

MINUTES OF THE SENATE EDUCATION COMMITTEE

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

Committee members absent: Janis Lee- excused

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Bill Reardon, Kansas City, Kansas Public Schools, testified in opposition to **SB 69**. The District was

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

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

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

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

The next meeting is scheduled for January 23, 2007.