

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

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Testimony before the
Senate Committee on Education

on

SB 450 – Increasing Base State Aid Per Pupil; Local Option Budget Authority

by

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Madam Chair, Members of the Committee,

Thank you for the opportunity to testify on **SB 450**. KASB appreciates the bipartisan leadership of this committee and the Senate bringing forth this proposal. Our members understand the financial problems facing the state in recent years that resulted in reduced support for elementary and secondary education. However, they believe the time has come to begin rebuilding our educational programs. Based on opinion polls and other input, we think the people of Kansas agree.

KASB supports the base state aid per pupil increases in SB 450. Because the state reduced education funding by cutting the base, it makes sense to restore funding by increasing the base. Funding for general state aid this year is \$278 million below 2008-09, a reduction of 8.6 percent. On a per pupil basis, the reduction has been even greater, over 10 percent.

SB 450 is a reasonable step to restoring education cuts. A \$74 increase base state aid per pupil for the next two years is less than 2.0 percent per year when inflation is increasing 2.6 percent so far this year. Increasing \$50 million per year in general state aid equals less than 1.7% of general fund budgets, including special education aid. Even with this bill, 2013-14 school district general fund budgets, both overall and per un-weighted pupil, will still be lower than 2007-08 levels. This level of funding growth is actually slightly lower than Governor Brownback's tax reduction plan limit on state spending growth to two percent per year.

KASB will support the increase in Local Option Budget authority contained in SB 450 on the condition that the new authority is equalized at a rate higher than current LOB aid is provided. Although districts statewide raised their local option budgets by about \$75 million since 2009, which has helped offset a portion of the reduction in total general operating budgets, many districts were not able to increase their LOB because they were capped by either the 31 percent maximum limit or the requirements to pass an election to exceed 30 percent.

KASB supports the removal of the mandatory vote to access LOB authority over 30 percent. As we understand the bill, it would apply the long-standing system of allowing districts to increase their LOB up to the statewide average by school board action alone, and make LOB use over that amount subject to protest petition. KASB believes elected local board members should be able to determine LOB use. Voters have the ultimate control by choosing board members every two years.

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We hope **SB 450** offers the foundation for legislation that can pass both the Senate and House and be approved by the Governor. To increase support, we suggest the following items be considered for amendments to the bill.

First, it is absolutely vital that the additional LOB authority in this bill be equalized. For KASB, this position is a good-faith compromise for two groups of districts. The first are those that have long been capped by the state LOB limit and want to spend more. The second are districts that not only require higher mill levies to raise the same amount of revenue; they have had to raise tax rates even higher because state LOB aid has not kept up with the formula. Furthermore, many of these districts lost additional funding as state capital outlay aid has been suspended since 2010.

State LOB aid is underfunded by over \$50 million. That means school districts have either made up the difference in local property taxes for the LOB, or reduced funding. Although all districts have faced proportional cuts in base state aid, lower-wealth districts have also had to raise mill levies – some substantially – to avoid even further cuts. We suggest the increase in LOB authority be tied to or triggered by appropriation of additional LOB funding. In addition, we would encourage the Legislature to consider funding the current shortfall in LOB state aid as part of the plan to provide local property tax relief.

Second, we recommend creating a special fund to support innovative pilot programs in school districts. This concept was originally proposed by the Governor's office and previously recommended to this committee by the United School Administrators of Kansas and others. KASB has heard strong support for promoting new approaches to meet diverse student needs from school leaders, parents, patrons and legislators. A state educational innovations fund would help districts take risks to experiment with new ideas, expand educational options, and allow successful programs to be shared and replicated.

Third, we would recommend that the Legislature finally address a problem in the high density at-risk weighting system by creating a linear transition without reducing funds for any districts.

Finally, we understand there are legislative concerns about school district cash reserves. KASB believes that school boards used their best fiduciary judgments in managing their revenues during the financial challenges of the past four years. In fact, the Senate passed a resolution urging districts to build up reserves. As conditions stabilize, we believe districts will be able to reduce those balances while still retaining reasonable balances. We believe the limits on certain district funds adopted by this committee for **SB 361** are reasonable and could be included in this bill.

Thank you for your consideration.