------------|-----------------------|----------------|
| <i>Initial Budget Amount</i> | | \$116.8 |
| <i>District Share:</i> | | 28.0 |
| <i>District Assessed Value</i> | \$ 32,224 | |
| <i>95th Percentile</i> | <u>134,967</u> | 24% |
| <i>State Share:</i> | | 88.8 |
| <i>Hold Harmless:</i> | | |
| <i>Current State Aid</i> | | 93.0 |
| <i>State Portion – New Formula</i> | | 88.8 |
| <i>Permanent Hold Harmless</i> | | 4.2 |

Statewide Totals



Unfinished Business

The group of school districts assembled to finalize the funding plan did support additional funding for at-risk and bilingual students. Due to time constraints and schedules, we didn't reach any conclusions about the appropriate amount.

Slide 13

Advantages of the Proposed Formula?

- All districts are held harmless based upon current revenue and the base is restored to \$3,890.
- For a given increase in the amount per pupil, all districts at or below the 95th percentile will pay the exact same increase in mill rate.
- Local districts now have control of their funding.
- Annual increases in assessed valuation result in more district revenue, without legislative action. All districts at or below the 95th percentile will have the same rate of increase (based on the 95th percentile wealth).

Slide 14

Advantages of the Proposed Formula?

- Simplifies accounting and makes budgets easier to understand (no weighted funds).
- The required state commitment to education (one number) is determined once each district is provided a suitable education and local boards make decisions about additional opportunities to be funded beyond the suitable level.

Slide 15

Potential Disadvantage of the Proposed Formula?

Although each district will benefit from assessed valuation increases, some districts may have difficulty passing board resolutions for increased levies. Since poorer districts have a higher state assistance factor, a small increase in local tax would generate a large increase in state assistance.

Solution: All districts are provided a suitable education with state dollars. If a district has a levy that is lower than the state average and the proficiency rate for reading and math is below the state average, the district would be forced to increase the levy to the average until the achievement gap is closed.

Slide 16

How can state legislators manage the state commitment for assessed valuation growth and increases in mill rates?

- A timeline would need to be in place where new mill rates are established in enough time to budget the increase.
- If all districts passed a resolution to increase one mill, all districts would receive \$50.4 million and the state would be responsible for \$31.5 million of that amount.
- The poorer districts have the highest impact on state assistance. If all of the lowest quartile districts passed a resolution to increase one mill, those districts would receive \$13.5 million and the state would be responsible for \$10.5 million of that amount.

Slide 17

How can state legislators manage the state commitment for assessed valuation growth and increases in mill rates (continued)?

- If the average assessed valuation for districts at or below the 95th percentile increased 1%, all such districts would receive \$7 million and the state would be responsible for \$4 million of that amount.
- If the appropriation is not sufficient to cover the increased cost, a prioritization could be made for the money that is appropriated:
 - Provide the state subsidy for all districts for the prior year rates and prior year assessed valuation.
 - Provide the state subsidy for all districts for the prior year rates and current year assessed valuation.
 - Provide the state subsidy for all districts according to current year rates and assessed valuations.

Slide 18



Initial Cost

| | |
|---------------------------|----------------|
| Increase BSAPP to \$3,890 | \$18.4 million |
| Impact Aid | \$11.4 million |

Slide 19



Questions and Feedback