

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

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Testimony before the
House Education Budget Committee
on
HB 2003 – Requiring Local Option Budget as part of Foundation Aid

by
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Mr. Chair, Members of the Committee:

Thank you for the opportunity to comment on **HB 2003**. As we understand the bill, it is similar to legislation introduced in previous years that makes the first 10 percent of the Local Option Budget mandatory. By adding this amount to the current general fund (base budget times weighted enrollment), the base budget per pupil becomes a higher amount. The concept has been presented in the base as a way to help the state defend the current system against school finance litigation. Under the bill, the statutory base per pupil would be \$4,241 in FY 2014 and \$4,492 in FY 2015. We have not seen a fiscal note on the cost to the state of achieving, but assume it would cost about \$170 million to reach the FY 2015 level.

The theory is that a required 10 percent local option budget allows the state to claim this amount as foundation aid for “suitable provision for finance” required by the state constitution. However, even with LOB state aid for equalization, there are significant differences in the mill levy required to fund the first 10 percent LOB. Furthermore, the LOB state formula is now substantially underfunded, and the judicial panel in the *Gannon* case has ordered the Legislature to fully fund that formula. We would ask (and believe the courts and taxpayers would also ask) what possible educational or other rational basis is there for requiring some districts to pay a much higher mill rate than others, to provide the same level of educational opportunity guaranteed for all students. In short, whatever benefit the state may gain in “adequacy” defense, it would lose in its “equity” defense. This is even more significant as LOB is now funded \$90 million below the formula level, all of which has resulted in higher property taxes.

The simple fact is the Legislature has failed to fund almost all of the major components agreed to in settling the *Montoy* case. If the *Gannon* reaches the Supreme Court, the Court is either going to agree the economic crisis was justification for doing so, or it isn't. We don't see how the change in treatment of the LOB changes the facts the Court will use to decide. However, if the bill actually does result in “real” increase in funding, that might make a difference.

Finally, this bill would add a great deal of further complexity to the school finance system, the Kansas State Department of Education, and local school districts accounting requirements. If the bill would actually result in a significantly higher level of funding for school districts, this change could be considered. If it only renames what is already being provided at current levels, we do not support it.

Thank you for your consideration.

School District Cash Balances July 1 - 2006-2012

USD Total	
2006	1,163,505,241
2007	1,241,380,417
2008	1,375,139,138
2009	1,504,829,912
2010	1,572,903,869
2011	1,713,870,651
2012	1,720,775,319
\$ Change	557,270,078
% Change	47.9%
\$ Ch. 09-12	215,945,407
% Ch. 09-12	14.4%

Non-USD Funds Administered by USDs					
Historical Museum	Public Lib. Bd.	Pub. Lib. Emp. Ben.	Rec. Comm.	Rec. Com. Emp. Ben.	
23,088	5,279,368	669,345	9,417,521	1,216,312	
33,508	5,058,974	876,961	8,938,645	1,488,840	
36,223	5,194,133	850,339	9,599,757	1,299,345	
45,233	4,246,678	789,872	9,628,162	1,311,813	
53,913	5,112,979	742,542	9,348,332	1,181,335	
59,856	6,209,908	986,851	9,693,551	1,302,004	
36,768	930,540	317,506	276,030	85,692	
159.3%	17.6%	47.4%	2.9%	7.0%	

Constitutionally Restricted Funds (Local Mill Levies)

	Capital Outlay	Bond & Interest 1	Bond & Interest 2	Special Liability	No Fund Warrants	Special Assess.	Adult Education	Group Total	% of Cash Total
2006	364,204,808	283,535,871	15,610,800	7,339,589	49,436	5,865,401	2,505,807	679,111,712	58.4%
2007	383,995,018	290,843,116	16,529,146	8,480,038	50,116	4,991,340	1,217,386	706,106,160	56.9%
2008	449,291,653	300,989,612	19,551,173	8,733,690	0	5,982,252	1,300,921	785,849,301	57.1%
2009	451,672,840	327,700,705	16,550,982	8,693,872	0	5,926,934	1,368,027	811,913,360	54.0%
2010	429,794,605	349,486,618	12,355,705	7,230,830	42,902	5,041,797	1,237,066	805,189,523	51.2%
2011	470,822,923	352,745,579	13,415,458	6,851,816	127,016	3,706,427	983,074	848,652,293	49.5%
2012	453,159,920	365,897,037	11,642,696	7,006,236	148,211	3,076,160	1,119,705	842,049,965	48.9%
\$ Change	88,955,112	82,361,166	-3,968,104	-333,353	98,775	-2,789,241	-1,386,102	162,938,253	
% Change	24.4%	29.0%	-25.4%	-4.5%	199.8%	-47.6%	-55.3%	24.0%	
\$ Ch. 09-12	1,487,080	38,196,332	-4,908,286	-1,687,636	148,211	-2,850,774	-248,322	30,136,605	
% Ch. 09-12	0.3%	11.7%	-29.7%	-19.4%		-48.1%	-18.2%	3.7%	

Other Effectively Restricted Funds

	Federal Funds	Gifts/Grants	School Retire.	Special Reserve	Textbook	Group Total	% of Cash Total
2006	150,948	21,269,478	314,918	56,697,898	39,054,872	117,488,114	10.1%
2007	2,744,259	23,557,447	257,432	54,221,927	39,971,840	120,752,905	9.7%
2008	3,666,675	22,756,045	438,674	70,604,187	37,781,758	135,247,339	9.8%
2009	3,827,639	23,468,699	504,675	86,098,237	43,286,401	157,185,651	10.4%
2010	1,067,258	24,022,841	440,206	102,361,425	50,621,897	178,513,627	11.3%
2011	4,786,796	20,381,080	889,717	103,063,982	54,257,210	183,378,785	10.7%
2012	-1,820,740	23,125,547	761,360	108,499,916	55,362,208	185,928,291	10.8%
\$ Change	-1,971,688	1,856,069	446,442	51,802,018	16,307,336	68,440,177	
% Change	-1306.2%	8.7%	141.8%	91.4%	41.8%	58.3%	
\$ Ch. 09-12	-5,648,379	-343,152	256,685	22,401,679	12,075,807	28,742,640	
% Ch. 09-12	-147.6%	-1.5%	50.9%	26.0%	27.9%	18.3%	

Funds to Cover Expenses until Revenues are Received; Funds with Summer Expenses

	Special Ed.	Sped Coop	Summer Sch.	Food Service	Group Total	% of Cash Total
2006	130,416,781	19,056,607	8,202,858	33,900,433	191,576,679	16.5%
2007	149,536,176	22,649,907	7,735,683	38,077,263	217,999,029	17.6%
2008	163,666,930	27,090,889	6,964,103	36,928,843	234,650,765	17.1%
2009	183,341,090	24,114,960	5,971,828	41,223,348	254,651,226	16.9%
2010	181,078,898	35,121,588	5,099,631	46,082,491	267,382,608	17.0%
2011	209,691,371	51,495,094	4,646,232	53,931,627	319,764,324	18.7%
2012	206,848,701	40,846,279	4,286,953	59,350,567	311,332,500	
\$ Change	76,431,920	21,789,672	-3,915,905	25,450,134	119,755,821	
% Change	58.6%	114.3%	-47.7%	66.8%	54.9%	
\$ Ch. 09-12	23,507,611	16,731,319	-1,684,875	18,127,219	56,681,274	
% Ch. 09-12	12.8%	69.4%	-28.2%	44.0%	22.3%	

General Education Operating Funds

	Contingency Res.	General Fund	Supp. General	Virtual Ed.	Declining Enroll.	Cost of Living	Ancillary	Prof. Develop.	Tuition Reimb.	Activities
2006	97,636,498	1,600,933	39,358,766		0	0		10,184,305	209,739	
2007	107,425,894	1,281,800	38,845,906		0	0		11,644,420	336,372	
2008	119,016,020	1,381,116	42,148,769		0	0		12,617,382	44,409	
2009	175,712,033	1,435,657	42,183,718	915,204	0	0		13,400,850	65,878	
2010	194,276,118	598,170	43,091,299	2,112,120	0	0		15,165,095	14,349	
2011	198,767,766	1,670,107	40,873,956	4,064,565	661,279	1,183,772	2571600	15,055,381	15,822	8,250,908
2012	192,814,557	968,123	60,676,472	3,842,150	222,279	1,503,620	697789	14,728,633	412	10,115,769
\$ Change	95,178,059	-632,810	21,317,706	3,842,150	222,279	1,503,620	697,789	4,544,328	-209,327	10,115,769
% Change	97.5%	-39.5%	54.2%	N.A.	N.A.	N.A.	N.A.	44.6%	-99.8%	N.A.
\$ Ch. 09-12	17,102,524	-467,534	18,492,754	2,926,946	222,279	1,503,620	697,789	1,327,783	-65,466	10,115,769
% Ch. 09-12	9.7%	-32.6%	43.8%	319.8%				9.9%	-99.4%	

Restricted Weightings; Early Childhood

	At Risk (4yr Old)	At Risk (K-12)	Bilingual	Extra Sch.	Voc. Ed.	Area Vocational	PAT	Adult Supp. Ed.	Driver Training	Group Total	% of Cash Total
2006	602,051	3,720,615	661,051	2,178,502	2,668,059	6,891,671	2,005,311	233,599	7,377,636	175,328,736	15.1%
2007	1,082,436	9,625,158	1,324,905	2,332,468	4,497,365	7,880,680	2,275,155	233,430	7,736,334	196,522,323	15.8%
2008	1,741,581	12,572,940	1,668,342	2,659,790	6,575,701	8,558,360	2,130,185	204,911	8,072,227	219,391,733	16.0%
2009	2,532,263	17,388,282	3,435,130	2,385,556	10,827,870	2,220,704	2,220,704	252,131	8,324,399	281,079,675	18.7%
2010	3,651,510	28,565,629	5,832,170	2,389,785	15,771,083	2,516,827	267,311	7,566,645	321,818,111	344,217,244	20.1%
2011	4,835,973	41,527,138	6,858,050	3,368,448	20,989,708	3,145,624	290,794	7,944,358	344,217,244	344,217,244	20.1%
2012	5,394,759	47,634,889	7,152,051	3,351,649	21,760,891	2,995,670	295,384	7,309,466	369,009,915	369,009,915	21.4%
\$ Change	4,233,922	37,806,523	6,196,999	1,189,946	18,321,649	-6,891,671	1,140,313	57,195	566,722	168,888,508	
% Change	703.2%	1016.1%	937.4%	54.6%	686.7%	-100.0%	56.9%	24.5%	7.7%	96.3%	
\$ Ch. 09-12	2,862,496	30,246,607	3,716,921	966,093	10,933,021	0	774,966	43,253	-1,014,933	87,930,240	
% Ch. 09-12	113.0%	173.9%	108.2%	40.5%	101.0%	#DIV/0!	34.9%	17.2%	-12.2%	31.3%	