

MINUTES OF THE HOUSE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairman Joe McLeland at 3:30 p.m. on February 15, 2010, in Room 159-S of the Capitol.

All members were present.

Committee staff present:

Theresa Kiernan, Office of the Revisor of Statutes
Reagan Cussimano, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Dr Bernadette Gray-Little, Chancellor, University of Kansas
Karen L Miller, RN, Senior Vice Chancellor, Kansas University Medical Center
Dr Kirk Schultz, President, Kansas State University
Arlen Siegfleid, Kansas House Speaker Pro Tem
Mark Tallman , Assistant Executive Director , Kansas Association of School Boards
Diane Gjerstad, Director of Government Relations, Wichita Public Schools

Others attending:

See attached list.

Dr Bernadette Gray-Little, Chancellor, University of Kansas, opened the meeting with some of the recent accomplishments of the university and how spending cuts have affected University of Kansas. ([Attachment 1](#))

Karen L Miller, RN, Senior Vice Chancellor for Academic and Student Affairs, Kansas University Medical Center, explained their budget situation and highlighted the importance of WCGME on the Wichita campus for educating physicians to help fill the current workforce void. ([Attachment 2](#))

The new president of Kansas State University, Dr Kirk Schultz, highlighted the university's accomplishments and challenges. He included a summary of completed and in-progress deferred maintenance projects. ([Attachment 3](#))

HB 2647 - Schools; authorizing a local activities budget.

The Office of the Revisor of Statutes, Theresa Kiernan, explained this bill would authorize the board of education of a school district to adopt a local activities budget. ([Attachment 4](#))

Arlen Siegfleid, Kansas House Speaker Pro Tem, a proponent of the bill, stated the purpose was to give the opportunity in small less wealthy school districts participation in extra curricular activities if the voters in the districts approve the local activities budget which can be no higher than five percent. ([Attachment 5](#))

Mark Tallman, Assistant Executive Director, Kansas Association of School Boards, opposes the bill because their long-standing position on school finance has several important elements relevant to this bill. 1) the legislature has the responsibility to provide suitable funding for education, not local school districts, 2) 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, 3) any local funding should be "equalized" so funding for education is not dependent on the wealth of the district. Mr Tallman provided a chart showing the different mill levies each Kansas school district would be assessed to come up with a 5 percent activities fund. ([Attachment 6](#))

Another opponent, Diane Gjerstad, Director of Government Relations, Wichita Public Schools, said, the bill if enacted, would be the fifth tier of local taxes for many school districts (20 mills, Capital, LOB, and bonds). It is the sixth or seventh tier for a few districts with access to the cost of living weighting, extraordinary declining enrollment weighting, or ancillary weighting. She, also, stated **HB 2647** is not equalized. ([Attachment 7](#))

CONTINUATION SHEET

Minutes of the House Education Budget Committee at 3:30 p.m. on February 15, 2010, in Room 159-S of the Capitol.

The hearing on **HB 2647** was closed by the chairman

The next meeting is scheduled for February 16, 2010.

The meeting was adjourned at 5:23 p.m.

EDUCATION BUDGET COMMITTEE GUEST LIST
 DATE: FEBRUARY 15, 2010

NAME	REPRESENTING
TERRY FOLESYTH	KNEA
BILL REARDON	USD 500 (KCKs)
Theresa Gonzales	Kc
Diane Mitchell	USD 259
XK Preibaux	7HSM
Allie Jensen	K.S.A.
TERRY HOWREN	KFB
Beanie Kod	KEPC
Scott Frank	LPA
Mark Tallman	KASB



**Chancellor Bernadette Gray-Little
Testimony to the House Education Budget Committee
Monday, February 15, 2010**

Chairman McLeland, Ranking Member Lane and members of the subcommittee: Thank you for the invitation to testify today in support of the Governor's budget recommendation for the University of Kansas and the Regents system.

As you may know, I arrived on campus August 15. I believe it is important for the chancellor of the University of Kansas to be knowledgeable about the state he or she serves, which is why I immediately began a series of visits to communities around the state, meeting with local leaders, business people and KU alumni.

I've been to every corner of Kansas – from Ulysses to Pittsburg, Colby to Kansas City – and to many places in between; celebrating the construction of the new School of Pharmacy in Wichita, honoring Topeka's best students, and meeting with civic leaders in Salina.

What I've learned during my travels is that Kansans have a strong belief in the power of education to transform a life, a career, a community, a state, an economy. Kansans see education as a tool for both personal improvement and economic development. They're proud of their local schools and their state's universities, and they understand how investing in education leads to a prosperous Kansas.

My job as chancellor is to ensure that the dollars invested at KU bring a strong return on their investment. We do this at KU by making sure high quality faculty are retained at KU, that we leverage the money the state invests by growing every dollar invested to three dollars by attracting external grants and donations, and most importantly by producing the well-educated, professionally trained Kansans who will keep our state strong and growing in the years ahead.

This is why Kansans believe an investment in higher education is an investment in the prosperity of Kansas. And it is why I ask you to maintain the state's investment in higher education by holding the line and making no additional cuts to Kansas' universities, even if that requires finding new revenue.

I was fortunate to come to KU during a time of great accomplishments for the university's students, faculty, staff and alumni – accomplishments that further justify Kansans' pride in the university and the state's investment in our work.

This fall we had our second highest enrollment ever, surpassing the 30,000 student mark for the second consecutive year. We continue to enroll more Kansans than any other university, with seven in ten of our students being from Kansas.

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The Kansas workforce is the key to the prosperity of the state, which is why we have continued our efforts to educate the next generation of doctors and nurses, teachers and engineers, business leaders and professionals in nearly every field imaginable.

Work is underway in both Lawrence and Wichita on the expansion of the School of Pharmacy that the Legislature supported, and we plan to start educating new pharmacists in Wichita in the fall of next year. This will help us meet the critical need for pharmacists, particularly to serve patients living in rural Kansas.

Another highlight is the recent \$12 million National Institute of Standards and Technology grant we received to build an engineering research facility for faculty working on biofuels and clean energy, as well as those developing sustainable materials and techniques. KU was one of only 12 research institutions chosen to receive this funding. Having this research take place in Kansas will make it more likely that jobs in these growing industries will be created in Kansas.

Kansas can produce a larger pool of engineers, but to do that we need a strong supply of math and science teachers to inspire smart young students. That's why we're pleased to report that our program to graduate math and science teachers, UKanTeach, is expanding to Johnson County Community College, opening up opportunities for even more students to enter a field that is crucial to our nation's ability to compete globally.

In addition to educating students, KU's role as an international research university benefits the state through the discoveries that are made by our faculty, staff and students.

I know many legislators took part in last month's roundtable on cancer research at KU. That remains our top research priority and we're making great progress toward achieving National Cancer Institute designation, which will bring new cures and treatments to Kansans in their communities.

Additionally, the Kansas Bioscience Authority recently designated two more KU cancer researchers as Eminent Scholars, demonstrating the KBA's benefits to the state and providing new resources to Kansas' fight against cancer.

Our bioscience research and commercialization efforts will also receive a significant boost from the bioscience incubator that we broke ground on this fall. Thanks to our state and local partners, that facility will help turn discoveries into new businesses and new jobs right here in Kansas, adding to the 17 start-up companies already active in Kansas thanks to KU research.

As we support bioscience research, I also believe we can also enhance scholarly work in all fields. We have research and scholarly activities taking place across a wide spectrum – from developing techniques to help parents and teachers unlock the potential of children with autism to the Hall Center for the Humanities' collaboration with the Kansas Historical Society on the Kansas History Online project.

As you can see, our scholarly activities not only leverage the state's investment in KU by bringing more than \$200 million a year in external grants to Kansas, but they also create jobs and enhance our quality of life.

These are just a few examples of the ways the state's investment in KU adds to Kansas' growth and prosperity. Unfortunately, as you are well aware, the state budget crisis has had serious effects for KU students, our instructors and researchers, and the Kansans we serve.

We know the challenges the state is facing, which is why we have not only sought to maximize our use of private funds, research grants, and Recovery Act dollars, but have also taken action to use existing funds efficiently.

KU has implemented savings and efficiencies totaling at least \$9 million over the past two fiscal years. The Purchasing Pilot Project that you authorized in 2006 has saved \$1.76 million alone over two years. I appreciate the House's passage of legislation to make that project permanent and extend it to all Regents universities.

We have also leveraged the state's investment in deferred maintenance projects with funds from the Recovery Act. In our deferred maintenance work, we have replaced century-old utility tunnels and air handling systems, and are replacing aging electrical wiring and repairing damaged roofs, among other projects.

These projects boost the safety and efficiency of our campuses and ensure that our teaching and research missions can continue uninterrupted. However, this work will be severely hampered going forward if the state steps back from its commitment to addressing the deferred maintenance backlog.

Of course, savings and efficiencies cannot close the budget gap. As a result of the \$37.3 million in cuts and unfunded mandates that the university has taken, we have had to eliminate more than 200 positions. This has the potential to harm the long-term prosperity of Kansas. Let me give you a few examples.

In Kansas, the need for engineers remains acute. The state currently has 16,000 engineers, and the payroll earnings for them and their team members is estimated at \$2.5 billion. They are a cornerstone for our economy, especially in aviation, construction and technology-related fields.

Unfortunately, budget cuts have forced reductions in our engineering faculty. KU now has about 40 percent fewer engineering faculty members than the average for Big 12 public universities and that constricts enrollment capacity at a critical time for the state.

There's a similar shortage of nurses, especially as the state and national populations age. However, because of cuts, KU was only able to admit 120 nursing students of the 336 qualified applicants this year. With a decreased enrollment capacity brought about by faculty reductions, we are now educating only as many undergraduate nurses as we did in 2005.

These are just two specific programs. Chemistry is a core course for a range of fields, from engineers to doctors, but we have had to reduce the number of introductory chemistry courses offered because of a lack of staff and available space. Other introductory courses, such as calculus, which form the foundation for many fields, now have classes of 40 to 49 students. This

adds up to a diminished student experience and potentially reduces the number of students who will graduate in a timely manner.

The budget crisis affects our students, but it also affects KU research. As I mentioned, KU teachers and researchers attract more than \$200 million in external grants to Kansas each year, so a reduction in faculty members reduces KU's ability to bring money into Kansas. It also reduces opportunities for start-up companies, further hampering the state's job growth.

Even the drive for National Cancer Institute designation isn't immune. Budget cuts have slowed down recruitment efforts for researchers and clinical staff, even though there are a number of talented researchers interested in joining our cancer center.

I know that you, possibly better than anyone, understand the challenges faced by Kansas, its residents and businesses. These are difficult times, but they will pass, so we must ensure the state and its people are ready for the recovery.

Kansas will not be fully prepared to take advantage of the coming economic recovery if its universities continue to face budget cuts. At KU, we've already taken budget cuts that exceed the total budgets of several of our professional schools, and additional cuts will further constrict the pipeline of the new graduates and new discoveries that will drive the Kansas economy.

The workforce shortages in fields such as engineering and nursing will only get worse as the economy recovers. If Kansas does not have an adequate supply of workers in these and countless other industries, the pace of the recovery will be significantly hampered and we will be at risk of losing businesses to other states as they seek qualified workers.

I know that holding the line on further cuts to education will require difficult decisions about taxes and spending. But the long-term future of Kansas depends on the decisions made in this short-term crisis. And through votes and polls, Kansans have shown they support quality education and are willing to pay for it.

I have greatly enjoyed the opportunities I have had to meet with you and your constituents, and I remain confident that not only will Kansas recover from this recession, but that higher education will play a vital part of that recovery.

I look forward to working with you and my fellow presidents to continue Kansas' tradition of outstanding public higher education. Thank you again for the opportunity to provide this testimony to you.

At this time, I am pleased to introduce Karen Miller, senior vice chancellor at the KU Medical Center. Following her remarks, we'd be happy to answer any questions you may have.



**Testimony from
Karen L. Miller, RN, PhD, FAAN
Senior Vice Chancellor for Academic and Student Affairs, KU Medical Center
Dean, KU School of Nursing
Dean, KU School of Allied Health
before the
House Education Budget Committee
February 15, 2010**

Thank you, Chairman and members of the committee, for the opportunity to testify in front of you today. Before I begin, I would like to introduce to the committee one of the newest and most important individuals on our team, Dr. H. David Wilson; he is our new dean for the KU School of Medicine, Wichita campus and is a recognized leader in academic medicine. He was most recently the Dean of the University of North Dakota. The School of Medicine and Health Sciences was ranked fourth out of 125 medical schools in the percentage of graduates choosing family medicine, while U.S. News and World Report ranked the school fifth in the nation for its rural medicine program.

His impressive credentials include: training as a pediatrician with a fellowship in infectious diseases; Associate Dean for Academic Affairs at the University of Kentucky; Dean of the School of Medicine at the University of North Dakota; Chair of the Association of American Medical Colleges, Community-Based Deans Group; and Chair of the Association of American Medical Colleges, Council of Deans.

I'd like to now discuss the budget situation at the University of Kansas Medical Center, which relies on the State General Fund (SGF) for a much greater percentage of its budget than does Lawrence.

Budget Background

As I shared with the Legislative Educational Planning Committee this summer, the University of Kansas Medical Center encompasses several programs, including the Schools of Medicine, Nursing, and Allied Health. As the KU Medical Center budget is distinct from that of the Lawrence campus, we sustained cuts of approximately \$5.2 million with the FY 2009 rescission bill and a total of approximately \$11.9 million through omnibus reductions for FY 2010. Additionally, Governor Parkinson's allotments of July and November brought the total FY 2010 cut to approximately \$14.4 million.

To put the magnitude of these cuts in perspective, the entire budget for the School of Nursing is \$8.4 million, the School of Allied Health is \$8.4 million, and the School of Medicine in Wichita is \$15.4 million. Obviously we are not eliminating these critical programs, but the numbers show the extent to which the reductions will impact KU Medical Center as a whole.

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In addition, the SGF dollars coming to KU Medical Center are highly leveraged with external sources. Prior to the current cuts, the budget was \$121.6 million. This funding has helped to generate approximately \$100 million in external research funding, approximately \$140 million in physician revenue, and has, by providing the vast majority of the physician staff, helped The University of Kansas Hospital generate roughly \$650 million. All told, this is approximately a 7-to-1 leveraging of state dollars.

Steps Taken to Meet Budget Targets

We have taken several steps to manage budget reductions. Our goal throughout has been to minimize the impact on the education of our students and residents, as well as minimize the impact on our cancer program, on investments that yield external funds, and on campus safety. We have attempted to achieve this goal through a series of cuts and other administrative changes, as well as through minimal or one-time additional funding.

On the administrative side, KU Medical Center has thus far eliminated 79 positions as a result of the cuts, including 15 faculty positions. Seventy-three other positions were funded with American Recovery and Reinvestment Act (ARRA) funds and will need to be either transferred to other funding or eliminated to compensate for the end of that funding. We have also shifted salary portions of 363 positions to other sources of funding, like clinical revenue for medical faculty in Kansas City and Wichita. This particular strategy is not sustainable over time, especially in light of current economic pressures and health care reform efforts, and more time spent by faculty seeing patients could mean less time teaching our medical students.

We have also significantly changed the way our researchers are funded, requiring more of their research and team to be grant-funded. Research assistants and staff who were funded with SGF dollars will be expected to be funded with grant awards. Additional measures include reducing investments in information and instructional technology, which will be detrimental to our infrastructure in the long term, and reducing library operations, which ultimately degrades the educational experience of our students.

Impact of Budget Cuts

The patchwork outlined above of internal cuts, tuition increases, and Recovery Act has prevented us from undermining the overall mission of KUMC. However, management of any budget reductions going forward will significantly impact our educational programs.

Examples of two programs that have already been impacted with the current cuts are the Schools of Nursing and Allied Health. While specific actions have not yet been identified, each additional faculty position lost in the School of Nursing results in approximately 25 fewer students and, for each additional faculty position in the School of Allied Health, 15 fewer students. Already, in spite of the worsening nursing shortage, the number of nursing students (undergraduate) admitted to KUMC was down over 6% in

2009. In fact, we are now training the same number of undergraduate nurses that we trained in 2005. Last year, the KU School of Nursing had 336 qualified candidates and 452 total candidates, but slots for just 120.

In addition, the Kansas Medical Student Loan Program has now been reduced by more than \$133,800. This is roughly the cost of 3 of the 120 loans available each year. While we have been able to cover this reduction in FY 2010 from the Loan Repayment Fund, we will not be able to sustain the program at 120 in the future. This is the most reliable and effective program we have for putting primary care providers into rural Kansas.

Fewer students will ultimately mean fewer graduates and, as you know, we are faced with shortages of nursing and allied health professionals across the state. According to the Kansas Department of Labor, in 2008 registered nurses in Kansas had the fourth highest number of vacant positions of any profession with 2,102.¹ In addition, the Kansas Department of Labor's 2004-2014 report² predicts that, over the ten year period, Kansas will need projected employment of an additional 6,328 registered nurses, or an increase of 24%. The Department of Labor has predicted similar numbers for allied health professions as well, with some examples being increases of 24% for occupational therapists and 23% for physical therapists. Physician shortages across the state have been also been well-documented, with a recent study³ showing that in Kansas overall we are currently below the national average for physicians per 100,000 population. Kansas also has a mal-distribution of physicians, with physician/population ratios below the national average in five of our six major geographic regions.

Wichita Campus

Our Wichita campus will play a vital role in developing the workforce necessary to meet current and future health care needs of our population. Today, the Wichita campus provides clinical training in the 3rd and 4th years of medical school. Pending both the availability of funding as well as additional planning, we hope to eventually expand the Wichita campus to a full, four-year curriculum. We are very early in the planning process and there are many steps that KU will need to take, including identifying funding sources (both philanthropic and state), taking appropriate measures to address national accreditation standards, and continuing to engage the Board of Regents and other interested stakeholders.

Also important to the Kansas workforce is graduate medical education on the Wichita campus. As you may know, last year the Legislature took action to add approximately \$5.9 million in funding for FY 2010 to the Wichita Center for Graduate Medical Education (WCGME). Of this funding \$2.5 million will come from SGF via Medicaid

¹ Kansas Department of Labor: *Top 25 Occupations with the Most Job Vacancies*
(<http://www.dol.ks.gov/LMIS/jobvacancy/jvs2008/excel/Table2.xls>)

² Kansas Department of Labor: *2004-2014 Kansas Occupational Outlook Statewide*
(<http://www.dol.ks.gov/LMIS/projections/oo2014/occupation/table3.xls>)

³ University of Kansas Medical Center; *Kansas Physician Workforce Report*
(<http://kpcc.kumc.edu/assets/KansasPhysicianWorkforceReport03-12-07.pdf>)

funding in addition to \$3.4 million which will come to WCGME through a federal match. The enabling Medicaid State Plan Amendment (SPA) was recently approved by CMS. To date WCGME has received \$1.25 million and the hospitals have received \$625,000, the first quarter payment. The Governor's 10% budget shortfall payment reduction will impact this funding, however, these funds for WCGME will now be permanently included in the budget through the caseload process. Also during the last legislative session, then-Governor Kathleen Sebelius asked the Board of Regents (BOR) to review WCGME and provide recommendations on structure and funding. The task force has met four times, and the Board of Regents is currently reviewing its findings.

Both these programs in Wichita are vital to identifying and educating physicians to help fill the workforce void, and we will continue to work with the Legislature and other stakeholders to develop policies to ensure their continued success.

Conclusion

KU Medical Center recognizes the critical economic situation facing our state and understands the difficult decisions our policymakers currently face. However, we also see shortages of physicians, nurses, and allied health professionals throughout the state.

Budget cuts beyond our current level would only further hinder our efforts, and would run counter to one factor that will ultimately help bring Kansas out of the current recession – the education of skilled health professionals.

Thank you again for the opportunity to speak before the committee, and I am happy to answer any questions.

Kansas State University Budget Presentation

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- Accomplishments

- National Bio Agro Defense Facility (NBAF – Cumulative \$150M; \$40M this next year)
- ABADRL (+30 jobs)
- Record High Enrollment (23,500+; 82% UG Kansas Residents)
- Record High Externally Funded Research (\$132M+)
- 4 new NSF CAREER Awardees (rising young faculty)
- New Leadership Team focused on transparency and accountability (President, Provost, VP Comm/Marketing, Foundation, Athletic Director)
- Active collaboration across Kansas (in place more than 50 2+2 programs)

Kansas State University Budget Presentation

- Challenges

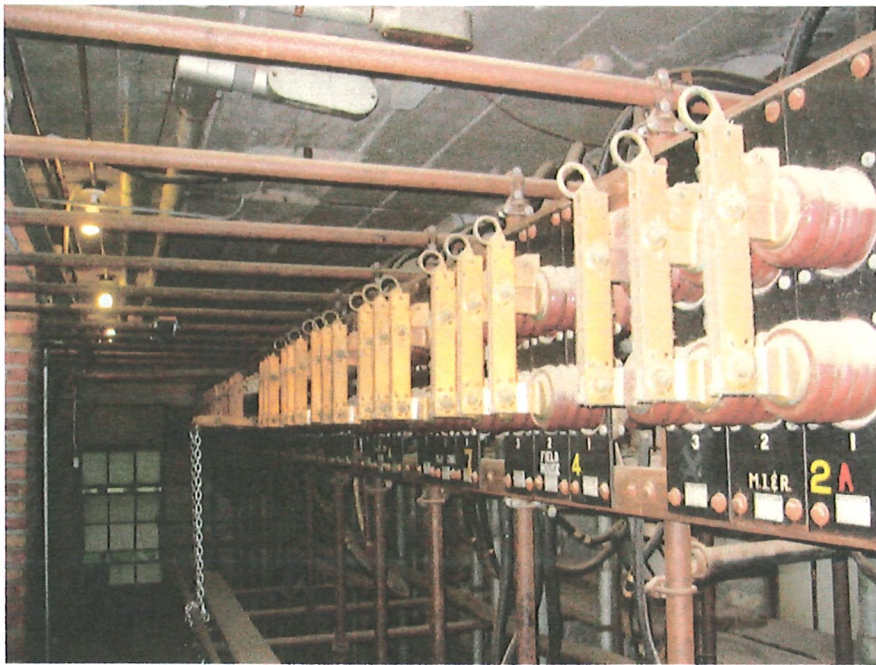
- \$22M in cuts to base budget (200 jobs left open)
- Currently, in process of finding \$15M in further cuts and new resources to reach operational and fiscal stability – done in collaboration with all of campus.
- Tuition & Fees will need to increase (rank 9th in Big 12) – to balance the quality of a K-State degree with access to Kansans.
- Aging infrastructure will continue to be a significant issue – private funding will be critical.

**Deferred Maintenance
Summary of Completed and In-Progress Projects**

Power Plant & Electrical Distribution System

The 4160 switch shown below is located in the Power Plant. This equipment is the heart of an electrical spider web of one-way feeds to several campus buildings. Deferred maintenance funds are paying for the installation of multiple 12.5 kV loops on campus to replace the aging electrical infrastructure. The system has been designed to allow for future campus growth. Once the installation of the 12.5 kV system is complete, the 4160 switch will be deactivated and removed from the Power Plant.

Before Photo
(of Original Equipment)



4160 Switch Room aka "The Frankenstein Room"

After Photos
(of Replacement Equipment)



One 12.5 kV Switch Located Near Weber Hall



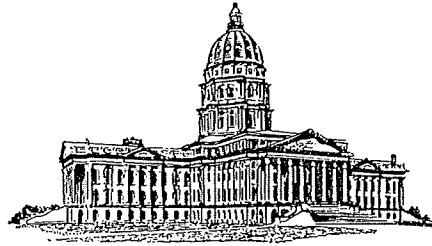
12.5 kV Switch Output Panels to Buildings



12.5 kV Switch Inputs From Electrical Substation

The switches shown above are active and currently in use. They are two of the many switches that are currently taking the electrical load off the Power Plant's 4160 switching room.

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: Education Budget Committee
FROM: Theresa Kiernan, Senior Assistant Revisor of Statutes
RE: House Bill No. 2647
Date: February 15, 2010

HB 2647 would authorize the board of education of a school district to adopt a local activities budget (LAB) and to levy a tax to fund the LAB.

The bill would define a school district as a district which has adopted a local option budget equal to the state prescribed percentage.

The resolution authorizing the initial adoption of an LAB must be approved by the qualified electors of the district. If the district chooses to increase the LAB over the percentage stated in the resolution, the increase would be subject to election. An LAB could not exceed 5% of the state financial aid of the district. Elections would be called and held in the manner provided by the general bond law. Elections also may be conducted in the manner provided by the mail ballot act.

The bill would authorize a district which has adopted an LAB to impose a tax levy to fund the LAB. Moneys derived from the LAB levy would be deposited in the LAB fund of the district. Moneys in the LAB fund could not be used to pay the costs of instruction, administration, support staff, supplies, equipment or building costs.

The LAB levy would not be equalized so there would be no fiscal impact on the state.

RS- C:\Documents and Settings\tkiernan.RS\Desktop\Explnrs\HB2647Expr.wpd (tkiernan)

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ARLEN H. SIEGFREID
SPEAKER PRO TEM

Chairman McLeland and Members of the Committee:

During these times of extreme economic distress it is important we review some of our paradigms pertaining to funding. HB 2647 represents such an opportunity by opening a funding path for schools which has not existed previously. If local districts and their tax paying constituencies choose they can fund extra-curricular activities which are not possible at this time.

The bill would allow local districts, exercising 100% local control to raise up to five percent (5%) of the state financial aid for the district on an ongoing basis unequalized. The funds can be used for any student activity which is not subject or area of instruction required by state law.

The action must be initiated by a resolution of the local school board and confirmed by a majority vote of the electors of the district.

Before qualifying, a district must have used its entire Local Option Budget Authority.

Thank you for your consideration.

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
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Testimony before the
House Education Budget Committee
on
HB 2647

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

February 15, 2010

Mr. Chair, Members of the Committee:

Thank you for the opportunity to comment on **HB 2647**. We appear in opposition to this bill based on several core principles adopted by our organization.

HB 2647 would establish a new type of annual budget expenditure called the “local activities budget” in an amount not to exceed 5 percent of general fund budget authority, totally financed by a local mill levy and without any equalizing state aid component. The use of this budget authority would be subject to an election, and the school board could exclude from taxation, for this purpose, any and all classifications of real or personal property except residential real estate.

KASB’s long-standing positions on school finance has several important elements relevant to this bill. First, the *Legislature* has the responsibility to provide suitable funding for education, not local school districts. Second, 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. Third, 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 KASB members, they are reflected in Kansas Supreme Court decisions regarding school finance. Unfortunately, **HB 2647** violates all of these principles.

First, the authority created by the local activities budget is not equalized, which simply means districts with lower property wealth per pupil (the only source of funding for this activity) will have to raise taxes far more than higher wealth districts, to raise the same amount of money.

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Second, the ability to adopt this resolution requires a local election, rather than a protest petition or decision by the local school board, which will simply make it more difficult for lower wealth districts to access these funds.

Third, section 1 (e) of this bill, limits the use of this fund to exclude “the cost of providing the subjects or areas of instruction required by state law to be provided in accredited schools, including reasonable and necessary related instruction, administration, support staff, supplies, equipment and building costs.” We presume this suggests the new fund should only be used for “extras” which are not part of the state mandated curriculum and required services. But the reality is districts which pass such a levy will be able to simply shift the cost of these “extras” out of the general fund and therefore enhance what they spend on required subjects *within* the general fund. In other words, it will allow certain districts to enhance the overall quality of education more than other districts, at less cost. We believe that is fundamentally unfair.

There are certainly some things about this bill we do agree with. First, there is no point in giving districts additional funding authority unless you believe addition funding improves educational quality. Second, the only way any district could use this bill is to raise taxes, which implies some tax increases (i.e. to improve education) are economically acceptable even in this deep state and national recession. Since the total general fund authority of school districts this year is over \$2.6 billion, this bill would authorize approximately \$131 million in higher taxes for school spending (which compares to approximately \$200 million in state aid reductions which appear likely without additional state revenue under the Governor’s proposal).

We believe the state could, in fact, handle a tax increase at this level; and have so testified in other committees. But we suggest increase should come from general state revenue sources, rather than an un-equalized property tax. The same amount of revenue could be raised from a 4.5 mill increase in the state 20 mill statewide levy. There may be **political** reasons against raising the statewide levy, but if you pass this bill, there could no longer be any **economic** arguments against doing so.

However, if the Legislature truly believes additional local funding is a prudent and necessary option, it would be preferable to simply raise the maximum Local Option Budget authority and remove the mandatory election or protest petition, which would allow every district to increase its budget by the same percentage and would include equalization to the 81.2nd percentage. It would also allow districts to use these funds for any purpose allowed for the general fund or LOB.

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

House Bill No. 2647

USD	USD Name	2008-09 FTE Enr	5% Local Activities Fund	Mill Levy Required
207	Ft Leavenworth	1,678.3	\$515,460	NA
499	Galena	715.5	\$297,726	22.11
504	Oswego	467.6	\$199,144	17.95
505	Chetopa-St. Paul	500.4	\$224,708	17.04
357	Belle Plaine	677.8	\$299,046	15.08
246	Northeast	521.5	\$244,090	14.98
337	Royal Valley	912.8	\$371,052	14.52
430	South Brown County	635.5	\$295,218	14.51
235	Uniontown	426.4	\$200,904	14.50
471	Dexter	173.0	\$91,278	14.48
439	Sedgwick Public Schools	532.0	\$203,016	14.39
508	Baxter Springs	912.5	\$356,356	13.83
447	Cherryvale	866.2	\$335,522	13.56
339	Jefferson County North	482.0	\$204,864	13.20
249	Frontenac Public Schools	822.0	\$297,176	12.59
462	Central	336.5	\$150,964	12.45
443	Dodge City	5,476.2	\$2,210,868	12.28
454	Burlingame Public School	329.3	\$141,724	12.27
475	Gear County Schools	6,687.6	\$2,434,036	12.22
396	Douglass Public Schools	771.5	\$298,782	12.20
470	Arkansas City	2,665.8	\$977,086	12.19
261	Haysville	4,582.3	\$1,580,832	12.08
338	Valley Falls	404.3	\$173,778	11.75
487	Herington	493.4	\$214,720	11.68
316	Golden Plains	185.9	\$106,722	11.60
509	South Haven	224.5	\$113,168	11.59
356	Conway Springs	528.4	\$220,242	11.38
335	North Jackson	360.0	\$165,594	11.23
344	Pleasanton	353.0	\$155,513	11.22
404	Riverton	822.5	\$324,192	11.20
212	Northern Valley	205.0	\$107,492	11.16
247	Cherokee	700.5	\$296,824	11.13
413	Chanute Public Schools	1,760.0	\$705,034	11.01
486	Elwood	309.9	\$138,490	10.98
211	Norton Community Schools	684.0	\$270,512	10.93
498	Valley Heights	355.5	\$172,084	10.93
248	Girard	989.5	\$376,816	10.92
506	Labette County	1,572.1	\$541,024	10.88
463	Udall	389.7	\$162,492	10.74
256	Marmaton Valley	313.5	\$155,694	10.69
110	Thunder Ridge Schools	235.0	\$156,331	10.51
257	Iola	1,379.0	\$534,886	10.48
288	Central Heights	538.0	\$239,382	10.47
405	Lyons	720.6	\$343,794	10.35
367	Osawatomie	1,109.0	\$454,014	10.05
376	Sterling	519.1	\$223,916	9.97
420	Osage City	644.1	\$269,478	9.97
411	Goessel	245.3	\$116,732	9.93
285	Cedar Vale	139.5	\$73,084	9.82

2008-09 Data

USD	USD Name	2008-09 FTE Enr	5% Local Activities Fund	Mill Levy Required
307	Ell-Saline	451.0	\$187,572	9.69
426	Pike Valley	253.5	\$120,560	9.68
436	Caney Valley	793.0	\$303,886	9.64
372	Silver Lake	708.9	\$268,796	9.58
336	Holton	1,052.3	\$385,814	9.58
325	Phillipsburg	655.0	\$262,284	9.58
380	Vermillion	516.0	\$212,410	9.53
358	Oxford	338.6	\$159,522	9.43
429	Troy Public Schools	337.5	\$146,762	9.43
503	Parsons	1,331.4	\$501,908	9.40
394	Rose Hill Public Schools	1,660.4	\$524,546	9.36
434	Santa Fe Trail	1,115.2	\$430,210	9.34
286	Chautauqua Co Community	358.5	\$171,248	9.32
341	Oskaloosa Public Schools	511.6	\$243,232	9.30
456	Marais Des Cygnes Valley	267.0	\$137,478	9.29
425	Highland	220.5	\$112,948	9.19
240	Twin Valley	599.5	\$249,810	9.18
253	Emporia	4,249.6	\$1,622,874	9.15
340	Jefferson West	916.0	\$345,268	9.12
461	Neodesha	704.4	\$286,748	9.12
406	Wathena	397.5	\$162,140	9.12
389	Eureka	584.5	\$258,060	9.07
282	West Elk	351.7	\$176,352	9.06
268	Cheney	770.8	\$282,326	9.02
263	Mulvane	1,804.5	\$535,700	8.97
333	Concordia	1,054.6	\$414,062	8.94
500	Kansas City	18,153.1	\$7,125,184	8.93
392	Osborne County	335.3	\$152,548	8.93
421	Lyndon	432.0	\$185,240	8.92
440	Halstead	779.6	\$301,642	8.86
243	Lebo-Waverly	547.0	\$218,504	8.80
492	Flinthills	294.8	\$135,080	8.78
408	Marion-Florence	597.8	\$249,656	8.75
205	Bluestem	582.9	\$259,204	8.71
202	Turner-Kansas City	3,772.2	\$1,353,418	8.64
283	Elk Valley	180.5	\$104,390	8.63
323	Rock Creek	813.7	\$321,244	8.59
449	Easton	671.1	\$270,930	8.59
242	Weskan	98.0	\$59,906	8.42
353	Wellington	1,635.9	\$545,556	8.42
258	Humboldt	489.5	\$211,662	8.41
287	West Franklin	699.0	\$321,794	8.39
381	Spearville	352.0	\$138,534	8.37
322	Onaga-Havensville-Wheaton	317.5	\$146,388	8.36
479	Crest	217.5	\$117,612	8.35
402	Augusta	2,126.1	\$654,522	8.30
234	Fort Scott	1,933.5	\$640,475	8.27
237	Smith Center	446.0	\$201,498	8.18
386	Madison-Virgil	221.5	\$109,472	8.16
311	Pretty Prairie	269.4	\$122,386	8.13
465	Winfield	2,411.7	\$796,884	8.12
393	Solomon	389.6	\$166,672	8.07

2008-09 Data

USD	USD Name	2008-09 FTE Enr	5% Local Activities Fund	Mill Levy Required
390	Hamilton	98.5	\$61,644	8.07
481	Rural Vista	402.5	\$184,250	8.05
346	Jayhawk	517.9	\$231,836	8.03
360	Caldwell	219.5	\$114,378	8.01
460	Hesston	820.0	\$288,816	7.97
410	Durham-Hillsboro-Lehigh	587.3	\$253,044	7.96
327	Ellsworth	639.6	\$257,686	7.96
491	Eudora	1,396.3	\$454,102	7.93
102	Cimarron-Ensign	643.5	\$262,218	7.85
441	Sabetha	935.5	\$345,991	7.79
378	Riley County	646.3	\$263,186	7.77
272	Waconda	349.9	\$164,692	7.76
451	B & B	192.5	\$95,216	7.75
457	Garden City	6,659.5	\$2,454,584	7.74
251	North Lyon County	513.0	\$223,366	7.73
495	Ft Larned	854.5	\$345,554	7.72
373	Newton	3,355.4	\$1,113,574	7.71
366	Woodson	393.5	\$190,102	7.70
342	McLouth	504.7	\$223,674	7.70
480	Liberal	4,174.7	\$1,505,724	7.68
308	Hutchinson Public Schools	4,514.4	\$1,538,255	7.67
493	Columbus	1,137.6	\$440,660	7.67
239	North Ottawa County	602.9	\$240,724	7.63
108	Washington Co. Schools	400.5	\$201,151	7.59
377	Atchison Co Comm Schools	675.1	\$293,123	7.54
501	Topeka Public Schools	12,820.9	\$4,752,044	7.49
262	Valley Center Pub Sch	2,505.3	\$786,412	7.47
371	Montezuma	211.9	\$111,078	7.39
359	Argonia Public Schools	184.5	\$96,008	7.35
264	Clearwater	1,277.2	\$426,096	7.34
428	Great Bend	2,957.8	\$1,023,022	7.31
309	Nickerson	1,132.4	\$450,186	7.15
349	Stafford	266.7	\$125,356	7.15
496	Pawnee Heights	147.1	\$76,494	7.09
398	Peabody-Burns	333.0	\$156,816	7.08
330	Mission Valley	475.0	\$220,264	7.05
273	Beloit	706.4	\$273,548	6.90
409	Atchison Public Schools	1,562.5	\$557,280	6.89
365	Garnett	1,107.2	\$411,109	6.88
476	Copeland	110.5	\$76,142	6.87
289	Wellsville	836.0	\$309,386	6.85
400	Smoky Valley	1,005.4	\$368,571	6.83
379	Clay Center	1,337.4	\$461,318	6.82
265	Goddard	4,780.8	\$1,454,662	6.81
290	Ottawa	2,393.9	\$815,870	6.80
453	Leavenworth	3,762.5	\$1,341,230	6.80
477	Ingalls	225.0	\$118,910	6.80
448	Inman	438.3	\$175,868	6.78
109	Republic County	480.0	\$236,847	6.77
361	Anthony-Harper	806.7	\$344,872	6.71
484	Fredonia	736.6	\$296,340	6.70
469	Lansing	2,402.8	\$737,550	6.67

2008-09 Data

USD	USD Name	2008-09 FTE Enr	5% Local Activities Fund	Mill Levy Required
252	Southern Lyon County	507.8	\$224,708	6.66
473	Chapman	960.5	\$399,916	6.65
397	Centre	227.2	\$122,474	6.64
107	Rock Hills	260.0	\$152,112	6.63
312	Haven Public Schools	988.0	\$377,564	6.61
384	Blue Valley	196.4	\$106,634	6.57
225	Fowler	160.0	\$88,418	6.56
206	Remington-Whitewater	511.8	\$225,720	6.53
334	Southern Cloud	231.5	\$119,042	6.51
435	Abilene	1,495.5	\$494,780	6.49
320	Wamego	1,292.0	\$443,806	6.42
467	Leoti	415.1	\$186,890	6.40
343	Perry Public Schools	926.2	\$357,279	6.39
369	Burrton	240.2	\$112,002	6.39
223	Barnes	336.6	\$156,640	6.32
464	Tonganoxie	1,772.4	\$567,512	6.30
293	Quinter Public Schools	258.0	\$126,676	6.30
450	Shawnee Heights	3,362.4	\$1,087,922	6.29
267	Renwick	1,927.8	\$584,342	6.29
298	Lincoln	330.5	\$149,358	6.22
279	Jewell	90.5	\$61,644	6.21
259	Wichita	44,646.7	\$16,616,446	6.20
250	Pittsburg	2,618.6	\$926,750	6.17
315	Colby Public Schools	926.4	\$357,962	6.16
446	Independence	1,818.0	\$612,216	6.08
313	Buhler	2,115.5	\$723,756	6.02
326	Logan	166.0	\$91,212	6.01
224	Clifton-Clyde	285.5	\$135,608	5.94
266	Maize	6,319.9	\$1,917,432	5.91
329	Mill Creek Valley	463.1	\$206,360	5.89
419	Canton-Galva	366.8	\$164,538	5.87
245	LeRoy-Gridley	259.5	\$121,374	5.83
488	Axtell	289.7	\$128,744	5.83
292	Wheatland	111.5	\$74,932	5.82
348	Baldwin City	1,333.4	\$433,815	5.82
431	Hoisington	594.0	\$239,976	5.81
101	Erie-Galesburg	541.8	\$262,064	5.75
299	Sylvan Grove	142.6	\$75,986	5.72
442	Nemaha Valley Schools	433.0	\$186,296	5.70
395	LaCrosse	299.5	\$134,750	5.69
105	Rawlins County	317.5	\$139,106	5.68
352	Goodland	906.4	\$356,818	5.63
417	Morris County	757.4	\$308,352	5.60
438	Skyline Schools	358.0	\$158,312	5.56
231	Gardner Edgerton	4,323.4	\$1,405,770	5.52
385	Andover	4,518.8	\$1,350,844	5.50
305	Salina	6,929.3	\$2,351,492	5.47
219	Minneola	271.0	\$116,006	5.45
260	Derby	6,191.2	\$1,941,192	5.43
355	Ellinwood Public Schools	425.7	\$178,882	5.43
314	Brewster	91.5	\$54,692	5.40
331	Kingman - Norwich	1,033.3	\$395,582	5.40

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2008-09 Data

USD	USD Name	2008-09 FTE Enr	5% Local Activities Fund	Mill Levy Required
415	Hiawatha	841.8	\$349,250	5.36
347	Kinsley-Offerle	296.1	\$150,018	5.36
230	Spring Hill	2,219.7	\$685,976	5.33
403	Otis-Bison	171.3	\$97,570	5.29
241	Wallace County Schools	193.5	\$98,648	5.20
345	Seaman	3,455.7	\$1,114,696	5.19
364	Marysville	731.0	\$298,320	5.09
204	Bonner Springs	2,264.6	\$769,350	5.05
458	Basehor-Linwood	2,139.1	\$627,484	4.98
208	Wakeeney	443.0	\$187,353	4.87
310	Fairfield	297.2	\$158,554	4.84
227	Jetmore	251.5	\$118,888	4.80
232	De Soto	6,058.5	\$1,903,311	4.79
368	Paola	2,027.9	\$638,782	4.79
103	Cheylin	130.5	\$81,136	4.71
284	Chase County	417.5	\$188,408	4.70
444	Little River	295.8	\$135,278	4.63
228	Hanston	72.5	\$42,196	4.56
271	Stockton	294.1	\$135,278	4.48
306	Southeast Of Saline	679.6	\$270,116	4.46
382	Pratt	1,085.4	\$411,642	4.41
294	Oberlin	366.2	\$161,766	4.40
407	Russell County	923.2	\$351,802	4.39
274	Oakley	411.7	\$178,838	4.38
423	Moundridge	431.5	\$179,498	4.37
233	Olathe	25,160.1	\$8,160,903	4.34
468	Healy Public Schools	73.5	\$51,546	4.34
418	McPherson	2,247.3	\$714,758	4.28
433	Midway Schools	156.9	\$97,350	4.27
412	Hoxie Community Schools	292.9	\$129,844	4.26
459	Bucklin	229.9	\$110,022	4.25
354	Claffin	220.6	\$113,014	4.22
387	Altoona-Midway	174.5	\$108,922	4.21
416	Louisburg	1,644.7	\$508,481	4.20
350	St John-Hudson	362.7	\$159,544	4.14
297	St Francis Comm Sch	297.5	\$124,630	4.01
422	Greensburg	210.5	\$124,080	3.94
490	El Dorado	1,977.9	\$698,390	3.94
511	Attica	138.5	\$72,952	3.90
489	Hays	2,738.2	\$945,802	3.87
466	Scott County	843.4	\$326,194	3.86
437	Auburn Washburn	5,332.4	\$1,693,802	3.82
483	Kismet-Plains	696.5	\$349,228	3.81
401	Chase-Raymond	136.5	\$77,110	3.72
445	Coffeyville	1,786.2	\$642,730	3.63
351	Macksville	298.4	\$135,300	3.63
383	Manhattan-Ogden	5,702.2	\$1,857,268	3.60
502	Lewis	98.6	\$60,808	3.59
497	Lawrence	10,376.9	\$3,432,814	3.52
494	Syracuse	460.0	\$207,724	3.49
275	Triplains	86.5	\$52,382	3.49
388	Ellis	367.6	\$149,204	3.43

2008-09 Data

USD	USD Name	2008-09 FTE Enr	5% Local Activities Fund	Mill Levy Required
474	Haviland	139.0	\$76,054	3.34
220	Ashland	215.7	\$103,642	3.17
375	Circle	1,593.8	\$492,030	3.13
432	Victoria	257.5	\$112,310	3.10
291	Grinnell Public Schools	80.5	\$52,184	3.06
200	Greeley County Schools	210.5	\$107,426	3.04
362	Prairie View	933.5	\$396,022	2.99
328	Lorraine	447.0	\$187,176	2.97
254	Barber County North	495.0	\$216,436	2.89
281	Graham County	365.6	\$162,294	2.87
303	Ness City	274.5	\$115,236	2.86
226	Meade	457.4	\$191,180	2.86
300	Comanche County	307.0	\$142,076	2.77
218	Elkhart	668.8	\$253,220	2.72
482	Dighton	249.5	\$113,080	2.70
255	South Barber	219.5	\$109,318	2.68
512	Shawnee Mission Pub Sch	26,531.0	\$8,578,218	2.67
270	Plainville	381.9	\$160,600	2.62
229	Blue Valley	19,939.4	\$6,171,528	2.58
424	Mullinville	226.6	\$72,292	2.53
213	West Solomon Valley Sch	37.7	\$27,302	2.50
203	Piper-Kansas City	1,581.5	\$468,906	2.47
399	Paradise	120.6	\$77,651	2.41
106	Western Plains	160.2	\$89,254	2.36
216	Deerfield	272.5	\$141,350	2.14
363	Holcomb	854.5	\$320,386	1.91
269	Palco	161.5	\$87,934	1.88
374	Sublette	453.9	\$206,998	1.87
321	Kaw Valley	1,112.0	\$419,364	1.85
452	Stanton County	414.2	\$193,446	1.80
214	Ulysses	1,564.0	\$532,224	1.64
332	Cunningham	173.5	\$94,974	1.45
215	Lakin	631.0	\$263,956	1.29
217	Rolla	200.0	\$98,186	1.17
210	Hugoton Public Schools	926.2	\$359,436	1.12
209	Moscow Public Schools	204.7	\$105,842	1.08
244	Burlington	814.4	\$342,650	0.94
507	Satanta	335.5	\$159,962	0.77

Statewide Summary:			
High	44,646.7	\$16,616,446	22.11
Median	516.0	\$224,708	6.79
Low	37.7	\$27,302	0.77



House Education Budget Committee
Rep. McLeland, Chair

H.B. 2647 – Special Activities Fund

*Presented by Diane Gjerstad
Wichita Public Schools
February 15, 2010*

Mr. Chairman and Members of the Committee:

H.B. 2647, if enacted, would be the fifth tier of local taxes for many school districts (20 mills, Capital, LOB and bonds); and the sixth or seventh tier for a few districts with access to the cost of living weighting, extraordinary declining enrollment weighting, or ancillary weighting.

H.B. 2647 is not equalized.

Without equalization the amount one mill raises varies dramatically. Two neighboring large districts with similar enrollments are Shawnee Mission and Kansas City. But the buying power of one mill in Shawnee Mission raises \$3.2m while one mill in KCK raises \$778,000. Property wealthy districts could exercise this provision with a modest tax increase while other districts would have to impose a much higher tax without state aid.

We agree schools need additional funding to pay for increasing costs and the costs of increasing achievement to meet the demands of No Child Left Behind's annual yearly progress. However, we disagree with this bill permitting a few districts to find relief to fund activities and not others.

Thank you for your consideration. I would stand for questions.

House Education Budget Committee
Date: 02-15-2010
Attachment #: 7