



USD 208

TREGO COUNTY SCHOOLS

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**Testimony to the Senate Ways and Means Committee in Opposition to SB 505
From Dr. George Griffith, Superintendent, Trego County USD #208**

Senator Ty Masterson, Chair and members of the Senate Ways and Means Committee, I would like to thank you for the opportunity to share my comments on behalf of Trego County Schools, USD 208 and to express the concerns we have related to SB 505.

There are many reasons that SB 505 will damage the quality of education at USD 208. First of all, this bill will cost Trego County an estimated \$147,239 per year for the next five years. We are currently using between 5-10% of our cash balances to maintain the services we are currently providing children. With this reduction added to the pilfering of local tax money proposed in SB 505, USD 208's reserves that can actually be used for our general operating expenditures will be gone in two years. This loss will result in larger classroom sizes of up to 30 in the elementary school and the elimination of programs for our high school students.

Specifics of our reserves include:

1. Bond and Interest reserves are needed in order to make the annual payments on time. A balance is needed to cover this payment in the event local property valuation drops significantly resulting in abatements as Trego County had to deal with during the 2014-15 school year.
2. Activity funds do not cover the cost of the activities that our district participates in and a significant amount of these funds do not belong to the school but belong to student organizations and classes. The student organization funds and class funds are not under the control of the district but under the control of the student organization or class that collected them.
3. Food Service funds include a considerable amount of federal funds and must be used solely for food service. The balance of this fund includes student payments and local taxes dollars. The amount from the state was only 1.4% of total food service expenditures. Districts are already limited on the amount of reserves they can maintain in this fund. This limit is equal to three month's worth of expenditures and are needed because funds are spent prior to the collection of student payments and federal and state aid which can take as long as three months to start receiving.
4. Capital Outlay reserves are in place to cover future expenses such as buses, roofs and other building repairs, technology, and surprise costs directed by the Fire Marshall.
5. The amount left over in the Supplemental General Fund (LOB) depends on the local assessed valuation. Although Trego County had a balance in the LOB on July 1, 2014, that money disappeared as a result of tax abatements totaling \$108,912.

At the end of this school year, Trego County USD 208 is projected to have a balance in funds available for general operating expenditures in of about \$600,000. We are expecting to have approximately \$530,000 in Capital Outlay and \$350,000 in the Bond and Interest fund. The amount in the Bond and Interest fund is enough to cover one annual payment. Trego County does not receive equalization from the state so these funds have been raised locally for the purpose specified in the resolutions passed to levy these taxes and neither of these funds can be used for general operating expenses.

Passing SB 505 or any bill that is based on previous reserves does not take into account the reserve funds that have been used to cover cuts by the state. Passing a bill to force school districts to adjust budgets based on balances in funds locally raised based on a published resolution is not only unfair it is bordering on illegal.

Thanks for your time and the opportunity to testify in opposition to SB 505.

Respectfully,

Dr. George Griffith, Superintendent USD#208