

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:38 p.m. on March 15, 2004 in Room 123-S of the Capitol.

All members were present:

Committee staff present:

Carolyn Rampey, Legislative Research
Kathie Sparks, Legislative Research
Debra Hollon, Legislative Research
Theresa Kiernan, Office of the Revisor of Statutes
Judy Steinlicht, Committee Secretary

Conferees appearing before the committee:

Senator Anthony Hensley
Joan Wagon, Secretary of Revenue
Mark Desetti, Kansas National Education Association
Mark Tallman, Kansas Association of School Boards

Others attending:

See Attached List

SB550—Schools and school districts; school finance, tax revenues

Senator Hensley reminded the committee of the Governor's State of the State message with reference to the ending balance of \$113 million which the Governor proposed for FY2005. In FY1998 the ending balance was \$756 million and in FY2002 it was \$12 million. The reasons for the dramatic decrease were many, including the downturn of the economy, 911, and decisions of legislature to cut business taxes. A legislative research report showed that between FY1995 and FY2003, the legislature enacted 54 separate tax cuts for businesses in Kansas. The total cumulative reduction in taxes was a total of \$4.8 billion dollars. Senator Hensley will provide this information to the committee so that they can understand why Kansas is in this situation.

The Governor also presented a plan to keep our commitment to the 1999 comprehensive highway plan; and to reorganize and increase funding for the higher education system. The Governor recommended an economic revitalization plan for Kansas to focus on creation and retention of jobs. The Governor made it clear that no economic revitalization plan could be complete without the improvement of the quality of Kansas public schools.

Senator Hensley said that **SB550** would provide the revenue and expenditures to implement the first year of the Governor's Education First Plan. Senator Hensley provided a handout showing the school finance enhancements contained in **SB550**. The second page shows the tax increases recommended over a 3 year period under **SB403** (Governor's First Plan) and the tax increases recommended in **SB550**. (Attachment 1)

Senator Hensley asked Joan Wagon, Secretary of Revenue, to explain the impact of the income tax surcharge. Secretary Wagon explained a handout which provides an estimate of the amount of federal income tax savings for those with incomes ranging from \$15,000 and \$750,000 and then the estimated amount the 5% surcharge would impact the same income levels, \$15,000 to \$750,000. Essentially, the federal income tax reduction would more than pay for the increase in the Kansas income tax surcharge. **SB550** reduces that 5% surcharge to 3.5%, but the 3.5% figures were not available. (Attachment 2)

Senator Hensley added that he believes **SB550** is a "good faith" offer. He believes that the Legislature needs to take action now and not wait for the courts to tell the Legislature what to do.

Mark Desetti, Kansas National Education Association, testified in support of **SB550**, however, KNEA believes this bill falls far short of addressing the needs of Kansas schools, and that it will not satisfy Judge Bullock because the funding will still be inadequate. **SB550** will enable schools to get through next year

CONTINUATION SHEET

MINUTES OF THE SENATE EDUCATION COMMITTEE at 1:38 p.m. on March 15, 2004 in Room 123-S of the Capitol.

without more harmful cuts. KNEA is hopeful that this bill will give the Legislature a little time so that they can develop and pass a long-term solution to this crisis. (Attachment 3)

Mark Tallman, Kansas Association of School Boards, testified in favor of **SB550**, however, hopes that this is not the best the Legislature can do this session. KASB does not believe it is acceptable to have local school boards raise local taxes. Future economic development in this state will be based on knowledge, information and skills. Kansas strong education system is in danger and KASB urges the committee to take action before it is too late. (Attachment 4)

SB512–Building-based budgeting

Senator Bunten made a motion to pass **SB512** without recommendation. Seconded by Senator Oleen. Motion carried on a vote of 6 yeas, 4 nays and 1 abstained.

Senator Schodorf made a motion to approve the minutes. Seconded by Senator Teichman. Motion carried.

The meeting was adjourned at 2:30 p.m. The next meeting is scheduled on March 16, 2004.

Senator Hensley's testimony on Senate Bill 550

Monday, March 15, 2004
Senate Committee on Education

The 2004 legislative session began on January 12th.

That same evening as I listened to our Governor deliver her second State of the State message, I felt proud to be a Kansan who has a strong leader for Governor with a real vision for the future of our state.

But, her message was not just visionary. It was plain talk and common sense.

She told us that she was recommending a budget that will continue essential services and leave us an ending balance at the end of the year of \$113 million.

This is a far cry from the ending balance she inherited, which was only \$12 million. And, let me remind you that at one time, our state's budget surplus was \$750 million.

She kept the 1999 Kansas Legislature's commitment to fully fund the comprehensive highway plan (HB 2071) and reorganize and increase funding for our higher education system (SB 345).

She reminded us of how her administration had worked over the past year on a plan to revitalize the Kansas economy.

She convened prosperity summits throughout our state in which business people, community leaders, and educators shared their ideas for building the Kansas economy.

From those ideas she, and Lt. Governor John Moore, are proposing an Economic Revitalization Plan that will focus on the creation and retention of jobs.

It is an absolute truth that we cannot grow the economy without growing jobs. It is also an absolute truth that government can't balance its budget if it doesn't balance the prosperity of its people.

*Senate Education
3-15-04
Attachment 1*

In the Governor's State of State message she made it very clear that no economic revitalization plan can be complete unless we improve the quality of our public schools.

Governor Sebelius' Education First Plan is a bold and unprecedented initiative to revitalize our economy by investing in our state's most important resource - the children and youth of Kansas.

The bill before you, Senate Bill 550, would provide the revenue and the expenditures to implement the first year of her plan.

As we debate school finance we cannot ignore a recent district court ruling that our public school system is underfunded and inequitable. Judge Bullock has admonished us to meet our most important constitutional duty to provide adequate and fair funding for our schools.

On December 2 of last year, Judge Bullock ruled that the state's method of funding primary and secondary education is in "blatant violation" of the Kansas and U.S. constitutions.

He also said the Legislature should target funding to at-risk, bilingual, and other areas of the formula that will help close the state's achievement gap and keep our students from failing or dropping out of school.

Consider this simple fact:

Our own Kansas Department of Education statistics show that in 10th grade math, white students are 51% proficient, while only 16% of African American students and only 19% of Hispanic students are proficient.

In fact, the State Commissioner of Education, testified in the court hearing that the statewide achievement gap will "take your breath away."

I believe the Governor's Education First Plan is a "good faith offer" to the court that we are serious about responding to the issues of adequate and fair funding for our schools and about closing the achievement gap.

Rather than waiting for the courts to tell us what we must do, our Governor is challenging the Legislature to take action now.

Our Governor is challenging the Legislature to spend the money in the classroom not in the courtroom - to spend the money on education not on litigation.

Our Governor is challenging us to fulfill our responsibility to the children of Kansas not because the judge tells us we must - but because it is the right thing to do.

Judge Bullock recently wrote to the attorneys in the *Montoy* case:

“It seems a tragic irony that as we prepare to observe the 50th anniversary of *Brown v Board of Education*, we coincidentally find ourselves back in court in Topeka arguing whether all children have a right to go to a school where they can actually learn enough to have meaningful lives in our society.”

Someone also once wrote, “It is the challenge of leadership to speak for those who have no voice, to remember those who are forgotten, and to respond to the frustrations and fulfill the aspirations of all Americans seeking a better life in a better land.”

Now is the time, now is the year, for us to provide the leadership by responding to the frustrations and fulfilling the aspirations of all Kansans seeking a better life in a better state.

I strongly urge you to support Senate Bill 550.

SB 550 School Finance Enhancements for 2004-2005

<u>ITEM</u>	<u>ACTION</u>	<u>ENHANCEMENT</u>
At-risk weighting	10% to 15%	\$25,400,000
Bilingual weighting	20% to 22%	\$ 1,100,000
Correlation weighting	1725 to 1700	\$12,200,000
Base state aid per pupil	\$3,863 to \$3,963	\$58,000,000
Capital outlay mill rate equalization		\$15,000,000
All-day kindergarten	60% free and reduced	\$17,000,000
USD efficiency audits		\$ 250,000
<u>Additional enhancements:</u>		
Parents as Teachers		\$ 500,000
Teacher mentoring		\$ 1,000,000
Special education increase		\$ 6,500,000
TOTAL ENHANCEMENT		\$136,950,000

SB 403

(Sales to 5.5 on 7/1/04; 5.6 on 7/1/05; and 5.7 on 7/1/06. USD Gen Fund Levy to 21 in TY 2005 and 22 in TY 2007. and 5% individual income tax surtax beginning in tax year 2004.)

	Sales Tax (KLRD)	Property Tax (KLRD)	Income Tax	Total New Taxes
FY 2005	\$69.340	---	\$97.500	\$166.840
FY 2006	\$114.175	\$22.893	\$100.000	\$237.068
FY 2007	\$270.106	\$23.974	\$102.500	\$396.580
FY 2008	\$293.537	\$49.472	\$105.000	\$448.009
FY 2009	\$303.811	\$51.550	\$107.500	\$462.861
5-Yr Total	\$1,050.970	\$147.889	\$512.500	\$1,711.359

Alternative Plan (Target of \$136.95 million)

(Sales to 5.5 on 7/1/04. Prop tax eliminated. 3.5% surtax starting in tax year 2004)

	Sales Tax to 5.5 only	Income Tax 3.5% sur	Total New Taxes
FY 2005	\$69.340	\$68.250	\$137.590
FY 2006	\$78.292	\$70.000	\$148.292
FY 2007	\$192.450	\$71.750	\$264.200
FY 2008	\$209.670	\$73.500	\$283.170
FY 2009	\$217.008	\$75.250	\$292.258
5-Yr Total	\$766.760	\$358.750	\$1,125.510

A. Hensley

Joan Wagnon, Secretary of Revenue

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Attachment 2

Kansas Department of Revenue
Federal and Kansas Individual Income Tax Burden
Federal Tax Changes in Tax Year 2003 and Kansas Proposed 5% Surcharge

Federal Income Tax - Tax Year 2000

FAGI	\$ 15,000	\$ 25,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 150,000	\$ 200,000	\$ 250,000	\$ 350,000	\$ 750,000
Fed Tax	\$ -	\$ 968	\$ 4,718	\$ 10,106	\$ 17,106	\$ 31,871	\$ 48,371	\$ 66,371	\$ 103,922	\$ 262,322

Federal Income Tax - Tax Year 2003

FAGI	\$ 15,000	\$ 25,000	\$ 50,000	\$ 75,000	\$ 100,000	\$ 150,000	\$ 200,000	\$ 250,000	\$ 350,000	\$ 750,000
Fed Tax	\$ -	\$ 330	\$ 3,545	\$ 7,295	\$ 13,195	\$ 26,105	\$ 40,285	\$ 56,785	\$ 90,112	\$ 230,112
Change	\$ -	\$ (638)	\$ (1,173)	\$ (2,811)	\$ (3,911)	\$ (5,766)	\$ (8,086)	\$ (9,586)	\$ (13,811)	\$ (32,211)
% Change		-66%	-25%	-28%	-23%	-18%	-17%	-14%	-13%	-12%
Ks Tax (Current Law)	\$ -	\$ 350	\$ 1,363	\$ 2,925	\$ 4,538	\$ 7,763	\$ 10,988	\$ 14,213	\$ 20,663	\$ 46,463
Ks Tax (Proposed)		\$ 368	\$ 1,431	\$ 3,071	\$ 4,764	\$ 8,151	\$ 11,537	\$ 14,923	\$ 21,696	\$ 48,786
Change		\$ 18	\$ 68	\$ 146	\$ 227	\$ 388	\$ 549	\$ 711	\$ 1,033	\$ 2,323
% Change		5%	5%	5%	5%	5%	5%	5%	5%	5%
Change(Fed and Kansas)	\$ (620)	\$ (1,104)	\$ (2,664)	\$ (3,684)	\$ (5,378)	\$ (7,537)	\$ (8,875)	\$ (12,777)	\$ (29,887)	



Mark Desetti, Testimony
Senate Education Committee
Senate Bill 550
March 15, 2004

Mr. Chairman, members of the Committee, I thank you for the opportunity to appear before you today and address **Senate Bill 550**.

As you know, Kansas NEA appeared before this committee earlier this session as a proponent of **SB 403**. We are here today to support **SB 550**. This proposal falls far short of addressing the needs of our schools, but we believe very strongly that if this legislature does not do something to address the immediate needs of schools you will have abdicated your responsibility to the children of this state.

Much has been said in the halls of this building about school finance. There are clearly those who want to do nothing – they claim that schools are inefficient or, in light of our state-wide performance, do not need more money. They claim that since we're doing so well with what we've got, there is no need to provide more. Others hide behind the possibility of an appeal of Judge Bullock's decision. They live in hope that the Supreme Court will reverse Bullock and justify their decision to starve schools. Yet they hope to get through November by insisting they want to do what is right and need the court's decision before acting.

But we know the truth and we believe that the members of this committee know the truth. Twelve years of inadequate funding increases and three years of flat funding are taking their toll. Our schools have done everything they can to become more efficient. And they have done plenty to adjust student services and supports without harming our reputation as a state with an excellent public education system. But now is the time when the pain starts. Things that get cut now will hurt students and damage our schools. The suffering of our students has started and, without your intervention, it will only get worse.

As I said before, this bill is woefully inadequate. It will not satisfy Judge Bullock because funding will still be inadequate. Senate Bill 550 can be viewed only as triage. It is a hand over a wound that one hopes will stop the bleeding. It will enable many schools to get through next year without more harmful cuts.

Perhaps it will give the members of this legislature who really do care about the Kansas public school system a bit of breathing space during which they can craft and pass a long-term solution to the crisis.

Let me make it clear once again that we consider this bill to be a bandaid only. We desperately need its passage but we are appalled by the lack of concern for the children of Kansas demonstrated by this legislature. Partisan fiddling while Rome burns is unacceptable and unworthy of the high trust put in you by the people of Kansas.

We find ourselves after more than half of this session has passed faced with yet another downgraded version of a school finance solution and no less than four proposed constitutional amendments to reduce the very taxes that provide the bulk of school funding. At the same time, the State Board of Education has increased graduation requirements and the federal government has forced major changes in our schools while refusing to provide the funding for those requirements making school districts slash programs, raise fees, eliminate the arts, and increase class sizes.

Without your immediate action, Kansas schools will lose their standing in this nation. Without our excellent schools, you will jeopardize our workforce. Without that trained workforce, Kansas employers and prospective employers will look elsewhere for expansion. Is that the future we wish for Kansas?

We urge this committee to act and to act now.

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

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Testimony on
SB 550 – First Year of the Governor’s *Education First Plan*

Before the
Senate Committee on Education

By Mark Tallman, Assistant Executive Director/Advocacy
March 15, 2004

Mr. Chairman, Members of the Committee:

Thank you for allowing us to comment on **SB 550**, which would enact the first year of the governor’s *Education First* proposals. In preparing this testimony, I noticed that it has been almost exactly one month since I testified on the governor’s full three-year proposal.

In that month, the Senate rejected the governor’s plan; the House rejected both the governor’s plan and a completely new approach to school finance. This committee held hearings, but did not act on **SB 465**, which is based on the Augenblick and Myers suitable cost study. I have prepared a chart that compares each of those plans to KASB’s policy positions. **SB 465** comes the closest to addressing the goals and objectives our members have adopted. We testified in favor of the governor’s original plan because it would move the state toward those goals. The bill before you today is, at best, a one-year, stopgap measure. But it remains preferable to the alternative. Both the Senate Ways and Means Committee and House Appropriations Committee have accepted subcommittee reports that provide NO funding enhancements for K-12 education.

For both the House and Senate, the primary objection to an increase in school funding is that it would require a tax increase; and we cannot or should not impose a tax increase on our fragile state economy. Opponents of a tax increase state that school funding simply must wait until the economy revives, as though public education is a luxury to be paid for out of a surplus, not an investment that must be nurtured.

But is raising taxes really the problem? As I noted in earlier testimony, since the School Finance Act was created in 1992, the base budget per pupil has lost \$841 compared to the consumer price index (in other words, if the base had been adjusted at the rate of 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. 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.

About 75 percent of the local option budget is funded by property taxes. Since FY 2001, property taxes for the LOB have increased by well over \$100 million. Johnson County, the largest county in our state’s economy, has adopted a sales tax for education with no obvious ill effect. Leaders of the House, at least, say that a component of a new school finance plan will include more “local control,” which apparently means more authority for districts to raise LOCAL taxes.

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Attachment 4

We don't understand why having local school boards raise local taxes is acceptable – perhaps even preferable – to increases in state taxes. We do not understand how tax increases passed by the Legislature are economic poison, but those same tax increases passed by local school boards or voters are economic development.

We hope that **SB 550** is not the best we can do this session. We hope this committee will be advocates for a school finance plan that recognizes public education as our state's foremost economic asset. It seems increasingly clear that economic development in the future will be based on knowledge, information and skills. There are already warning signs that our state's strong education system is in danger; that we are slipping compared to other states and perhaps other nations. We urge our state leaders to act before it is too late.

Thank you for your consideration.

Comparison of School Finance Plans

Prepared by Kansas Association of School Boards, Updated February 25, 2004
SB 403 as proposed by the governor and recommended by Senate Education and Tax Committees
SB 465 as introduced; no hearings or legislative action has occurred
HB 2807 as recommended by the House Education Committee

KASB School Finance Resolution	SB 403, SB 465, HB 2807
<i>A. Help all students meet or exceed high standards.</i>	
(1) Full funding for the parent education program, the at-risk preschool program and all day kindergarten to help ensure that students begin school ready to learn.	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • Parent education funding increased by \$500,000 per year for three years, for total increase of \$1.5 million. • At-risk preschool program fully funded. • All day kindergarten funding phased-in, beginning with attendance centers that have 60 percent of pupils eligible for free or reduced lunch in FY 2005. This drops to 48 percent in FY 2006; 36 percent in FY 2007; and reduced 12 percent per year until all schools are covered in FY 2011. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Not addressed. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • Not addressed.
(2) Increasing the at-risk weighting factor and other strategies to give more time and support to students who are not meeting grade-level outcomes.	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • The at-risk weighting factor is increased from 10 to 15 percent in FY 2005; 20 percent in FY 2006; and 25 percent in FY 2007. • The bilingual weighting is increased from 20 percent to 22 percent in FY 2005, 24 percent in FY 2006 and 25 percent in FY 2007. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • The at-risk and bilingual weightings are increased but modified to provide a higher weight for larger districts. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • Appropriates \$7 million to the State Board to allocate on a per pupil basis for students receiving at-risk or bilingual students.
(3) Full funding for the cost of special education services for children with exceptional needs through the school finance formula.	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • No additional funding provided for special education. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Special education aid is converted to a weighting factor. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • No change is made in the current special education formula.
<i>B. Recruit, prepare, support and retain a competent, caring and qualified teacher for every classroom and leaders for every school.</i>	
(4) Increasing base support of school districts to allow salaries that are competitive with schools in other states and with other public and private sector positions.	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • As noted in C., the base budget per pupil is increased by \$100 in FY 2005, \$75 in FY 2006 and \$75 in FY 2007. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • As noted in C., the base is increased substantially. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • The base budget is eliminated.

<p>(5) Assisting districts in providing health insurance.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> Requires that by FY 2007, all districts would have to offer employees health benefits "comparable" to the state plan, and pay the same percentage of single coverage as the state. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> Not addressed. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> Not addressed.
<p>(6) Funding quality professional development programs for teachers and school leaders.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> \$1 million per year is provided to fund the teacher mentoring program, which was created several years ago but not funded this year. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> Not addressed. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> Not addressed.
<p><i>C. Design an educational delivery system to ensure learning for all.</i></p>	
<p>(7) Increasing the base budget per pupil significantly (\$4,650 in 2001 dollars).</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> The base budget is increased by \$100 in FY 2005, \$75 in FY 2006 and \$75 in FY 2007. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> The base is raised to \$5,033 (see below). <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> For FY 2005, funding is provided to give each district the equivalent of a \$27 base increase, but the base budget is eliminated.
<p>(8) Annually adjusting the base to reflect changes in educational costs.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> The change in the base is spread over three years. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> Provides for a 2 percent annual increase in the base. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> Future increases would be provided by an increase in assessed valuation per pupil, or by districts raising their local mill levy with state equalization aid, subject to legislative appropriations.
<p>(9) Revising weighting factors to target funding at the highest need students and reflect actual differences in school district costs.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> Changes in weighting as noted above; changes correlation weighting threshold from 1,725 to 1,700. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> Eliminates low enrollment and correlation weighting, creates a sliding base budget per pupil based on enrollment for small districts. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> Eliminates weightings.
<p>These recommendations should be adopted in a way that does not reduce per pupil funding for any district and will provide increased funding for all districts.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> Provides all districts with additional base aid and weightings; does not reduce funding for any district. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> State department has estimated very small districts may lose funding under this plan. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> All districts receive "permanent hold harmless" aid based on current year budget authority.

KASB Policy Position	SB 403, SB 465, HB 2807
A. State School Finance	
<p>1. Budget Authority</p> <p>a. Distribution. School district budget authority should be determined on a per-pupil basis rather than classroom units or teacher units unless a guaranteed minimum budget is necessary to maintain a high quality education program.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • Continues to use a base budget per pupil. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Continues to use a base budget per pupil. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • All districts would be allowed to raise the same amount per pupil per mill rate by equalizing tax effort to the 95th percentile in assessed valuation per pupil.
<p>b. Base Budget. The state should determine a base or minimum budget per pupil, which should be adequate to provide a suitable level of funding for all students and districts to achieve expected outcomes, and adjusted annually to reflect changes in costs.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • Increases the base budget per pupil by \$250 over three years; approximately equal to the estimated rate of inflation. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Increases the base budget per pupil according to the suitable cost study commissioned by the Legislature, adjusts for inflation since 2001, and provides a 2 percent growth in the future. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • Eliminates the base budget per pupil. Future growth in budget would be tied to increases in assessed valuation per pupil at the 95th percentile, or increases in local district mill levies; subject to legislative appropriations.
<p>c. Pupil Weighting. Because of the widely varying needs of pupils and districts, KASB endorses the concept of weighting when it can be shown that variations result in higher costs. Types of weighting that should be considered would include, but not be limited to:</p> <ul style="list-style-type: none"> • Special types of students (special education, vocational education) whose education causes higher costs. • Grade level of students (preschool, elementary and secondary). • Density, scarcity or isolation of pupil population. • Size of district (total pupil population). <p>In addition, the Legislature may consider creating categories of students with like characteristics whenever differences in cost may be justified based on objective criteria.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • Maintains the current system of weightings; increases at-risk and bilingual weightings. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Converts special education into a weighting. • Eliminates vocational weighting. • Increases at-risk and bilingual weightings to provide more funding for larger districts. • Lowers the mileage threshold for transportation weighting from 2.5 to 1.25 miles. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • Eliminates pupil weightings. This proposal provides "hold harmless" funding based on current weightings. The hold harmless aid is not adjusted in the future.
<p>d. Local Option Authority. Boards of education should be authorized to enrich their educational programs beyond the base budget, provided that all districts can exercise the same degree of discretion by making the same amount of effort, and that the range in budgets is not excessive. The exercise of local option authority should not be subject to referendum.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • Does not change current LOB authority or procedures. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Does not change current LOB authority or procedures. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • For FY 2006 through 2008, districts would be limited to a 10 percent annual increase. After that, there is no limit on budget growth.

<p>e. Budget Limitation. Any limitation on the use of budget authority should include:</p> <p>(1) Limits on a per pupil basis to provide flexibility for districts facing increasing or decreasing enrollment.</p> <p>(2) A differential between high and low spending districts.</p> <p>(3) Recognition of the effects of inflation.</p> <p>(4) A procedure to appeal to the State Board of Education for special circumstances.</p>	<p>None of the three plans specifically address these positions on budget limitation.</p>
<p>f. Contingency Reserves. Districts should have the ability to carry a reasonable contingency reserve from one fiscal year to the next.</p>	<p>None of the three plans change the contingency reserve.</p>
<p>g. Budget Reduction. If any district loses budget authority under the school finance system, the reduction should be phased in through some mechanism.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • Does not change declining enrollment provision. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Does not change declining enrollment provision. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • Provides permanent hold harmless aid based on current budget authority.
<p>h. Other State Aid Programs. Categorical aid programs outside the school district general fund must be fully funded, especially for district programs that are mandated. Funding should be provided for demonstrated exceptional costs that are not fully addressed by weighting or categorical formulas.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • No changes proposed. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • No changes proposed. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • \$7 million is appropriated for FY 2005 for at-risk and bilingual programs to be allocated by the State Board. Sponsors have proposed creating a new targeted at-risk aid program in the future.
<p>i. Capital Expenditures. Capital expenditures should be determined locally, with state assistance provided on an equalized basis. KASB opposes state recapture of local capital outlay balances.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • Provides state aid for capital outlay expenditures up to four mills, based on the bond and interest aid formula. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Provides capital outlay equalization to the 95th percentile. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • Not addressed.
<p>2. Funding and Revenue Sources</p> <p>a. Revenue Sources. The state should strive to achieve a mix from the major revenue sources, sales, income and property taxes, to ensure funding for quality education.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • Raises sales tax from 5.3 to 5.7 percent. • Imposes a 5 percent income tax surcharge. • Raises statewide mill levy from 20 to 22 mills over four years. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Raises sales tax from 5.3 to 6.3 percent. • Imposes 15 percent income tax surcharge. • Raises statewide mill levy to 35 mills. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • Not addressed.
<p>b. Local Effort. The state should establish a minimum level of contribution from local sources. If the minimum local contribution exceeds the authorized budget, the district should rebate the excess to the state for distribution as general aid.</p>	<p>SB 403 (Governor's Education First Plan)</p> <ul style="list-style-type: none"> • Maintains statewide mill levy. <p>SB 465 (Schools for Fair Funding/A&M)</p> <ul style="list-style-type: none"> • Maintains statewide mill levy. <p>HB 2807 (Shawnee Mission/Rooney Plan)</p> <ul style="list-style-type: none"> • Does not provide for a minimum contribution unless a district has low-test scores.