

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:05 a.m. on February 3, 2009, in Room 143-N of the Capitol.

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The meeting was called to order by Chairman Kevin Yoder at 9:05 a.m. on February 3, 2009, in Room 143-N of the Capitol.

All members were present except:

Representative Kasha Kelley - excused
Representative Peggy Mast - excused

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes
Jason Long, Office of the Revisor of Statutes
Audrey Dunkel, Kansas Legislative Research Department
JG Scott, Kansas Legislative Research Department
Kelly Cure, Chief of Staff
Kathy Holscher, Committee Assistant

Conferees appearing before the committee:

Mark Tallman, Kansas Association of School Boards, Neutral
Robert Vancrum, Blue Valley School District, Proponent
Cheryl Semmel, United School Administrators, Proponent
Diane Gjerstad, Wichita Public Schools, Neutral
Bill Reardon, Kansas City, Kansas School District, Neutral

Others attending:

See attached list.

- Attachment 1 2009 House Budget Committees
- Attachment 2 Overview of 2009 **HB - 2095**
- Attachment 3 Kansas Association of School Boards Testimony
- Attachment 4 Blue Valley USD 229 Testimony
- Attachment 5 United School Administrators of Kansas Testimony
- Attachment 6 Wichita Public Schools Testimony
- Attachment 7 Kansas National Education Association Testimony
- Attachment 8 Schools for Fair Funding Testimony

Introduction of Legislation

Representative Burroughs moved to introduce legislation regarding 1) Worker's Compensation and Bi-lateral Injury Bill; 2) Worker's Compensation Bill; 3) Minimum Wage Bill and 4) Prevailing Wage Bill. The motion was seconded by Representative Gatewood. Motion carried.

Representative Faber moved to introduce legislation regarding the Department of Wildlife and Parks Program which feeds the hungry. The motion was seconded by Representative Whitham. Motion carried.

Representative McLeland moved to introduce legislation regarding 1) Kansas Uniform Financial and Accounting Report Act and 2) Capital improvement match. The motion was seconded by Whitham. Motion carried.

Representative Holmes moved to introduce legislation regarding Groundwater Management District. The motion was seconded by Representative Craft. Motion carried.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:05 a.m. on February 3, 2009, in Room 143-N of the Capitol.

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Minutes of the House Appropriations Committee at 9:05 a.m. on February 3, 2009, in Room 143-N of the Capitol.

Chairman Yoder moved to introduce legislation regarding moving up the release date of the Governor's budget recommendations. The motion was seconded by Representative Whitham. Motion carried.

Chairman Yoder moved to introduce legislation regarding a cap amount on the state's bond indebtedness. The motion was seconded by Representative Whitham. Motion carried.

Chairman Yoder moved to introduce legislation regarding the establishment of a budget stabilization fund. The motion was seconded by Representative Whitham. Motion carried.

Chairman Yoder moved to introduce legislation regarding establishing the position of State Auditor. The motion was seconded by Representative Donohoe. Motion carried.

Chairman Yoder referred to the FY 2009 House Budget Committee (Attachment 1) handout. The FY 2010 budget report process will begin in Committee next Wednesday, February 11, 2009.

Committee at 9:005a.m. on February 3, 2009, in Room 143-N of the Capitol.

HB 2095 - School finance; capital outlay; cash-basis law, exemption; LOB authority.

Theresa Kiernan, Senior Assistant Revisor, Office of Revisor of Statutes, presented an overview of the FY 2009 **HB - 2095** (Attachment 2), Capital outlay funds, no-fund warrants, local option budget and provisions in the cash-basis law were reviewed. The similarities and possible amendments for **HB 2905** were compared with **SB 21**, **SB 22**, **SB 73** and **SB 74**.

Conferees Testimony

Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards, presented testimony regarding **HB - 2095** (Attachment 3). Suggestions for budget reductions included raising the statewide mill levy by four mills, which would raise approximately \$116 million to off-set school funding reductions for FY 2010, and other tax policy choices could be considered.

Mark Tallman responded to questions from Committee members regarding contingency funds, expanding capital outlay and the equalization of funds and no-fund warrants.

Robert Vancrum, Government Affairs Specialist, Blue Valley USD #229 (Attachment 4), discussed the special capital outlay fund and the two year limit for raising the mill levy. The recommendation was made to extend the time frame to five years. Clarification of the constitutionality of equalization was provided. An amendment to leave the \$4433 base in place for the purpose of calculating the LOB and deleting the specific years until the BSAAP is set at \$4333 or above was recommended. It was noted that this bill does not address the LOB cuts for FY 2009.

Cheryl Semmel, Executive Director, United School Administrators of Kansas (Attachment 5), discussed no-fund warrants and the negative impact on credit ratings for districts, local government and the state. The economic uncertainty and a sound plan for repayment was expressed. The authorization for districts to adopt a LOB based on BSAPP of \$4433 would allow districts to preserve funds raised and raise the same of amount of money at the current percentage rate and maintain programs. The equalization of the special capital outlay was expressed so that each district shares the burden equitably.

Cheryl Semmel responded to questions from Committee members in regards to extending contract notification dates, the impact of budget issues for non-contractual employees and student programs.

Diane Gjerstad, Wichita Public Schools (Attachment 6), provided a comparison of the impact of a new mill levy within six school districts. No-fund warrants the impact of insurance costs and increases for taxpayers

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:05 a.m. on February 3, 2009, in Room 143-N of the Capitol.

was discussed. Support of the LOB based on a \$4433 base per pupil and increasing the capital outlay cap from 8 to 10 mills was expressed.

Bill Reardon, Kansas City, Kansas School District, expressed opposition of a 2 mill increase if unequalized, and broadening of the intent of the capital outlay fund to include insurance and utilities.

Written testimony will be submitted tomorrow.

Bill Reardon responded to questions from Committee members in regards to equalization between school districts, the impact of budget cuts, legal concerns, taxpayer equity and school finance formula based on suitable and equitable distribution.

Written testimony from Kansas National Education Association (Attachment 7), and Schools for Fair Funding (Attachment 8).

● Additional Information Requested

- Comparison of the State cost for equalization in Section 1, and district formula for the capital outlay fund

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee will be at 9:00 a.m. on The next meeting is scheduled for February 11, 2009.

Kevin Yoder, Chairman

CONTINUATION SHEET

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Chairman Yoder moved to introduce legislation regarding the establishment of a budget stabilization fund. The motion was seconded by Representative Whitham. Motion carried.

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Cheryl Semmel responded to questions from Committee members in regards to extending contract notification dates, the impact of budget issues for non-contractual employees and student programs.

Diane Gjerstad, Wichita Public Schools (Attachment 6), provided a comparison of the impact of a new mill levy within six school districts. No-fund warrants and the impact of insurance costs and increases for taxpayers was discussed. Support of the LOB based on a \$4433 base per pupil and increasing the capital outlay cap from 8 to 10 mills was expressed.

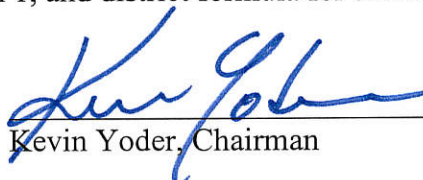
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Bill Reardon responded to questions from Committee members in regards to equalization between school districts, the impact of budget cuts, legal concerns, taxpayer equity and school finance formula based on suitable and equitable distribution.

Written testimony from Kansas National Education Association (Attachment 7), and Schools for Fair Funding (Attachment 8).

● Additional Information Requested

- Comparison of the State cost for equalization in Section 1, and district formula for the capital outlay fund


Kevin Yoder, Chairman

2009 House Budget Committees

Agriculture and Natural Resources

1:30 p.m. in Room 431-N, Statehouse

Members

John Faber, Chair; Larry Powell, Vice-Chair; Sydney Carlin, Ranking Minority Member; John Grange; Don Hill; Carl Holmes; Bill Light; Steve Lukert; Jerry Williams

Agency	Fiscal Analyst	Final Appropriations Committee Action
Animal Health Department	Heather O'Hara	February 12, 2009
Department of Agriculture	Heather O'Hara	February 12, 2009
Kansas State Fair Board	Heather O'Hara	February 12, 2009
Board of Accountancy	Cody Gorges	February 26, 2009
Board of Veterinary Examiners	Christina Butler	February 26, 2009
Department of Credit Unions	Dylan Dear	February 26, 2009
Securities Commissioner	Dylan Dear	February 26, 2009
State Bank Commissioner	Dylan Dear	February 26, 2009
Department of Commerce	Michael Steiner	February 27, 2009
Kansas Inc.	Michael Steiner	February 27, 2009
Kansas Technology Enterprise Corp.	Michael Steiner	February 27, 2009
Kansas Water Office	Heather O'Hara	February 27, 2009
State Conservation Commission	Heather O'Hara	February 27, 2009
Kansas Corporation Commission	Heather O'Hara	March 5, 2009
Citizens' Utility Ratepayer Board	Heather O'Hara	March 5, 2009
Dept. of Health and Environment - Environment	Heather O'Hara	March 6, 2009
Department of Wildlife and Parks	Heather O'Hara	March 10, 2009

Appropriations Committee

Attachment 1-1

Date 2/3/09

Education

3:30 p.m. in Room 531-N, Statehouse

Members

Joe McClelland, Chairman; Clay Aurand, Vice-Chairman; **Harold Lane, Ranking Minority Member;** Richard Carlson; Barbara Craft; **Bill Feuerborn;** Terrie Huntington; Gene Rardin

Agency	Fiscal Analyst	Final Appropriations Committee Action
Kansas Arts Commission	Jonathan Tang	Monday, February 16, 2009
School for the Blind	Cody Gorges	Monday, February 16, 2009
School for the Deaf	Cody Gorges	Monday, February 16, 2009
State Historical Society	Jonathan Tang	Monday, February 16, 2009
State Library	Jonathan Tang	Monday, February 16, 2009
Department of Education	Reagan Cussimano	Tuesday, February 17, 2009
Behavioral Sciences Regulatory Board	Jonathan Tang	Thursday, February 26, 2009
Board of Healing Arts	Jonathan Tang	Thursday, February 26, 2009
Board of Regents	Audrey Dunkel	Tuesday, March 10, 2009
Emporia State University	Audrey Dunkel	Tuesday, March 10, 2009
Fort Hays State University	Audrey Dunkel	Tuesday, March 10, 2009
Kansas State University	Audrey Dunkel	Tuesday, March 10, 2009
KSU - Extension Systems and Agricultural Research Program	Audrey Dunkel	Tuesday, March 10, 2009
KSU - Veterinary Medical Center	Audrey Dunkel	Tuesday, March 10, 2009
Pittsburg State University	Audrey Dunkel	Tuesday, March 10, 2009
University of Kansas	Audrey Dunkel	Tuesday, March 10, 2009
University of Kansas Medical Center	Audrey Dunkel	Tuesday, March 10, 2009
Wichita State University	Audrey Dunkel	Tuesday, March 10, 2009

General Government

1:30 p.m. in Room 531-N, Statehouse

Members

Jason Watkins, Chairman; Kasha Kelley, Vice-Chairman; Tom Burroughs, Ranking Minority Member; Peter DeGraaf; Owen Donohoe; Jo Ann Pottorff; Tom Sawyer; Milack Talia; Jeff Whitham

Agency	Fiscal Analyst	Final Appropriations Committee Action
Governmental Ethics Commission	Estelle Montgomery	Wednesday, February 25, 2009
Board of Barbering	Estelle Montgomery	Thursday, February 26, 2009
Board of Cosmetology	Estelle Montgomery	Thursday, February 26, 2009
Board of Mortuary Arts	Estelle Montgomery	Thursday, February 26, 2009
Board of Pharmacy	Jonathan Tang	Thursday, February 26, 2009
Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments	Estelle Montgomery	Thursday, February 26, 2009
Kansas Dental Board	Jonathan Tang	Thursday, February 26, 2009
Optometry Board	Jonathan Tang	Thursday, February 26, 2009
Real Estate Appraisal Board	Christina Butler	Thursday, February 26, 2009
Real Estate Commission	Christina Butler	Thursday, February 26, 2009
Court of Tax Appeals	Michael Steiner	Monday, March 02, 2009
Department of Labor	Dylan Dear	Monday, March 02, 2009
Kansas Human Rights Commission	Dylan Dear	Monday, March 02, 2009
Department of Administration	Cody Gorges	Tuesday, March 03, 2009
Department of Revenue	Michael Steiner	Wednesday, March 04, 2009
Judicial Branch	Reagan Cussimano	Thursday, March 05, 2009
Judicial Council	Reagan Cussimano	Thursday, March 05, 2009
Attorney General	Reagan Cussimano, Leah Robinson	Monday, March 09, 2009
Insurance Department	Dylan Dear	Monday, March 09, 2009
Lieutenant Governor	JG Scott, Leah Robinson	Monday, March 09, 2009
Office of the Governor	JG Scott, Leah Robinson	Monday, March 09, 2009
Secretary of State	Reagan Cussimano, Leah Robinson	Monday, March 09, 2009
State Treasurer	Jonathan Tang	Monday, March 09, 2009
Kansas Lottery	Cody Gorges	Wednesday, March 11, 2009
Kansas Public Employees Retirement System (KPERS)	Michael Steiner	Wednesday, March 11, 2009
Kansas Racing and Gaming Commission	Cody Gorges	Wednesday, March 11, 2009

Legislative Branch

Members

Kevin Yoder, Chair; Ray Merrick, Vice Chair; Arlen Siegfried; Peggy Mast; Mike O'Neal

Agency	Fiscal Analyst	Final Appropriations Committee Action
Legislative Coordinating Council	JG Scott	Tuesday, February 17, 2009
Legislative Research Department	JG Scott	Tuesday, February 17, 2009
Revisor of Statutes	JG Scott	Tuesday, February 17, 2009
Legislature	JG Scott	Tuesday, February 17, 2009
Division of Post Audit	JG Scott	Tuesday, February 17, 2009

Transportation and Public Safety
 3:30 p.m. in Room 136-N, Statehouse

Members

Lee Tafanelli, Chairman; Vern Swanson, Vice-Chairman; **Doug Gatewood, Ranking Minority Member;**
John Faber; Gail Finney; Stan Frownfelter; Jo Ann Pottorff; Jill Quigley

Agency	Fiscal Analyst	Final Appropriations Committee Action
Adjutant General	Aaron Klaassen	Friday, February 13, 2009
CPOST	Aaron Klaassen	Friday, February 13, 2009
Emergency Medical Services Board	Jonathan Tang	Friday, February 13, 2009
Highway Patrol	Aaron Klaassen	Friday, February 13, 2009
Kansas Bureau of Investigation	Aaron Klaassen	Friday, February 13, 2009
Kansas Parole Board	Jarod Waltner	Friday, February 13, 2009
Sentencing Commission	Jarod Waltner	Friday, February 13, 2009
State Fire Marshal	Aaron Klaassen	Friday, February 13, 2009
Abstracters Board of Examiners	Christina Butler	Thursday, February 26, 2009
Board of Technical Professions	Christina Butler	Thursday, February 26, 2009
Department of Corrections	Jarod Waltner	Monday, March 02, 2009
El Dorado Correctional Facility	Jarod Waltner	Monday, March 02, 2009
Ellsworth Correctional Facility	Jarod Waltner	Monday, March 02, 2009
Hutchinson Correctional Facility	Jarod Waltner	Monday, March 02, 2009
Lansing Correctional Facility	Jarod Waltner	Monday, March 02, 2009
Larned Correctional Mental Health Facility	Jarod Waltner	Monday, March 02, 2009
Norton Correctional Facility	Jarod Waltner	Monday, March 02, 2009
Topeka Correctional Facility	Jarod Waltner	Monday, March 02, 2009
Winfield Correctional Facility	Jarod Waltner	Monday, March 02, 2009
Board of Indigents' Defense Services	Cody Gorges	Thursday, March 05, 2009
Atchison Juvenile Correctional Facility	Christina Butler	Tuesday, March 10, 2009
Beloit Juvenile Correctional Facility	Christina Butler	Tuesday, March 10, 2009
Juvenile Correctional Facilities	Christina Butler	Tuesday, March 10, 2009
Juvenile Justice Authority	Christina Butler	Tuesday, March 10, 2009
Kansas Juvenile Correctional Complex	Christina Butler	Tuesday, March 10, 2009
Larned Juvenile Correctional Facility	Christina Butler	Tuesday, March 10, 2009
Kansas Department of Transportation	Aaron Klaassen	Wednesday, March 11, 2009

Social Services

3:30 p.m. in Room 786 Docking

Members

Peggy Mast, Chairman; Marc Rhoades, Vice-Chairman; Jerry Henry, Ranking Minority Member, Barbara Ballard; David Crum; Tom Hawk; Forrest Knox; Mike Kiegerl

Agency	Fiscal Analyst	Final Appropriations Committee Action
Commission on Veterans Affairs	Dylan Dear	Wednesday, February 11, 2009
Kansas Guardianship Program	Dylan Dear	Wednesday, February 25, 2009
Kansas Neurological Institute	Estelle Montgomery	Wednesday, February 25, 2009
Larned State Hospital	Estelle Montgomery	Wednesday, February 25, 2009
Osawatomie State Hospital	Estelle Montgomery	Wednesday, February 25, 2009
Parsons State Hospital	Estelle Montgomery	Wednesday, February 25, 2009
Rainbow Mental Health Facility	Estelle Montgomery	Wednesday, February 25, 2009
Board of Nursing	Jonathan Tang	Thursday, February 26, 2009
Department on Aging	Amy Deckard	Wednesday, March 04, 2009
Dept. of Health and Environment - Health	Amy Deckard, Leah Robinson	Friday, March 06, 2009
Health Care Stabilization Fund Board	Dylan Dear	Monday, March 09, 2009
Health Policy Authority	Amy Deckard	Monday, March 16, 2009
Social and Rehabilitation Services	Amy Deckard	Monday, March 16, 2009

MARY ANN TORRENCE, ATTORNEY
REVISOR OF STATUTES

JAMES A. WILSON III, ATTORNEY
FIRST ASSISTANT REVISOR

GORDON L. SELF, ATTORNEY
FIRST ASSISTANT REVISOR



OFFICE OF REVISOR OF STATUTES
KANSAS LEGISLATURE

Legal Consultation—
Legislative Committees and Legislators
Legislative Bill Drafting
Legislative Committee Staff
Secretary—
Legislative Coordinating Council
Kansas Commission on
Interstate Cooperation
Kansas Statutes Annotated
Editing and Publication
Legislative Information System

TO: House Committee on Appropriations
FROM: Theresa Kiernan, Senior Assistant Revisor of Statutes
RE: Overview of 2009 House Bill No. 2095
DATE: February 3, 2009

Section 1 authorizes school districts to create a special capital outlay fund and to levy up to two mills annually to pay the costs of insurance and utility services.

This authority is in addition to the existing capital outlay authority of districts under K.S.A. 72-8801 et seq. (The revenues in the two funds could not be co-mingled.) The special capital outlay revenue would not be equalized (no state aid). If a district chooses to impose a special capital outlay levy, the resolution would be subject to a 10% protest petition and election.

Utilities include, but are not limited to, gas, electric, water, telephone, sewage and solid waste disposal.

Insurance means health, medical, dental, errors and omissions, property, fire, casualty and liability insurance.

Section 1 is similar to 2009 Senate Bill No. 21, except that the authority under the senate bill expires in two years.

Needs a technical amendment to make sure the authority is on-going.

Section 2 authorizes school districts to issue no-fund warrants to pay teacher salaries and benefits if the local board determines there are insufficient revenues in the general fund to finance the adopted budget for such purposes. Districts are required to levy a tax in the next tax levying period to re-pay the warrants. The warrants could be issued without the approval of the state court of tax appeals.

Section 2 is similar to 2009 Senate Bill No. 22.

Sections 3 and 5 authorizes school districts to adopt a local option budget for school year 2009-2010 through school year 2011-2012 in an amount which does not exceed the local option budget using a base state aid per pupil of \$4433 (the current statutory BSAPP).

Needs to be amended if the committee wants to include the current school year.

Sections 3 and 5 are similar to 2009 Senate Bill No. 73.

Section 4 amends a provision in the cash-basis law, to make permanent, an exception for school districts for expenditures in excess of current revenues if the deficit or shortage in revenues is caused by, or a result of, the late payment of general or supplemental general state aid. The current exception expired in 2007.

Section 4 is similar to 2009 Senate Bill No.74.

Sections 6 and 7 amends the current capital outlay authority of school districts to increase the maximum amount of a levy that may be imposed from 8 mills to 10 mills. The formula used to calculate the amount of the capital outlay state aid is amended to reflect the two-mill increase.

Needs a technical amendment in Section 7 to amend most recent version of the law.

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RS- FAHB2095exp.wpd (tkiernan)

Appropriations Committee

Attachment 2 2/3/09

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
785-273-3600

Testimony before the
House Committee on Appropriations
on
HB 2095
by

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

February 3, 2009

Mr. Chair, Members of the Committee:

Thank you for the opportunity to comment on **HB 2095**. We have asked to appear before the committee today as “neutral” on this bill, because there are parts of this measure we support, parts we oppose, and parts we have not taken a position on. As committee members are probably all aware, each member school board has a vote in our annual Delegate Assembly, which adopts policies and resolutions that guide our testimony and positions. Of course, new issues often arise that our members have not addressed. In that case, we have to look to the basic principles our members have adopted.

KASB has several core principles relevant to this bill. First, the *Legislature* has the responsibility to provide suitable funding for education, not local school districts. Second, the concept of suitable funding includes the goal of improvement, not simply maintaining the status quo. Third, the quality of a child’s education should be based on the needs of the child, not the wealth or vote of an individual district. Fourth, any local funding should be “equalized” so funding for education is not dependent on the wealth of the district.

These principles have not only been adopted by our members, they are reflected in a long series of Kansas Supreme Court decisions about school finance. In this light, let us evaluate **HB 2095**.

Section 1 would create a new “special capital outlay” fund for utilities and insurance, funded by a two-mill local property tax for up to two years that would be subject to protest petition. Although this bill is presumably prompted by the current budget crisis and the likelihood of school district budget cuts, this authority does not appear to expire, so districts could continue to renew the mill levy.

This provision would help districts shift certain basic costs from the state-supported general fund to local property tax-payers. However, the help provided would vary dramatically based on local wealth. I’ve attached a chart showing how much a two mill levy raises in each school district. Even removing the extreme outliers shows that some districts can raise more than 10 times as much per pupil as the least wealthy districts. We therefore cannot support this measure, and believe it is unconstitutional on its face – and is simply unfair.

Appropriations Committee

Attachment 3-1

Date 2/3/09

Moreover, none of the purposes specified in this section concern local enhancements. Utilities and insurance are clearly part of the state's responsibility for a suitable education. It should also be remembered that providing certain districts with significantly higher additional budget assistance allows them to have better salaries and benefits, and therefore a competitive advantage compared to other districts.

Finally, we would suggest that if this bill is adopted, the name of this special fund be changed from "capital outlay," because these purposes really have little to do with "capital" costs.

Section 2 would allow any local school district to issue no-fund warrants to pay teacher salaries and benefits if funding is insufficient to finance the adopted budget. Essentially, this simply shifts responsibility from the state to local property tax-payers. No equalization aid is provided for no-fund warrants. KASB believes that school districts probably already have authority to take this step. We have no particular objection to this provision, but believe it indicates the state is failing to meet its constitutional obligation.

Section 3 would allow districts to maintain Local Option Budget authority as if the base budget per pupil is \$4,433 over the next three years, even if the base budget is reduced. We support this step because it would help cushion the impact of state budget cuts – cuts our members believe could damage the quality of education and level of student academic performance the state has achieved. However, KASB can only support this measure if the Local Option Budget continues to be equalized so all districts can maintain their LOB with the current tax effort. To allow districts to keep an LOB based on a base budget per pupil of \$4,433, but reduce supplemental state aid means lower wealth districts would either experience a loss in LOB funding or require a greater tax increase to make up the loss. We believe both are unacceptable.

We would further suggest that **HB 2095** be amended so any reduction in Supplemental General State Aid would reduce the LOB authority available for all districts, not just those in the lower 81.2 percentile of districts based on valuation per pupil. Reductions in state aid, if necessary, should not fall disproportionately on students based on the wealth of their district.

Section 4 increases the maximum capital outlay levy amount from eight mills to 10 mills. The bill appears to maintain the state aid program for capital outlay, which KASB strongly supports. Our members have not taken a position on increasing the capital outlay levy.

In conclusion, however, we would note that most of these provisions offer school districts the opportunity to cushion the impact of state funding cuts by raising taxes. We strongly agree that tax increases should be on the table. We disagree with the premise that *local* tax increases are acceptable but *state* taxes are not. To approve **HB 2095** must mean that the state's economy can absorb a four mill property tax increase in every district in the state, because that is what the bill would allow. If that is the case, we urge the committee to consider raising the statewide mill levy by four mills, which would raise approximately \$116 million to offset school funding reductions for Fiscal Year 2010. There may be political reasons against raising the statewide levy, but if you pass this bill, there would not longer be any economic arguments against doing so. We believe there are many other tax policy choices the Legislature could consider.

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

2007-08 School Year Financial and Enrollment Data

2007-08 School Year Data:

USD	USDName	2007-08 FTE Enr	Total Assessed Valuation	Valuation Per Pupil	2 Mills per pupil?
507	Satanta	331.5	\$172,418,811	\$520,903	\$1,042
217	Rolla	201.0	\$96,453,531	\$479,868	\$960
209	Moscow	207.3	\$96,923,399	\$467,551	\$935
244	Burlington	819.8	\$379,205,927	\$462,446	\$925
215	Lakin	609.5	\$214,753,368	\$352,344	\$705
332	Cunningham	178.5	\$61,409,381	\$344,030	\$688
210	Hugoton	971.9	\$305,552,810	\$314,387	\$629
452	Stanton County	434.5	\$111,264,068	\$257,258	\$515
216	Deerfield	285.5	\$67,437,942	\$235,797	\$472
213	West Solomon Valley	46.5	\$10,931,027	\$235,076	\$470
374	Sublette	487.6	\$112,841,960	\$231,139	\$462
269	Palco	156.0	\$35,709,735	\$228,909	\$458
321	Kaw Valley	1,092.0	\$232,043,113	\$212,105	\$424
214	Ulysses	1,589.8	\$327,074,797	\$205,384	\$411
363	Holcomb	814.0	\$165,156,214	\$202,895	\$406
399	Paradise	142.0	\$26,987,899	\$190,056	\$380
275	Triplains	87.9	\$15,900,027	\$180,888	\$362
300	Comanche County	319.7	\$55,529,128	\$173,691	\$347
502	Lewis	99.5	\$16,960,957	\$170,462	\$341
106	Western Plains	171.0	\$28,840,394	\$168,657	\$337
220	Ashland	208.6	\$34,620,365	\$166,045	\$332
424	Mullinville	156.9	\$25,931,040	\$164,851	\$330
422	Greensburg	196.5	\$31,518,905	\$160,402	\$321
494	Syracuse	448.0	\$70,890,275	\$158,237	\$316
255	South Barber	217.5	\$34,390,399	\$158,117	\$316
291	Grinnell	89.5	\$14,050,992	\$155,260	\$311
511	Attica	126.5	\$19,549,985	\$154,545	\$309
200	Greeley County	232.8	\$35,903,021	\$154,223	\$308
482	Dighton	234.0	\$34,949,196	\$149,356	\$299
401	Chase-Raymond	126.5	\$18,254,505	\$144,877	\$290
218	Elkhart	653.0	\$92,035,183	\$140,727	\$281
362	Prairie View	953.3	\$134,901,639	\$140,333	\$281
474	Haviland	150.0	\$20,308,970	\$135,393	\$271
228	Hanston	72.0	\$9,294,632	\$129,092	\$258
226	Meade	476.5	\$61,093,720	\$128,213	\$256
303	Ness City	268.6	\$34,134,896	\$127,084	\$254
328	Lorraine	447.0	\$56,088,152	\$125,197	\$250
254	Barber County North	521.5	\$65,248,149	\$124,877	\$250
270	Plainville	364.0	\$45,184,456	\$124,133	\$248
512	Shawnee Mission	26,965.8	\$3,227,777,665	\$119,699	\$239
229	Blue Valley	19,809.8	\$2,369,149,850	\$119,602	\$239
281	Hill City	381.7	\$45,281,797	\$118,725	\$237
432	Victoria	258.5	\$30,315,858	\$117,276	\$235
351	Macksville	302.1	\$35,261,302	\$116,875	\$234
103	Cheylin	143.0	\$16,361,738	\$114,418	\$229
483	Kismet-Plains	686.5	\$77,050,474	\$112,237	\$224
314	Brewster	97.5	\$10,929,460	\$112,097	\$224
387	Altoona-Midway	201.5	\$21,870,159	\$108,268	\$217
203	Piper-Kansas City	1,527.0	\$163,969,710	\$107,380	\$215
403	Otis-Bison	185.0	\$19,356,977	\$104,632	\$209

2007-08 School Year Financial and Enrollment Data

USD	USDName	2007-08 FTE Enr	Total Assessed Valuation	Valuation Per Pupil	2 Mills per pupil?
310	Fairfield	323.5	\$33,068,669	\$102,222	\$204
459	Bucklin	230.0	\$23,121,351	\$100,747	\$201
297	St. Francis	307.5	\$29,406,687	\$95,632	\$191
375	Circle	1,589.6	\$150,914,651	\$94,939	\$190
497	Lawrence	10,208.0	\$973,752,838	\$94,754	\$190
423	Moundridge	445.5	\$41,766,477	\$93,752	\$188
284	Chase County	438.0	\$41,012,281	\$93,635	\$187
292	Wheatland	132.5	\$12,346,436	\$93,534	\$187
468	Healy	87.0	\$8,127,521	\$93,420	\$187
412	Hoxie Community	291.5	\$27,117,659	\$93,028	\$186
299	Sylvan Grove	145.0	\$13,287,612	\$91,639	\$183
383	Manhattan-Ogden	5,402.7	\$497,846,416	\$91,226	\$182
241	Wallace County	212.5	\$19,362,713	\$91,119	\$182
444	Little River	305.2	\$27,598,830	\$90,429	\$181
466	Scott County	836.9	\$75,469,639	\$89,717	\$179
306	Southeast Of Saline	689.2	\$61,535,587	\$89,286	\$179
107	Rock Hills	265.0	\$23,606,531	\$89,081	\$178
476	Copeland	131.8	\$11,721,050	\$88,931	\$178
279	Jewell	116.0	\$10,289,138	\$88,699	\$177
388	Ellis	354.7	\$31,319,906	\$88,051	\$176
208	WaKeeney	420.0	\$35,160,044	\$87,900	\$176
490	El Dorado	2,059.0	\$180,569,005	\$87,697	\$175
390	Hamilton	89.0	\$7,748,979	\$86,581	\$173
271	Stockton	306.0	\$26,024,373	\$84,908	\$170
274	Oakley	409.5	\$34,490,229	\$84,225	\$168
326	Logan	175.5	\$14,617,297	\$83,527	\$167
354	Clafflin	252.0	\$20,997,199	\$83,322	\$167
433	Midway	183.5	\$15,286,692	\$82,631	\$165
225	Fowler	172.5	\$14,241,376	\$82,559	\$165
347	Kinsley-Offerle	325.4	\$26,767,797	\$82,261	\$165
437	Auburn Washburn	5,282.4	\$432,976,464	\$81,966	\$164
489	Hays	2,808.0	\$229,231,330	\$81,635	\$163
382	Pratt	1,096.8	\$89,866,848	\$81,504	\$163
294	Oberlin	393.3	\$32,041,894	\$81,469	\$163
227	Jetmore	276.0	\$22,236,882	\$80,568	\$161
384	Blue Valley-Randolph	203.5	\$16,063,231	\$78,935	\$158
445	Coffeyville	1,791.2	\$141,133,032	\$78,792	\$158
350	St. John-Hudson	375.8	\$29,571,302	\$77,860	\$156
395	LaCrosse	301.0	\$22,977,416	\$76,337	\$153
105	Rawlins County	309.0	\$23,447,235	\$75,881	\$152
397	Centre	246.5	\$18,700,916	\$75,866	\$152
407	Russell County	935.8	\$71,123,711	\$75,623	\$151
245	LeRoy-Gridley	262.0	\$19,798,066	\$75,565	\$151
233	Olathe	24,721.3	\$1,862,632,641	\$75,344	\$151
496	Pawnee Heights	144.2	\$10,782,906	\$75,142	\$150
438	Skyline	368.5	\$27,597,356	\$74,993	\$150
418	McPherson	2,305.7	\$173,613,401	\$74,795	\$150
467	Leoti	417.0	\$30,517,988	\$73,185	\$146
334	Southern Cloud	242.4	\$17,739,704	\$73,184	\$146
416	Louisburg	1,625.7	\$118,936,750	\$73,160	\$146
298	Lincoln	332.5	\$23,955,162	\$71,722	\$143
219	Minneola	277.0	\$19,835,221	\$71,607	\$143
329	Mill Creek Valley	486.5	\$34,932,290	\$71,261	\$143

2007-08 School Year Financial and Enrollment Data

USD	USDName	2007-08 FTE Enr	Total Assessed Valuation	Valuation Per Pupil	2 Mills per pupil?
224	Clifton-Clyde	302.9	\$21,317,771	\$70,706	\$141
109	Republic County	507.5	\$35,400,973	\$70,380	\$141
242	Weskan	113.0	\$7,872,905	\$70,294	\$141
364	Marysville	712.0	\$49,973,407	\$70,227	\$140
223	Barnes	356.1	\$24,734,318	\$69,772	\$140
283	Elk Valley	175.5	\$12,172,827	\$68,929	\$138
477	Ingalls	250.5	\$17,211,253	\$68,708	\$137
232	De Soto	5,704.9	\$391,285,340	\$68,588	\$137
417	Morris County	784.0	\$53,126,688	\$67,764	\$136
331	Kingman - Norwich	1,048.2	\$70,569,513	\$67,324	\$135
352	Goodland	939.7	\$63,100,440	\$67,150	\$134
355	Ellinwood	425.0	\$28,443,438	\$66,847	\$134
369	Burrton	236.5	\$15,612,109	\$66,013	\$132
230	Spring Hill	1,788.1	\$116,589,963	\$65,152	\$130
419	Canton-Galva	388.0	\$25,201,700	\$64,869	\$130
324	Eastern Heights	115.5	\$7,491,145	\$64,858	\$130
108	Washington County	414.5	\$26,579,710	\$64,125	\$128
359	Argonia	189.5	\$12,007,072	\$63,362	\$127
330	Mission Valley	491.0	\$31,144,055	\$63,301	\$127
371	Montezuma	239.6	\$15,091,892	\$62,988	\$126
345	Seaman	3,408.1	\$214,785,513	\$62,928	\$126
479	Crest	228.5	\$14,254,946	\$62,385	\$125
206	Remington-Whitewater	539.7	\$33,475,525	\$62,338	\$125
204	Bonner Springs	2,348.7	\$146,328,461	\$62,275	\$125
473	Chapman	930.7	\$57,819,427	\$62,125	\$124
361	Anthony-Harper	812.0	\$50,219,087	\$61,846	\$124
360	Caldwell	229.9	\$14,180,462	\$61,681	\$123
293	Quinter	290.5	\$18,015,788	\$61,383	\$123
368	Paola	2,062.5	\$126,183,952	\$61,150	\$122
398	Peabody-Burns	343.5	\$20,995,402	\$61,122	\$122
386	Madison-Virgil	230.6	\$13,904,717	\$60,298	\$121
305	Salina	7,007.5	\$422,592,788	\$60,278	\$121
315	Colby	950.7	\$56,985,409	\$59,940	\$120
349	Stafford	272.6	\$16,452,711	\$59,785	\$120
101	Erie	566.2	\$33,803,352	\$59,702	\$119
343	Perry	937.6	\$55,528,458	\$59,224	\$118
250	Pittsburg	2,545.5	\$150,778,436	\$59,157	\$118
415	Hiawatha	892.4	\$52,702,712	\$59,024	\$118
272	Waconda	371.9	\$21,346,021	\$58,466	\$117
282	West Elk	352.3	\$20,576,902	\$58,407	\$117
448	Inman	415.1	\$24,067,491	\$58,204	\$116
259	Wichita	44,280.8	\$2,573,665,335	\$58,121	\$116
442	Nemaha Valley	466.9	\$27,129,014	\$58,105	\$116
431	Hoisington	581.1	\$33,679,526	\$57,670	\$115
458	Basehor-Linwood	2,108.4	\$121,597,935	\$57,534	\$115
366	Woodson	418.9	\$23,994,441	\$57,280	\$115
231	Gardner-Edgerton	4,121.5	\$235,577,610	\$57,158	\$114
285	Cedar Vale	138.0	\$7,886,547	\$57,149	\$114
252	Southern Lyon County	545.7	\$31,071,567	\$56,939	\$114
377	Atchison County	683.5	\$38,784,843	\$56,744	\$113
273	Beloit	704.8	\$39,638,050	\$56,481	\$113
312	Haven	998.6	\$56,289,374	\$56,368	\$113
313	Buhler	2,180.0	\$121,998,224	\$55,962	\$112

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2007-08 School Year Financial and Enrollment Data

USD	USDName	2007-08 FTE Enr	Total Assessed Valuation	Valuation Per Pupil	2 Mills per pupil?
348	Baldwin City	1,315.7	\$73,318,922	\$55,743	\$111
327	Ellsworth	590.4	\$32,044,414	\$55,297	\$111
346	Jayhawk	521.7	\$28,821,497	\$55,214	\$110
492	Flinthills	294.4	\$15,185,888	\$54,724	\$109
484	Fredonia	740.8	\$40,453,258	\$54,608	\$109
309	Nickerson	1,158.7	\$63,170,113	\$54,518	\$109
365	Garnett	1,109.8	\$60,301,903	\$54,336	\$109
488	Axtell	295.3	\$15,905,964	\$53,864	\$108
481	Rural Vista	413.5	\$22,211,721	\$53,716	\$107
260	Derby	6,142.0	\$330,404,174	\$53,653	\$107
239	North Ottawa County	590.2	\$31,587,145	\$53,519	\$107
342	McLouth	524.6	\$28,077,087	\$53,429	\$107
400	Smoky Valley	990.2	\$52,708,129	\$53,230	\$106
311	Pretty Prairie	285.3	\$15,186,442	\$53,062	\$106
385	Andover	4,273.9	\$226,171,205	\$52,919	\$106
102	Cimarron-Ensign	649.5	\$34,362,299	\$52,906	\$106
251	North Lyon County	545.1	\$28,770,388	\$52,780	\$106
392	Osborne County	329.9	\$17,398,874	\$52,740	\$105
237	Smith Center	472.4	\$24,806,110	\$52,622	\$105
320	Wamego	1,305.4	\$68,625,439	\$52,546	\$105
289	Wellsville	828.0	\$43,485,276	\$52,518	\$105
322	Onaga-Havensville-Wheaton	348.0	\$18,236,976	\$52,481	\$105
212	Northern Valley	189.0	\$9,886,740	\$52,311	\$105
287	West Franklin	730.1	\$38,069,181	\$52,043	\$104
426	Pike Valley	246.0	\$12,626,682	\$51,962	\$104
316	Golden Plains	178.0	\$9,247,059	\$51,950	\$104
425	Highland	234.5	\$12,073,472	\$51,486	\$103
258	Humboldt	503.5	\$25,896,275	\$51,331	\$103
409	Atchison	1,560.1	\$79,981,623	\$51,267	\$103
410	Durham-Hillsboro-Lehigh	613.0	\$31,411,653	\$51,234	\$102
501	Topeka	12,606.1	\$644,441,598	\$51,215	\$102
456	Marais Des Cygnes Valley	288.5	\$14,773,025	\$51,206	\$102
290	Ottawa	2,390.7	\$122,408,848	\$51,074	\$102
495	Ft. Larned	852.0	\$43,585,456	\$50,977	\$102
464	Tonganoxie	1,733.8	\$88,771,202	\$50,924	\$102
450	Shawnee Heights	3,432.5	\$172,868,027	\$50,362	\$101
446	Independence	1,850.6	\$93,052,317	\$50,255	\$101
393	Solomon	402.1	\$19,970,383	\$49,665	\$99
453	Leavenworth	3,844.0	\$193,900,159	\$49,623	\$99
286	Chautauqua County	376.5	\$18,577,143	\$49,342	\$99
238	West Smith County	162.5	\$7,997,183	\$49,213	\$98
267	Renwick	1,960.8	\$96,480,840	\$49,205	\$98
378	Riley County	657.0	\$32,282,532	\$49,136	\$98
493	Columbus	1,142.5	\$55,736,293	\$48,742	\$97
266	Maize	6,189.2	\$300,685,424	\$48,490	\$97
341	Oskaloosa	534.5	\$25,544,886	\$47,792	\$96
389	Eureka	596.9	\$28,378,456	\$47,543	\$95
408	Marion-Florence	590.3	\$28,049,201	\$47,436	\$95
449	Easton	653.1	\$30,990,435	\$47,256	\$95
379	Clay Center	1,354.7	\$63,870,333	\$47,047	\$94
435	Abilene	1,567.9	\$72,251,890	\$46,082	\$92
469	Lansing	2,308.4	\$106,522,642	\$46,082	\$92
243	Lebo-Waverly	557.9	\$25,516,626	\$45,688	\$91

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2007-08 School Year Financial and Enrollment Data

USD	USDName	2007-08 FTE Enr	Total Assessed Valuation	Valuation Per Pupil	2 Mills per pupil?
264	Clearwater	1,270.0	\$58,272,828	\$45,683	\$91
480	Liberal	4,208.7	\$192,247,594	\$45,487	\$91
411	Goessel	253.9	\$11,544,170	\$45,467	\$91
256	Marmaton Valley	327.5	\$14,881,917	\$45,441	\$91
457	Garden City	6,690.8	\$305,748,757	\$45,390	\$91
440	Halstead	740.1	\$33,396,115	\$45,124	\$90
205	Bluestem	631.9	\$28,449,359	\$45,022	\$90
421	Lyndon	452.5	\$20,368,894	\$45,014	\$90
500	Kansas City	18,104.7	\$814,087,960	\$44,958	\$90
460	Hesston	801.1	\$35,998,505	\$44,936	\$90
308	Hutchinson	4,482.5	\$201,029,221	\$44,666	\$89
380	Vermillion	503.2	\$22,538,060	\$44,648	\$89
323	Rock Creek	818.8	\$36,321,978	\$44,241	\$88
509	South Haven	235.0	\$10,349,250	\$44,039	\$88
405	Lyons	774.7	\$34,114,251	\$44,035	\$88
333	Concordia	1,046.8	\$46,108,339	\$44,026	\$88
376	Sterling	542.8	\$23,726,804	\$43,712	\$87
381	Spearville	349.0	\$15,240,808	\$43,670	\$87
498	Valley Heights	368.5	\$15,946,412	\$43,274	\$87
240	Twin Valley	620.5	\$26,817,079	\$43,218	\$86
358	Oxford	365.2	\$15,790,207	\$43,084	\$86
265	Goddard	4,683.5	\$201,240,745	\$42,878	\$86
325	Phillipsburg	628.0	\$26,885,892	\$42,744	\$85
441	Sabetha	927.0	\$39,575,010	\$42,691	\$85
202	Turner-Kansas City	3,696.1	\$157,572,921	\$42,626	\$85
428	Great Bend	2,958.8	\$126,428,572	\$42,510	\$85
491	Eudora	1,362.7	\$57,252,458	\$42,008	\$84
465	Winfield	2,383.6	\$98,870,999	\$41,480	\$83
307	Ell-Saline	457.0	\$18,861,479	\$41,191	\$82
234	Fort Scott	1,897.4	\$78,137,603	\$41,181	\$82
420	Osage City	677.6	\$27,571,855	\$40,690	\$81
288	Central Heights	577.5	\$23,212,993	\$40,196	\$80
373	Newton	3,421.1	\$137,194,949	\$40,097	\$80
340	Jefferson West	925.1	\$36,833,007	\$39,815	\$80
268	Cheney	770.9	\$30,659,712	\$39,771	\$80
434	Santa Fe Trail	1,129.9	\$44,874,902	\$39,716	\$79
367	Osawatomie	1,132.5	\$44,704,261	\$39,474	\$79
503	Parsons	1,357.2	\$53,451,558	\$39,384	\$79
372	Silver Lake	695.3	\$27,332,751	\$39,282	\$79
262	Valley Center	2,513.5	\$97,743,856	\$38,888	\$78
451	B & B	200.0	\$7,772,046	\$38,860	\$78
461	Neodesha	757.3	\$29,418,191	\$38,846	\$78
486	Elwood	312.5	\$12,344,937	\$38,723	\$77
436	Caney Valley	777.6	\$30,071,139	\$38,667	\$77
253	Emporia	4,458.1	\$173,435,009	\$38,604	\$77
406	Wathena	402.5	\$15,057,837	\$37,318	\$75
247	Cherokee	732.5	\$27,223,960	\$37,065	\$74
463	Udall	394.7	\$14,601,971	\$36,995	\$74
211	Norton Community	660.6	\$24,292,273	\$36,773	\$74
353	Wellington	1,628.6	\$59,419,863	\$36,309	\$73
335	North Jackson	396.2	\$14,388,523	\$36,243	\$72
404	Riverton	810.2	\$29,104,209	\$35,878	\$72
462	Central	348.0	\$12,495,651	\$35,856	\$72

2007-08 School Year Financial and Enrollment Data

USD	USDName	2007-08 FTE Enr	Total Assessed Valuation	Valuation Per Pupil	2 Mills per pupil?
336	Holton	1,085.0	\$38,781,922	\$35,612	\$71
429	Troy	361.5	\$12,852,096	\$35,552	\$71
402	Augusta	2,150.0	\$76,247,132	\$35,409	\$71
338	Valley Falls	413.0	\$14,613,029	\$35,383	\$71
454	Burlingame	324.5	\$11,409,488	\$35,160	\$70
344	Pleasanton	366.0	\$12,691,112	\$34,675	\$69
248	Girard	1,000.9	\$34,733,138	\$34,647	\$69
487	Herington	507.8	\$17,556,743	\$34,574	\$69
471	Dexter	188.8	\$6,456,142	\$34,196	\$68
356	Conway Springs	556.9	\$18,798,462	\$33,575	\$67
413	Chanute	1,782.0	\$58,541,325	\$32,851	\$66
443	Dodge City	5,430.8	\$176,471,787	\$32,540	\$65
339	Jefferson County North	486.5	\$15,601,060	\$32,068	\$64
430	South Brown County	635.5	\$20,292,725	\$31,932	\$64
263	Mulvane	1,813.0	\$57,495,525	\$31,661	\$63
394	Rose Hill	1,706.9	\$53,865,437	\$31,557	\$63
257	Iola	1,425.0	\$44,712,908	\$31,377	\$63
235	Uniontown	445.5	\$13,890,401	\$31,179	\$62
506	Labette County	1,526.5	\$46,926,267	\$30,681	\$61
396	Douglass	792.6	\$23,724,786	\$29,914	\$60
470	Arkansas City	2,701.4	\$80,739,696	\$29,877	\$60
246	Northeast	548.5	\$15,808,634	\$28,822	\$58
249	Frontenac	782.5	\$22,294,210	\$28,455	\$57
508	Baxter Springs	903.7	\$24,904,320	\$27,558	\$55
261	Haysville	4,495.6	\$123,970,696	\$27,499	\$55
357	Belle Plaine	712.5	\$19,173,654	\$26,910	\$54
475	Geary County Schools	6,620.6	\$177,323,606	\$26,738	\$53
337	Royal Valley	953.5	\$24,856,477	\$26,069	\$52
439	Sedgwick	528.5	\$13,664,495	\$25,855	\$52
505	Chetopa-St. Paul	529.0	\$12,844,791	\$24,281	\$49
447	Cherryvale	900.1	\$21,430,222	\$23,809	\$48
504	Oswego	502.5	\$11,228,870	\$22,346	\$45
499	Galena	714.0	\$13,986,698	\$19,589	\$39
207	Ft. Leavenworth	1,602.6	\$2,346,643	\$1,466	\$3

Statewide Summary:				
High	44,280.8	\$3,227,777,665	\$520,903	\$1,042
Median	537.1	\$31,365,780	\$57,407	\$115
Low	46.5	\$2,346,643	\$1,466	\$3

Testimony to House Appropriations Committee on HB2095
Robert J. Vancrum, Government Affairs Specialist
Blue Valley USD 229

February 3, 2009

Chairman Yoder and Other Honorable Members of the Committee:

I am here to testify on behalf of the Blue Valley School District as a proponent of House Bill 2095. I believe this bill is intended to provide school districts facing serious budget cuts due to rescissions of state funds with some new options to help them at least partially absorb the cuts. I say we are a proponent, because we are a proponent of the intention of these changes, but we think improvements need to be made to make them workable. The bill contains three separate mechanisms- (1) a new special capital outlay mill levy of 2 mills to be used for paying health insurance premiums or utilities - fixed and rising costs the district can't control, (2) a clarification that no fund warrants can be used to pay salary and benefits that have been fixed by contract and cannot be paid due to unexpected contingencies, and (3) language to allow districts to continue to utilize their previously approved local option budget . I will address each separately.

The new capital outlay provisions are found in Section 1. Please note that the funds raised by this special capital outlay fund are to be used to cover insurance and utility costs. Yet the bill says such levy can only be raised for two years. Obviously we all hope the economic conditions will improve in two years, but since these are ordinary and necessary costs of operation, if a district uses it and its taken away in two years, it will have a cliff in its funding that will have to be absorbed by the general fund. Thus this becomes one time money for the districts.

The no fund warrants idea found in Section 2 may be useful to some districts that can't in any other way meet their salaries and benefits due to cutbacks. I think this would be a last resort for most districts.

The third idea of preserving a previously approved LOB is found in Section 3, 4 and elsewhere. Without such relief, districts would be unable to expend the funds raised locally for the previously approved local option budget. Thus districts would not only have to manage the cuts in state funding but actually reduce their LOB. Stranger yet, the funds have already been raised this year (2009) to pay for it, but they would lay idle and couldn't be spent while the district was making cuts in its budget due to the loss of state assistance. . The bill simply says USDs can continue

Appropriations Committee

Attachment 4-1

Date 2/3/09

to raise and fund LOB budgets "as if the BSAPP per pupil were still \$4433". But notice the bill also limits the years in which the \$4433 base amount can be used to the FY2010, 2011, and 2012. I assume the advocates for the bill had in mind that the budgeted BSAPP would be back to \$4433 by then, but how can we be sure? If I'm reading the intent correctly, this can be fixed fairly easily. I would suggest a friendly amendment that would leave the \$4433 base in place for purposes of the calculation of the LOB by deleting the specific years its permitted and inserting "until BSAPP again is set at \$4433 or above."

Thank you very much for your attention. I will be happy to stand for questions.

Testimony on

HB 2095

House Committee on Appropriations

Presented by: Cheryl L. Semmel, Executive Director

February 3, 2009

The mission of United School Administrators of Kansas (USA|Kansas*), through collaboration of member associations, is to serve, support, and develop educational leaders and to establish USA|Kansas as a significant force to improve education.

Education administrators remain committed to ensuring that each and every child in Kansas receives a quality education that will help them reach their potential and become successful, productive adults. There are 465,000 students in our public schools that we strive to impact positively every single day. As you know, Kansas students are making unprecedented academic achievement and we are on a path of continuous improvement.

Administrators are committed to identifying opportunities to provide increased flexibility that will **help maximize resources and impact districts as equitably as possible**. I am here today to speak to two specific provisions included in House Bill 2095 and am mindful that the provisions contained in the bill do not provide long-term solutions to the fiscal challenges facing us.

Section 2 - No fund warrants

Administrators do not believe that no fund warrants are a "solution" to the current fiscal crisis. First and foremost, districts are concerned that this is not sound fiscal policy and that this could have a negative impact on credit ratings for districts, as well as local governments and the state. Given the economic uncertainty for the foreseeable future, it would seem irresponsible for school districts to borrow money without a sound plan for paying it back.

Section 3 - "Decoupling" the Local Option Budget

Our understanding of Section 3 is that it authorizes districts to adopt a Local Option Budget (LOB) for the 2009-2010, 2010-2011 and 2011-2012 school years based on the 2008-2009 Base State Aid Per Pupil (BSAPP) amount of \$4,433. This "decoupling" from the general state aid will allow districts to preserve those funds raised through local effort and allow districts to continue to raise the same amount of money at their current percentage, even if the BSAPP is reduced.

The additional flexibility provided in Section 3 may prove helpful given the extraordinary budgeting challenges that lie ahead and as districts work to maintain programs that might otherwise be jeopardized by budget reductions to state aid.

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In closing, on behalf of education administrators, I would like to thank you for your continued support of education and for realizing the importance of investing in education. Preparing our children requires a shared commitment, collaboration, and open dialogue among all stakeholders. Thank you for being partners in education.

*USA|Kansas represents more than 2,000 individual members and ten member associations:

Kansas Association of Elementary School Principals (KAESP)
Kansas Association of Middle School Administrators (KAMSA)
Kansas Association of School Administrators (KASA)
Kansas Association of School Business Officials (KASBO)
Kansas Association of School Personnel Administrators (KASPA)
Kansas Assoc for Supervision and Curriculum Development (KASCD)
Kansas Association of Special Education Administrators (KASEA)
Kansas Association of Secondary School Principals (KASSP)
Kansas Council of Career and Technical Education Administrators (KCCTEA)
Kansas School Public Relations Association (KanSPRA)



**House Appropriations
Representative Yoder, Chair**

H. B. 2095 – LOB

*Submitted by Diane Gjerstad
Wichita Public Schools*

February 2, 2009

Chairman Yoder, members of the Committee:

H.B. 2095 contains a number of significant changes to local school funding. Because of the widely varying sections in this bill, I will provide comments on each section:

New Section 1 provides a new mill levy, unequalized, for utilities and insurance. Limited to 2 mills, this provision is subject to the same protest petition and subsequent elector vote as capital outlay. We oppose this provision because it is not equalized. Ranking the “Big 6” districts:

Comparing one mill in the Big 6 School Districts

	FTE Enrollment	One mill	One mill per pupil
Wichita	45,580	2.6m	\$57 <i>3rd</i>
Shawnee Mission	26,580	3.2m	\$120 <i>1st</i>
Olathe	25,222	1.8m	\$71 <i>2nd</i>
Blue Valley	19,953	2.4m	\$120 <i>1st</i>
Kansas City	18,485	\$778,650	\$42 <i>5th</i>
Topeka	12,900	\$636,006	\$49 <i>4th</i>

New Section 2 provides schools an expedited process to issue no-fund warrants. This temporary funding scheme is subject to interest and the local property tax payers bear increased property tax to repay the warrants. While I assume this provision is being debated to help schools weather the fiscal storm, the root cause for a district to need this provision is either fiscal mismanagement or because the state is not paying its obligation to schools in a timely fashion. We do not believe local taxpayers should pay interest and higher property taxes because state aid is late.

New Section 3 decouples the local option budget (LOB) for the next three school years from whatever lower base is appropriated, districts will be allowed to levy LOB’s based on a \$4433 base per pupil (which is what was approved for schools last May). We support this provision as a temporary measure to reduce the impact of anticipated budget cuts on schools. Wichita has a 30% LOB already, so this measure would not result in a property tax increase for local taxpayers.

Section 6 increases the capital outlay cap from 8 to 10 mills. We support this provision. Industry standard is an annual capital expenditure of 2.5 to 3.5% of replacement value of the physical plant. A ten mill capital outlay for Wichita would be about 2.5% of replacement value.

Thank you, Mr. Chairman, for giving us the opportunity to provide comments on this bill.

Appropriations Committee

Attachment 6

Date 2/3/09



Mark Desetti, Testimony
House Education Committee
February 3, 2009

House Bill 2095

Mr. Chairman, members of the Committee, thank you for the opportunity to share our thoughts on House Bill 2095.

We have been working to remind lawmakers that each Kansas child gets only one chance at first grade; a Kansas high school student gets only one chance at Algebra II or Physics. The opportunity these children have for a quality education should not be subject to fluctuations in the economy.

If it is in the state's best interest to develop a workforce second to none and to maximize the economic success of each of its citizens, then we must be mindful of the importance of a quality education.

House Bill 2095 changes three things: it allows for a local property tax increase to pay for utilities and insurance, it holds a districts LOB collections harmless with a reduction in base state aid per pupil, and it allows school districts to issue no fund warrants if a state aid payment is late. These three provisions are intended to help offset the loss of state funds in school district budgets.

While we appreciate the intent of the proposals, we find it curious that the state legislature wishes to further transfer responsibility for the educational interests of the state to the local school board. While these proposals might help schools cope, they simply push more of the burden to the local level. This transfer has been noted in recent years as the LOB cap has been raised and the LOB really has become de facto base state aid.

Finally, this bill would indicate that the legislature approves of raising local property taxes by at least two mills. It would seem that the same outcome could be found if the state chose to raise the statewide property tax levy by two mills.

Appropriations Committee

Attachment 7

Date 2/3/09

Kansas House Appropriations Committee

Chairman Kevin Yoder

February 3, 2009

Topic: House Bill 2095
Presenter: Bill Brady (Written Only)
Organization: Schools For Fair Funding

Schools For Fair Funding, is an organization of schools districts that includes; Arkansas City, Augusta, Dodge City, El Dorado, Emporia, Great Bend, Hays, Independence, Kansas City, Leavenworth, Newton, Salina and Wichita. The goal of SFFF is to improve the equity and adequacy of K-12 funding. Our organization believes the state of Kansas has made significant strides in the last few years to improve on our state public education finance formula.

HB 2095 contains three major provisions. In the Senate each provision is a separate bill; SBs 73, 21 and 22. SFFF supports the provision contained in New Section 3 (which is also SB 73), page 3 which allows school districts to use a base aid amount of \$4433 for the purpose of calculating its LOB for school years 2009-10,2010-11 and 2011-12. As long as the state's equalization aid continues for districts under the existing equalization formula we believe such a change to existing law is warranted. We do however oppose, New section 1 (which is also SB 21), page 1 which would allow for a two mill increase in each school district for the purpose of raising local property tax dollars to assist in the payment of utility and insurance costs. The provision does not provide that the local levy would be equalized therefore allowing districts with lower levels of property tax wealth fewer resources to deal with their costs. For the past few years this concept has been contained in a separate bill which has never received the endorsement of the House Education Committee. The third provision which we also do not support is contained in New Section 2 (which is also SB 22) and would allow districts to issue no fund warrants for the purpose of financing teacher salaries and benefits until June 30, 2011. The cost to issue such warrants would rest with each school district.

In summary, SFFF is opposed to HB 2095. In *Montoy v State of Kansas*, the Court outlined school finance changes that it would view negatively. I have attached a copy of a memorandum written by Theresa Keirnan, Senior Assistant Revisor of Statutes summarizing the court's concerns. I would encourage committee members to resist attempts to add disequalizing provisions to the formula especially at a time when the adequacy of funding provides lawmakers its own set of challenges

Appropriations Committee

Attachment 8

Date 2/3/09