

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:35 p.m. on January 22, 2007, in Room 123-S of the Capitol.

Committee members absent: Janis Lee- excused

Committee staff present: Sharon Wenger, Kansas Legislative Research Department
Ashley Holm, Kansas Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Senator John Vratil
Mark Tallman, Kansas Association of School Boards
Stuart Little, Shawnee Mission School District 512
Bill Reardon, Kansas City, Kansas Public Schools
Sue Morgan, Board of Education President, USD 497,
Lawrence
Jeannie Robinson, parent and patron from USD 497
Mark Desetti, Kansas National Education Association

Senator John Vratil requested the introduction of a bill which would renew the 20 mill property tax levy which must be renewed every two years to retain the homestead property tax exemption level. He also requested the introduction of a bill concerning the current statutory cost of living weighting adjustment. He explained that the bill would substitute a comparative wage index that has become available in the last year from the National Center for Education Statistics, which is a much better gage of the cost of education.

Senator Vratil moved to introduce both bills, seconded by Senator Teichman. The motion carried.

SB 61 – School districts; LOB, state prescribed percentage; election when required

Theresa Kiernan, Revisor of Statutes Office, explained that the amendment on page 9 of the bill deleted a provision which was added last year which required that a mandatory election be held by a school district should the school district's board of education want to increase the local option budget (LOB) above 30 percent. The bill would strike out that provision so that, when a school district goes over 30 percent, the increase would just be subject to protest.

Senator Vratil testified in support of **SB 61**. He explained that a bill which was passed in 2006 increased the LOB maximum to 31 percent. While the bill was in conference, a House member requested that a mandatory election be held anytime a local board of education increased its LOB above 30 percent. Since the implementation of the election requirement, school districts have informed legislators that the requirement is expensive and unnecessary. Passage of **SB 61** would allow each local electorate to rely on a 5 percent protest petition. (Attachment 1) He pointed out that, perhaps a more difficult problem to deal with was at what time school districts can hold the mandatory election. He noted that, in odd numbered years, school districts have school board elections, and general elections are in April. Because a special election cannot be held 60 days before a general election or 60 days after a general election, the only time open for the mandatory school district election would be in December or January or sometime in the summer the first part of June, which is too late in the district's budgetary cycle to have an election on a LOB.

Mark Tallman, Kansas Association of School Boards, testified in support of **SB 61**. He noted that, in order to keep up with base operating costs, school districts must turn to the LOB because base aid is so low. In the short run, as long as districts must use the LOB, it should be available on an equal basis. He argued that requiring an election to access the LOB will make it much harder for some school districts to meet rising costs and to maintain competitive salaries. In addition, he noted that it simply does not make sense to require an election for an additional one percent LOB budget authority. In conclusion, he emphasized that the proper accountability for school budgeting is the school board election. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE Senate Education Committee at 1:30 p.m. on January 22, 2007, in Room 123-S of the Capitol.

Stuart Little, representing Shawnee Mission School District 512, testified in support of **SB 61**. He noted that elections are expensive, and time spent on an election takes away from the school district's primary mission of educating children. He contended that the protest petition approach provides a good balance between the interests of the taxpayers and the efficiency of the school district. (Attachment 3)

Bill Reardon, Kansas City, Kansas Public Schools, testified in opposition to **SB 61**. He noted that keeping pace with surrounding districts that increased their LOB to the 30 percent cap places low-wealth districts such as Kansas City at a distinct disadvantage. In his opinion, this inherent disadvantage to poorer districts will give rise to a lawsuit in the future if the state continues to authorize increases in the LOB cap. He emphasized that the provision in last year's bill which required an election in order for a district to raise their LOB above 30 percent was designed to slow the process. In his opinion, placing a provision in the law which guarantees taxpayers that future LOB increases will require an election and then stripping the provision before it goes into effect will result in taxpayers feeling betrayed. (Attachment 4)

There being no others wishing to testify, the hearing on **SB 61** was closed.

SB 69 – School districts; 25 percent local option budget; access to cost of living and declining enrollment

Thresa Kiernan, Revisor of Statutes Office, explained that **SB 69** amended two provisions in the school finance law concerning the cost of living weighting and the declining enrollment weighting. Currently, in order for a school district to qualify, it must have authorized a LOB at the state prescribed percentage. When the two provisions were enacted in 2005, the districts had to have a LOB of 25 percent. The bill would keep the percent at 25 percent, and it would make it the same as two other existing levies, the auxiliary facilities weighting and the new facilities weighting, both of which require only a 25 percent LOB for districts to qualify. Ms. Kiernan suggested a clean-up amendment on page three by striking subsection (e), which is longer necessary because it applies to last year's school year.

Senator Vratil testified in support of **SB 69**. He pointed out that, for several years, a school district only needed to have a LOB at the 25 percent level in order to access new facilities weighting and auxiliary facilities weighting. Approximately two years ago, that requirement was raised to the state prescribed maximum LOB. Therefore, under current law, in order for a school district to access the cost of living adjustment, it has to be at a 30 percent LOB this year and would have to be at a 31 percent LOB next year, even though it may not intend to use its full LOB authority. The same is true for declining enrollment weighting. He noted that the Lawrence school district was an outstanding example of that situation this year and that the bill would correct this situation. (Attachment 5)

Sue Morgan, President of the Lawrence Board of Education, USD 497, testified in support of **SB 69**. She explained that the current cost of living provisions were problematic for her school district, but the district supported the proposed changes to address similar issues faced by districts utilizing the declining enrollment provisions. After discussing problems relating to the Lawrence school district, she noted that the bill would remove an unintentional consequence and damaging effects on local districts in the coming year. She pointed out that, unless a correction to the existing statute is made early in the session (for Lawrence, prior to February 12, 2007), local districts will be forced to submit LOB tax increase proposals for placement on spring election ballots. (Attachment 6)

Jeannie Robinson, a parent from the Lawrence school district, testified in support of **SB 69**. She discussed the reason she believed that it was important that the bill be enacted, the reason she believed that it was important that the bill be expedited, and what she thought was at stake in her district if action was not taken. (Attachment 7)

Stuart Little, representing Shawnee Mission School District 512, testified in support of **SB 69**. He noted that the bill would ease the district's ability to access key provisions of the school finance formula. He went on to discuss the Shawnee Mission School District 2007 legislative platform with regard to the issue and several other specific issues and concerns. (Attachment 8)

CONTINUATION SHEET

MINUTES OF THE Senate Education Committee at 1:30 p.m. on January 22, 2007, in Room 123-S of the Capitol.

Bill Reardon, Kansas City, Kansas Public Schools, testified in opposition to **SB 69**. The District was concerned that allowing districts additional local taxing authority when they have not utilized the maximum LOB authority allowed under the law was counterintuitive. In addition, the District was opposed to the method of qualification for additional local taxing authority for certain high cost districts under the law passed last year. He believed that this issue should be addressed through a Legislative Post Audit study before consideration of broadening the current law. (Attachment 9)

Mark Desetti, Kansas National Education Association, noted that basically **SB 69** changed the required LOB effort from the "state prescribed percentage" to "at least 25 percent. He went on to discuss the impact of the cost of living weighting, particularly in its current form. He concluded, "While KNEA believes that cost of living adjustments should not be made while all Kansas teacher salaries remain significantly below the national average, a regional cost of living adjustment is a more logical and rational system to determine where weightings might be appropriate." (Attachment 10)

There being no others wishing to testify, the hearing on **SB 69** was closed.

The meeting was adjourned at 2:30 p.m.

The next meeting is scheduled for January 23, 2007.

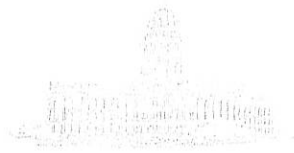
**SENATE EDUCATION COMMITTEE
GUEST LIST**

DATE: January 22, 2007

NAME	REPRESENTING
Sue Morgan	USD 497
Randy Wessman	USD 497
Jeanne Robinson	USD 497
Adela Solis	USD 497
Barb Thompson	USD 497
Bier Reardon	USD 500
Mark Desetti	KNEA
Mark Tallman	KASB
Dodie Wellshear	USA
Ron Seeber	Hain Law Firm
Stuart Little	Shawnee Mission 512
Jeri Howard	us2290 - KNEA
Diane Gjerstad	Wichita Public Schools
Scott Fronke	Legislative Post Audit
Senator Marci Francisco	2 nd District
Bill Brady	SFFF
Michael Hooper	Kearney & assoc.
Mary Ann Ciochon	SMSD # 512
Randall Holt	KNEA

State of Kansas

JOHN VRATIL
SENATOR, ELEVENTH DISTRICT
JOHNSON COUNTY
LEGISLATIVE HOTLINE
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COMMITTEE ASSIGNMENTS
CHAIR: JUDICIARY
VICE CHAIR: EDUCATION
MEMBER: FEDERAL AND STATE AFFAIRS
ORGANIZATION, CALENDAR
AND RULES
SENTENCING COMMISSION
INTERSTATE COOPERATION

Vice President Kansas Senate

Testimony Presented To
The Senate Education Committee
by Senator John Vratil
January 22, 2007
concerning Senate Bill 61

Good afternoon. Thank you for the opportunity to come before the Senate Education Committee in support of Bill (SB) 61. The language in SB61 would remove the requirement that a mandatory election be held by a school district should the school district's board of education want to increase the local option budget (LOB) above 30%.

During the 2006 legislative session, Senate Bill 549 was passed. It increased the LOB maximum to 31%. While the bill was in conference, the Senate acquiesced to House member's request that a mandatory election be held anytime a local board of education increased its LOB above 30%. Prior to Senate Bill 549, a "5% protest petition could be filed" if there was opposition to an LOB increase. The petition process was open to persons who opposed the increase.

Since implementation of the mandatory election requirement, school districts have informed us that the requirement is expensive and unnecessary, potentially costing school districts between \$10,000 and \$70,000 each time an election is held. This past August, 52 school districts published a 30% LOB authority and several other districts were close to reaching 30%.

I request that you give careful consideration to Senate Bill 61 and allow each local electorate to rely on the 5% protest petition to express disagreement with a local school board's decision concerning its respective local option budget.

Money should go into the classroom, not elections.

A handwritten signature in black ink that reads "John Vratil".

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Senate Education Committee
1-22-07 Attachment 1

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
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Testimony on **SB 61**
before the
Senate Committee on Education

by

Mark Tallman, Assistant Executive Director/Advocacy
Kansas Association of School Boards

January 22, 2007

Madam Chair, Members of the Committee:

We appear today as strong proponents of **SB 61**, which removes the requirements that school districts hold elections to use Local Option Budget Authority above 30 percent. The school finance bill passed last year increased the maximum LOB from 27 percent last school year to 30 percent in the current year, and 31 percent next year.

Most of our members are deeply concerned about the continuing shift to reliance on the LOB to fund schools. As recently as 1998-99, the LOB represented less than 10 percent of the combined school district general and supplemental general funds. By last year, it was nearly 20 percent.

The LOB has been increasing because the base budget per pupil has not kept up with costs. Even under the three-year plan, base budget increases are about half the estimated cost of inflation, and much less than salary increases. This year, just \$33.5 million of the \$194.5 million for the first year of the three-year plan went to the base. Next year, base funding is just \$33.8 million out of \$149 million. The vast majority of the new funding goes to at-risk and special education costs – and to state LOB aid.

To keep up with base operating costs, like regular teacher salaries, maintenance, utilities, insurance, etc., districts have to turn to the LOB. It is a vicious circle: because base aid is so low, districts must increase the LOB. The more districts use the LOB, the more state aid is required. The more state LOB aid required, the less money is available for the base budget or other weighting factors.

In the long run, we believe the answer must be to set a base budget per pupil that truly reflects education costs and is adjusted annually to reflect those costs, which would allow a substantial reduction in the LOB for most districts. But in the short run, as long as districts have to use LOB, it should be available on an equal basis. Requiring an election to access the LOB will make it much harder for some school districts to meet rising costs, and to maintain competitive salaries. Furthermore, it simply doesn't make sense to require an election for an additional 1 percent of LOB budget authority. The proper accountability for school budgeting is the school board election, which we have this Spring.

Thank you for your consideration.

*Senate Education Committee
1-22-07
Attachment 2*

STUART J. LITTLE, Ph.D.
Little Government Relations

January 22, 2007

Senate Education Committee

Testimony on Senate Bill 61

Dear Madame Chair and Members of the Education Committee,

Thank you for the chance to appear today and testify on Senate Bill 61. I appear today on behalf of Shawnee Mission School District 512. The Shawnee Mission School District is the second largest district in Kansas, with 27,083 students, 2,032 teachers, in 55 schools. We are also a declining enrollment district, losing on average over 400 students each year, with 3,471 pupils meeting the free lunch criteria for "at risk," but over 10,000 students identified as at risk according to KSDE definitions and 1,548 bilingual students.

SMSD supports SB 61 and the elimination of a mandatory election to increase the LOB from 30 to 31 percent. SB 549, the school finance bill from the 2006 Legislative session, included the mandatory election and we have been unable to determine any logical purpose for the provision. The 2007 SMSD Legislative agenda includes the recommendation to remove the mandatory election:

- Support the current law which allows a district to utilize a combination of state and local funds to achieve educational excellence and provides an element of local control. Utilizing the protest petition procedures when increasing the LOB provides for public input without automatically assuming the mandated expense of an election.
- Elections are expensive. Although a district can avoid the direct election expense by presenting the issue when other city and county issues are on the ballot, a tremendous amount of time is spent in preparation for the election.
- Time spent on an election takes away from our primary mission of educating children.

Without the change in the current law, SMSD would incur the cost to conduct the election to increase the LOB when such requirements did not exist for the first 30 percent of the LOB. We are entirely supportive of the restoration of law prior to SB 549 and adhere to the protest petition provisions that apply to the LOB. The protest petition approach provides a good balance between the interests of the taxpayers and the efficiency of the school district.

Thank you for allowing us to appear in support of SB 61 and I would be happy to stand for questions.



Kansas City, Kansas Public Schools

Unified School District No. 500

SENATE EDUCATION COMMITTEE SENATE BILL 61 January 22, 2007

The Kansas City Public School District has concerns about the impact of SB 61 despite the fact that we have utilized the change in the law which has increased the LOB cap from 25% to 30% over the past couple of years. We felt that this increase was necessary to keep pace with surrounding districts that increased their LOB to the 30% cap. In a large metro area with over a dozen USDs, hiring and retaining teachers and administrators is difficult if your neighboring districts can offer significantly higher salaries. This LOB/Salary race places low wealth districts such as Kansas City at a distinct disadvantage. To raise the same number of dollars per child requires considerably more mills than for a high wealth district.

This inherent disadvantage to poorer districts will surely be the seeds of a future law suit if the state continues to authorize increases in this LOB cap. The provision in last year's school finance bill to require an election in order for a district to raise their LOB above 30% was designed to slow this process. I think it was a wise step.

Finally, if I could speak a moment not as the lobbyist for USD 500, but as a former legislator, I would offer this caveat: Placing a provision in the law which guarantees taxpayers that future LOB increases will require an election and then stripping that provision just before it goes into effect is not the most prudent political move. Taxpayers will feel betrayed and these feelings will have validity.

Thank you for listening to the concerns of the Kansas City, Kansas Public Schools.

Bill Reardon

Lobbyist, Kansas City, Kansas Public Schools

State of Kansas

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SENATOR, ELEVENTH DISTRICT
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INTERSTATE COOPERATION

Vice President Kansas Senate

Testimony Presented To
The Senate Education Committee
by Senator John Vratil
January 22, 2007
concerning Senate Bill 69

Good afternoon. Thank you for the opportunity to come before the Senate Education Committee in support of Senate Bill (SB) 69. The language in SB69 would make uniform the local option budget (L)B requirement which must be met by a school district before it accesses a cost of living (COLA) weighting and/or a declining enrollment weighting

Under current law, if a school district wants to use the cost of living (COLA) weighting or the declining enrollment weighting, the district must be at the maximum local option budget (LOB) as defined by the state prescribed percentage and that percentage is 30%. This requirement poses a challenge for school districts that want to use the COLA weighting, but do not want to go to the maximum LOB. It creates a discrepancy which may force a school district to raise its LOB to use the COLA weighting and/or declining enrollment weighing. The requirement places an undue burden on school districts and on the taxpayers residing in the school district.

Senate Bill 69 will make uniform the 25% local option budget requirement for all weightings which are subject to the minimum LOB percentage.

A handwritten signature in blue ink that reads "John Vratil".

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Senate Education Committee
1-22-07 Attachment 5

Testimony on SB 69 before the
Senate Education Committee

by

Sue Morgan, Board of Education President, USD 497
5701 Villa Drive, Lawrence, KS 66047, 785 749-3220; smorgan@usd497.org
January 22, 2007

Madam Chair:

I appreciate the opportunity to address you today on behalf of USD 497, Lawrence Public Schools, in support of SB 69, which amends school finance statutes, specifically KS 72-6449 concerning cost of living and KS 72-6451 concerning declining enrollment. It is the current cost of living provisions in 6449 which are problematic for our district and I will therefore focus my remarks on those provisions. However, we are supportive of the changes proposed to address similar issues faced by districts utilizing the declining enrollment provisions of KS 72-6451.

As you are aware, 72-6449, cost of living weighting, makes provision for districts whose average housing cost is more than 25% above the state average to levy a property tax. This levy is for the purpose of financing the costs that are attributable directly to the assignment of the cost of living weighting to enrollment of the district. One of the qualifying criteria for being able to levy such a tax is that the district has adopted a local option budget in an amount equal to the state prescribed percentage in the current school year.

SB 549 as passed by the legislature last year amended the definition of "state prescribed percentage" for local option budgets to mean 30% for school year 2006-2007 and 31% for school year 2007-2008 and each school year thereafter. SB 549 further provided that any resolution authorizing the adoption of a local option budget in excess of 30% of the state financial aid of the district in the current school year shall not become effective unless such a resolution has been submitted to and approved by a majority of the qualified electors of the school district.

These two statutory provisions, taken in tandem, create what we believe were unintended consequences for local districts utilizing the cost of living levy by requiring those districts to:

1. Increase local property taxes just to maintain existing revenue levels, and
2. Subject existing revenues to a vote after the fact.

Let me use our district as an example. The State Board of Education determined that USD 497 could levy a tax to fund the cost of living weighting for 2006-2007 as long as we raised our LOB to 30%, the state prescribed percentage for 2006-07. Our Board of Education did in fact raise our LOB to 30% for 2006-2007 and we levied an additional tax under the cost of living weighting provisions. We used the cost of living revenue to increase our teacher salaries. While our Board of Education may not want to add further to the local property tax burden by raising either the LOB or the cost of living levy for 2007-08, under present statute, we will lose our existing cost of living levy if we do not raise our LOB for 2007-2008 to 31%. Further, since the increase in the LOB from 30 to 31% would be subject to a vote of the qualified electors of the district, keeping the current cost of living levy becomes subject to the same vote, thereby making existing ongoing operational funding subject to a vote after the fact. For our district \$1,275,000 of funding already committed to ongoing teacher salaries is at stake.

Funding streams for ongoing operational expenses need continuity in order for districts to be able to effectively and efficiently manage their schools, programs, staff and services. Their continuation should not be dependent upon imposing additional taxes in the future. Neither should such funding be made subject to a vote after it has been legally acquired and allocated to ongoing costs, such as salaries.

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1-22-07
Attachment 6

Many legislators involved in passing SB 549 last year have indicated that it was not their intent to make existing revenue dependent upon future tax increases or after the fact elections; rather, these have been characterized as unintended consequences of last year's actions. We certainly understand how this could happen given the complexity of the issues and the statutes with which you deal. We appreciate that an appropriate response, a correction, has been proposed in the form of SB 69 which removes the unintentional consequence and the damaging effects it could have on local districts in the coming year. We therefore ask for your positive consideration of this bill. Further, we would ask you to expedite action on the bill in every possible way. Unless this correction to existing legislation is made early in the session (in our district's case prior to February 12, 2007) local districts impacted by these provisions will be forced to submit LOB tax increase proposals for placement on spring election ballots. Not only does this put existing district funding in jeopardy, but it also entails costs for conducting an informational campaign and running the required media publication of election resolutions, and it threatens to have a very negative impact on community relations if a local vote fails and then corrective legislation subsequently is passed which overrides that vote and allows maintenance of existing levies. The risk of losing funding, the additional expenses and the erosion of community relations could all be avoided by expedited legislative action in this matter.

I thank you for the work you do to support quality public education in Kansas. I appreciate the opportunity to speak to you today and thank you for your consideration.

Testimony on **SB 69**
Submitted to the **Senate Education Committee**

By: Jeannie Robinson, Parent and Patron from USD 497
318 Clayton Ct.
Lawrence, KS 66044
785/841-6681

January 22, 2007

Madam Chair:

I am a resident of Lawrence, Kansas and my children have and are currently attending the Lawrence Public Schools. I appreciate the opportunity to address you today in support of Senate Bill 69. I have three points I would like to cover in my comments to you today:

1. Why I believe it is important that SB 69 be enacted;
2. Why I believe it is important that SB 69 be expedited; and
3. What I believe is at stake in my district if this action is not taken.

I have recently become aware of the fact that our district stands to lose \$1,275,000 in existing funding unless it raises local property taxes through another Local Option Budget increase next year. I believe strongly in the importance of quality public education and for that reason I have been actively involved in the schools in the Lawrence community at the building-level and district-level. Currently I Chair the Free State High School Site Council and have been a member of the West Junior High School Site Council for the past 6 years where my son is currently a 7th grader.

Like most people, I oppose property tax increases, but I have supported LOB and School Bond initiatives in our district because I understand their value as an investment in our children and our future. However, the prospect that our LOB may get raised again, not because our district and School Board has determined it is needed, but because state legislation requires it in order for us to keep existing revenue, is not something I can support. I believe my views about this would be echoed by many taxpayers across the state! That is why the enactment of SB 69 is important. Local school districts work hard to monitor and provide for the needs of their students but how can they be expected to plan effectively if they cannot count on continuity in the funding they put in place from one year to the next? It has been explained to me that the legislature did not intend for this to result from the statutes passed last year. If that is the case then I urge you to do the right thing and get the situation corrected before local districts are harmed.

I would also urge you to act quickly. I believe in the cliché about the wisdom of solving problems at the lowest level. In this case, the "lowest level" turns out to be the State Legislature, one of the highest bodies in the State! But in terms of resolving this issue, the legislature is the lowest level because you are familiar with the subject matter, you were instrumental in *unintentionally* creating the problem, and you have the ability to correct it by amending your previous action.

The only resolution available to local districts is a mandatory tax increase proposal and a mandatory election. I have been involved from a grass-roots level in local campaigns for school bond issues and tax increases and I can attest to the time and resources that it takes to educate and persuade the voters about the issues. Local districts certainly have better uses for their time and resources and you can enable them to use them most effectively by taking this issue off their plate and resolving it at its source.

Senate Education Committee
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Attachment 7

Another reason for prompt legislative resolution is the dilemma that local districts will have in trying to explain why they are proposing yet another tax increase. I know that our Board Members respect the work that our legislative delegation does and they do not want to engage in a blame game as a campaign theme. However the very explanation of the facts involved tells the story of local districts being negatively impacted by an oversight which the legislature failed to remedy. Under the circumstances, I hope you will treat this as a technical correction that can be moved through the legislative process expeditiously.

I know that the Lawrence School District is not the only district affected, but as a parent in that district, I am very concerned about what is at stake if SB 69 is not enacted. Our district has used the cost of living levy to generate 1.275 million dollars in revenue for increased teacher salaries. That money will be put at risk if we have to go back to the voters with a tax increase for raising the LOB. And if the election were lost, the salary increases, added staff, programs and services will have to be sacrificed to make up that loss in funding.

That would be a huge step backwards for students and our schools! We still have many unmet needs in our district -- so please don't put us in a position where lost funding would make that list even longer. There is a saying in the medical profession about "First, do no harm." I think that is applicable in this situation. In order to "do no harm" I would ask that you make appropriate corrections to the existing legislation by enacting SB 69 in a timely manner.

Thank you for the opportunity to speak to you this afternoon and thank you for all the work you do in serving the citizens of Kansas.

STUART J. LITTLE, Ph.D.
Little Government Relations

January 22, 2007

Senate Education Committee

Testimony on Senate Bill 69

Dear Madame Chair and Members of the Education Committee,

Thank you for the chance to appear today and testify on Senate Bill 69. I appear today on behalf of Shawnee Mission School District 512. The Shawnee Mission School District is the second largest district in Kansas, with 27,083 students, 2,032 teachers, in 55 schools. We are also a declining enrollment district, losing on average over 400 students each year, with 3,471 pupils meeting the free lunch criteria for "at risk," but over 10,000 students identified as at risk according to KSDE definitions and 1,548 bilingual students.

SMSD supports the provisions of SB 69 which would ease our ability to access key provisions of the school finance formula which the Kansas Legislature has passed and which the Supreme Court has affirmed. SB 69 will require school districts to have an LOB of at least 25 percent before they can access both the declining enrollment and cost of living provisions of the school finance formula. The SMSD 2007 Legislative platform states the following in regard to this issue:

Position: *Remove the statutory requirement that access to the declining enrollment provision and the cost of living (COLA) weighting can be gained only when a district is at the statutory maximum available LOB.*

Rationale: *Requiring the district to use its maximum LOB authority in order to access the provisions for declining enrollment and COLA deprives the school board of local control. The effect of this provision is to mandate an increase in property taxes in addition to tax increases related to declining enrollment and the COLA. If district patrons do not want to use the maximum LOB, then existing declining enrollment and cost of living funding received by the district will be lost.*

There are a number of more specific issues and concerns as well:

- The mandatory maximum requirement is not in the best interest of the patrons because it mandates tax increases and complicates the budget process.
- Recent studies commissioned by the legislature clearly demonstrated the need to adjust funding based on the cost of resources (primarily prevailing wage). There seems to be no good justification to withhold this weighting based upon whether a district chooses to be at the maximum LOB.
- Likewise, the legislature provides declining enrollment funding with approval by BOTA. This funding has a specific purpose and should not be contingent on a district having an LOB at the maximum level.

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Senate Education Committee
1-22-07
Attachment 8

- The facilities weightings are no longer contingent upon the maximum LOB authority. This was changed in a prior legislative session. The COLA and declining enrollment funding should be treated the same as facilities weighting.
- Coupling the declining enrollment and COLA to LOB makes it more difficult to manage a district's budget. Districts are forced to go the maximum. Otherwise, existing revenue generated by these sources of funding will be eliminated forcing the district to make expenditure reductions.

Thank you for allowing us to appear in support of SB 69 and I would be happy to stand for questions.



Kansas City, Kansas Public Schools

Unified School District No. 500

SENATE EDUCATION COMMITTEE

SENATE BILL 69

January 22, 2007

The Kansas City District is appreciative of SB 69 providing flexibility to some USDs to raise additional local dollars. However, we do have reservations. One, it appears to us that to allow districts additional local taxing authority when they have not utilized the maximum LOB authority currently allowed under the law is counterintuitive.

Our second concern is our district's opposition to the method of qualification, under the law passed last year, for additional local taxing authority for certain high cost districts. The Post Audit Study determined that cost of living is a valid component in determining salary costs, but recommended that these additional costs were applicable to regions of the state, not just selected districts that have high housing costs. We believe that this issue should be addressed before consideration of broadening the current law. The Kansas City District, for example, currently employs more teachers who live in Johnson County than live in Kansas City. Under the current law, they receive no benefit despite the fact that they live in a high wealth district. Conversely, a number of KCK residents teach in Johnson County and have access to the additional funding provided in last year's bill. These inconsistencies cry out for a serious examination of the Post Audit Study recommendations on cost of living factors.

Thank you for allowing me the opportunity to share with you some of the concerns of the Kansas City Public School District regarding SB 69.

Bill Reardon

Lobbyist, Kansas City, Kansas Public School



Mark Desetti, Testimony
Senate Education Committee
January 22, 2006

Senate Bill 69

Madame Chair, members of the Committee, thank you for the opportunity to appear before you today to share our thoughts on Senate Bill 69.

The meat of this bill is simply to change the required LOB effort from the "state prescribed percentage" to "at least 25%." The simple question is "Why?"

After all, both the LOB and the COLA weighting are local property tax levies; both are subject to protest petition and vote. We had imagined that the intent behind the COLA was to allow those districts who wished to exceed the statutory limit on the LOB to do so. Why do we now wish to say that the district does not need to maximize its LOB authority before issuing yet another local property tax?

As you are all aware, KNEA opposed the implementation of the COLA weighting. But I am not here today to ask you to repeal it. You passed it and three school districts are using it.

We do remain, however, very concerned about the impact of this weighting – particularly in the form it takes now.

We continue to believe that, if you continue to provide the COLA weighting, it be done on a regional basis rather than by simply the cost of housing.

Under the current system, it is conceivable that high housing cost districts with the COLA providing a boost in teacher salaries will draw quality teachers away from neighboring low housing districts.

While we continue to believe that such cost of living adjustments should not be made while **all** Kansas teacher salaries remain significantly below the national average, a regional cost of living adjustment is a much more logical and rational system under which to determine where weightings might be appropriate.

Of course, every decision you make about local property tax levies should be tempered by consideration of the ability of people in that local area to absorb another property tax levy. Low property tax valuation results in a very high – often unaffordable – mill levy to reach the same dollars that might be raised with one or two mills in a high valuation community.

Please consider carefully all the ramifications of changes in this weighting.

*Senate Education Committee
1-22-07
Attachment 10*