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JOINT MEETING OF
HOUSE COMMITTEE ON APPROPRIATIONS AND
SENATE COMMITTEE ON WAYS AND MEANS

JUNE 23, 2016
COMMENCING AT 9:15 A.M.



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1 CHAIRMAN MASTERSON: All right,
2 Committee. We are going to come to order.

3 Briefly, ahead of time, so the bill that we
4 are addressing today is -- it's SB 1 in the
5 Senate, it will be HB 2001 in the House. SB 1 has
6 been printed, so that's what's being passed out.
7 But for everybody's information, the language is
8 identical in both bills, so I don't want to be
9 concerned there is two variations on that.

10 I'd really like to say thank you to all the
11 superintendents and the departments that were
12 involved in the -- and worked through this. I
13 think -- you know, I often make comments about
14 when everybody is sufficiently uncomfortable,
15 that's usually the best solution we have for
16 everybody. And this isn't -- this isn't the way
17 that I would have written the bill, I don't think
18 it's the way the Chairman of the House would have
19 written the bill, but it truly is a compromise.
20 And so I want to say a special thank you to all
21 those in the education community that were
22 involved in writing this and bringing this to
23 fruition.

24 With that, we are going to start with the
25 order of business, and that is we need to receive



1 the recommendations from the joint meeting of the
2 Senate and House Judiciary Committee. I'll
3 recognize Bob Gallimore.

4 MR. GALLIMORE: Thank you, Chairman
5 Masterson, Chairman Ryckman, members of the
6 Committee. My name is Bob Gallimore. I'm a
7 principal analyst with the Legislative Research
8 Department in the judiciary topic area. I staff
9 both the Senate and House Judiciary Committees.
10 And with me this morning is my colleague, Lauren
11 Douglass. In addition to staffing the Judiciary
12 Committees, she also works with the education
13 committees, so has some cross-topic expertise
14 there.

15 I'm here to give you a brief overview of the
16 activities of the House and Senate Judiciary
17 Committees at their joint meeting last week, as
18 well as their recommendations. You should have in
19 front of you a green memo that outlines those
20 activities and the recommendations.

21 Behind that memo should be a packet of
22 testimony, as well as memoranda. This was the
23 testimony and the memoranda that were received by
24 the two committees at their joint meeting last
25 week.



1 The minutes from those meetings also will be
2 distributed once they are ready. They had to be
3 approved by those two committees this morning.
4 The Senate has approved theirs. The House will be
5 doing so a little later. And once those are
6 prepared and copied, we will bring them and
7 distribute them to you.

8 So on Thursday -- oh, I should mention the
9 testimony from last week is also accessible online
10 at the Kansas Legislative Research home page on
11 our special session. We have a link to all the
12 testimony, as well as the memoranda. And then it
13 will also be available on the
14 Kansaslegislature.org site once those minutes are
15 published.

16 Okay, last Thursday and Friday the House and
17 Senate Committees on Judiciary held a joint
18 meeting and they received staff overviews
19 regarding the Gannon case, including the latest
20 order from the Kansas Supreme Court. They heard
21 about the pre-Gannon school finance litigation,
22 school finance litigation that has occurred in
23 other states, as well as judicial and legislative
24 responses to that litigation and background on the
25 2005 Kansas law prohibiting school closure and



1 possible Constitutional amendments on the same
2 topic. There were memorandum prepared on each of
3 those. And again, that should be in that
4 testimony packet.

5 The committees also heard public comment on
6 potential school funding changes in response to
7 the latest Gannon order, as well as potential
8 Constitutional amendments pertaining to school
9 finance.

10 After the committees received those overviews
11 and the public comments, they discussed and then
12 separately voted on recommendations. So the
13 Senate Judiciary Committee adopted the following
14 recommendations: To submit the Senate minutes of
15 the joint meeting to the Senate Committee on Ways
16 and Means without recommendation on any item from
17 those minutes for that committee's consideration,
18 as well as the testimony received during the joint
19 meeting; to recommend caution in consideration by
20 the Senate Committee on Ways and Means regarding
21 the legality of the hold harmless provisions, with
22 further study by the Senate Committee on
23 Judiciary; and to introduce a proposed
24 Constitutional amendment regarding the closure of
25 schools at a meeting at the Rail today.



1 Now, there were two Constitutional
2 amendments, proposed Constitutional amendments
3 that were introduced by the Senate Committee on
4 Judiciary this morning at a meeting at the Rail.
5 There will be a hearing on one of those later this
6 morning at 11 a.m. in Room 582 North.

7 The House Committee on Judiciary recommended
8 that they submit the minutes of the joint meeting
9 to the House Committee on Appropriations without
10 recommendation on any item in those minutes for
11 that committee's consideration, as well as the
12 testimony received during the joint meeting.

13 They also recommended caution in
14 consideration by the House Committee on
15 Appropriations regarding the legality of hold
16 harmless provisions, with further study by the
17 House Committee on Judiciary. The House Committee
18 on Judiciary is meeting later on this morning.

19 The House Committee on Judiciary also adopted
20 a motion to make no recommendation on any
21 Constitutional amendment.

22 Again, you should have the testimony and the
23 memoranda that were received. We will be
24 distributing the minutes as soon as they are
25 ready. I was asked to provide you with a brief



1 overview of the Committee's discussions since the
2 minutes are not quite ready regarding some of the
3 topics, kind of a broad overview of topics that
4 came up during the discussion.

5 There was a lot of discussion regarding the
6 hold harmless provision, questions as to whether
7 there would be a way to draft a hold harmless to
8 comply with the Court's ruling and to be upheld by
9 the Court. Some members expressed a desire or
10 need for inclusion of the hold harmless. Members
11 also expressed concern that inclusion could cause
12 the Court to strike down the entire Act.

13 Members had questions about the effect on
14 equalization of including a hold harmless
15 provision and what amount would be required to re-
16 equalize it. There were suggestions that the
17 Judiciary Committees further explore and have
18 possible effective hold harmless and severability
19 provisions drafted by the Revisor. Again, Senate
20 Judiciary is scheduled to further discuss the hold
21 harmless topic later this afternoon.

22 Some members expressed support for funding
23 the \$38,000,000 to cure LOB inequities. Some
24 members expressed concern with the application of
25 the \$38,000,000. There was discussion about



1 equalization going toward property tax relief.

2 Some members expressed the need for the
3 legislature to look at restructuring of schools or
4 development of a new formula, or both, that would
5 be a longer term fix and reduce future litigation.

6 Some members expressed support for amending
7 the 2005 law regarding funding of school finance
8 lawsuits to include a prohibition on use of LOB
9 funding, or any other taxpayer dollars, for such
10 lawsuits.

11 There were questions about what would happen
12 if the total amount of state aid was merely
13 divided by the number of students and distributed
14 in that manner.

15 Some members expressed concern and were
16 recommending a funding fix in compliance with the
17 Court order, rather than examining the
18 constitutionality or legality of the Court's order
19 to determine if the Court had acted
20 unconstitutionally or illegally.

21 Some members expressed concern regarding
22 undermining the role of or respect for the
23 judicial branch in fulfilling its Constitutional
24 duty in the three-branch system.

25 Some members expressed concern over not



1 knowing what compliance with the Court order
2 actually means and whether the schools could be
3 shut down even after the legislature attempts to
4 comply.

5 There were related questions about the
6 definitions of adequacy and equity. And some
7 members expressed concern over whether a
8 Constitutional amendment was needed if similar
9 wording was in the law and the statute and had not
10 been struck down by the courts.

11 Again, that's kind of a broad overview of the
12 some of the topics that were touched on. Once you
13 receive the minutes, you'll have the full record
14 of that discussion.

15 That's all I have. I'd be happy to address
16 any questions.

17 CHAIRMAN MASTERSON: I will have it open
18 for questions for Mr. Gallimore, but I forgot one
19 reminder. We do have a transcriptionist again
20 with us as we deal with school finance for the
21 record. So speak clearly and at a relatively
22 moderate speed. If we get too fast, I might slow
23 you down. We just want to make sure everything is
24 caught for the record.

25 Questions for Mr. Gallimore? Seeing none,



1 thank you for coming in.

2 MR. GALLIMORE: Thank you.

3 CHAIRMAN MASTERSON: We are now going to
4 -- we will start with a presentation on the Gannon
5 case and then we will move into our hearing. And
6 for everybody, we are having a joint hearing on
7 both bills. So when I open the hearing, the
8 hearing will be on HB 2001 and SB 1.

9 Welcome to the committee, Jason.

10 MR. LONG: Thank you, Mr. Chairman,
11 Chairman Ryckman, members of both committees. My
12 name is Jason Long with the Revisor of Statutes
13 office. I typically staff the Education Committee
14 in the Senate, and I have been involved with
15 education since 2011.

16 I do have three memos from our office, as you
17 see. The first is a comprehensive analysis of the
18 Court's opinion in Gannon III that was issued on
19 May 27th. The second is a general history of
20 school finance litigation since 1992. And then
21 the third memo is a brief memo on potential
22 remedial orders that the Court could issue on June
23 30th, depending on what the legislature and the
24 Governor does before that time.

25 So briefly, I just wanted to go over the



1 Gannon III decision, the third decision, and the
2 Gannon v. State litigation that the Kansas Supreme
3 Court issued back on May 27th.

4 Start with the good news, so everybody likes
5 good news first. The Court approved the
6 reinstatement of the capital outlay state aid
7 formula in House Bill 2655 and found that that met
8 the Constitutional requirement for equity, the
9 Constitutional standard for equity that the Court
10 had stated, what's contained in Section 6 of
11 Article 6 of the Kansas Constitution that school
12 districts should receive reasonably similar
13 educational opportunities through substantial
14 similar tax efforts. And so capital outlay state
15 aid does do that, provided it's fully funded,
16 which it was in House Bill 2655.

17 The primary issue and the reason we are all
18 here today is that it did not approve of applying
19 that same formula with respect to equalization
20 state aid for the local option budget tax levies
21 that districts levy. This is a supplemental
22 general state aid that is provided to school
23 districts to equalize the wealth-based disparities
24 and the LOB tax levies made by school districts.
25 The Court didn't approve that under its equity



1 standard for a few different reasons.

2 First of all, it found that applying that
3 formula brought the total amount of equalization
4 state aid to an amount that was actually less than
5 what would have been distributed under the class
6 act for school year 16-17, and the Court had
7 already opined in Gannon II that that amount of
8 money was not -- did not meet the Constitutional
9 standard for equity in the second decision.

10 Second, the Court looked at the equalization
11 point under the new formula, applying the capital
12 outlay formula to the LOB equalization
13 distribution. The Court found that instead of the
14 equalization point of 81.2, the point at which a
15 school district qualifies for equalization state
16 aid, that that point was lower under the new 2655
17 formula, and, therefore, that rendered it not
18 compliant with the equity standard of Section 6 of
19 Article 6 of the Constitution.

20 And then finally, the Court looked at the
21 differences between the capital outlay funding
22 mechanism itself and the LOB funding mechanism
23 itself, looked at both the magnitude of those
24 funding mechanisms and the flexibility of the
25 expenditures that school districts have with those



1 funding mechanisms. In doing that comparison, the
2 Court found that LOB funding was considerably more
3 in magnitude than capital outlay funding. We are
4 talking about a lot more money. By example, the
5 Court noted Wichita had an LOB revenue of
6 111,000,000, compared to capital outlay revenue of
7 only 28,000,000.

8 And then, also, the Court found the
9 expenditure limitations were different with
10 respect to the new funding mechanisms. The
11 capital outlay funding mechanism is strictly
12 regulated by statute as to what school districts
13 can spend those revenues on. By contrast, the
14 local option budget statutes do not have
15 limitations. The districts are generally free to
16 spend those revenues on general operating
17 expenditures of the school district.

18 And so for those reasons, the Court decided
19 that the formula could not be applied to both
20 funding mechanisms in the same manner because the
21 two funding mechanisms were just too dissimilar,
22 and what was a tolerable disparity under capital
23 outlay using that formula became intolerable under
24 the Constitutional standard when applied to local
25 option budget funding.



1 The State had pointed out the hold harmless
2 provision for 2655, if you recall, to bring all
3 districts up to the total equalization state aid
4 they would have received under the class act. The
5 Court did not find that that helped the State's
6 argument. In fact, the Court held that the hold
7 harmless provision failed to mitigate the
8 Constitutional infirmities with the LOB
9 equalization formula. The Court rejected that
10 because, one, the -- the mill levy disparities
11 were likely due simply to property valuations, and
12 so it didn't really help address the wealth-based
13 disparities that the Court had found in the LOB
14 funding mechanism.

15 And then the Court also took issue with the
16 hold harmless in that the law gave school
17 districts the option of either keeping that hold
18 harmless money in their general funds or moving it
19 to the supplemental general fund. And those
20 districts that kept it in a general fund would
21 then have the option to potentially levy,
22 increasing their local property tax levy to make
23 up the gap in LOB funding that was caused by the
24 change in the formula, and the Court took issue
25 with that part of the bill, as well.



1 The other argument put forth by the State was
2 that the extraordinary needs fund was available to
3 help equalize school districts, and the Court
4 simply found that that fund was insufficient due
5 to both the amount of the money appropriated to
6 that fund and the fact that there are already
7 various other statutory uses for those monies that
8 wasn't directed solely for equalization state aid.
9 And so the Court concluded that it would not be
10 sufficient to help cure the Constitutional
11 infirmities with LOB equalization.

12 So in concluding, the Court held that the
13 equalization formula in House Bill 2655 for the
14 local option budget funding was unconstitutional
15 and that did not meet the equity standard of
16 Section 6 of Article 6 of the State Constitution.

17 Then the Court proceeded with an analysis of
18 whether or not that unconstitutional provision
19 could be severed from House Bill 2655 and the
20 remainder of the Act be allowed to go into force
21 and effect.

22 The first point the Court took was that
23 simply striking the equalization aid alone would
24 actually exacerbate the wealth-based disparities
25 among districts because the local option budget



1 authority would still exist without any
2 equalization state aid being distributed to school
3 districts.

4 So the Court opined that if it was to sever
5 the equalization state aid distribution, it would
6 have to sever the local option budget authority,
7 as well, taking both the property tax authority
8 and the equalization distribution at the same
9 time. This would, as stated, result in a loss of
10 approximately \$1,000,000,000 in school funding for
11 next school year, or approximately 25 percent of
12 the total funding for public schools. And so the
13 Court, using that as a basis for determining
14 severability, then applied the case law test for
15 whether or not the LOB funding mechanism as a
16 whole could be severed from the class act or
17 whether or not it had to be part of the class act.
18 And in the Court's analysis, it held that the
19 severability would fail both parts of the case law
20 test. It would both -- the Act would not have
21 passed without the LOB funding. The Court found
22 that the legislature would never have intended to
23 pass a class act without the LOB funding mechanism
24 in place. And, the Court found that the class act
25 could not operate effectively to carry out the



1 intention of the legislature without the LOB
2 funding mechanism, and, therefore, it could not be
3 severed from the class act.

4 So in conclusion, the Court held the entire
5 class act to be unconstitutional because it could
6 not sever the unconstitutional provisions, and,
7 therefore, there would be an invalid statutory
8 scheme for distributing funds to public schools
9 for school year 16-17.

10 The Court stayed that order until June 30th
11 to give the legislature and the Governor time to
12 come up with a legislative cure for those
13 Constitutional infirmities that the Court had
14 identified. And so that takes us then into
15 potential remedial orders on June 30th. Mr.
16 Chairman, if you'd like me to go in that, or I can
17 stop for questions at this time.

18 CHAIRMAN MASTERSON: I think we'll open
19 for questions. Committee, questions on the latest
20 opinion from the Supreme Court? Seeing none,
21 we'll move forward.

22 MR. LONG: Moving to that third memo that
23 you received, the potential remedial orders
24 following Gannon III. This memo basically lays
25 out three possible scenarios of remedial orders



1 the Court could make come June 30th if no
2 legislative action is taken or if such legislative
3 action is deemed by the Court to not cure the
4 Constitutional infirmities.

5 This is by no means a comprehensive
6 description of all remedial orders the Court could
7 potentially make. This is simply potential orders
8 based on language that the Court used in its
9 Gannon III opinion and nothing more. So the Court
10 could do variations on any of these remedial
11 orders when it actually issues orders on June
12 30th, if it does so.

13 On page 2 of that memo you'll see, under No.
14 1, the Court could simply lift that stay that I
15 just referenced on its order holding the class
16 action unconstitutional and do nothing further, in
17 which case there would be no valid and effective
18 school funding statutory method for getting funds
19 to school districts for school year 16-17, and
20 that could be the extent of the Court's order.
21 That would then prohibit any distribution or
22 expenditure of monies by school districts going
23 forward in school year 16-17 until that order was
24 altered or lifted by the Court pursuant to further
25 action.



1 The next potential remedy under No. 2 would
2 step back going back to the severability
3 discussion. The Court had ruled that it was
4 nonseverable. The Court also, however, made
5 references to the District Court panel's remedial
6 orders that were issued last June.

7 If you recall on that panel's decision last
8 June, it had made two different sets of orders.
9 One, the first and primary order was simply to
10 hold the equalization formulas unconstitutional
11 and replace them with the old SCF/QPA equalization
12 formulas and fully fund those for the upcoming
13 school year. If the Supreme Court were to hold
14 the class act unconstitutional but only lift the
15 stay on those orders of the District Court panel,
16 then that would effectively be a kind of back step
17 on severability and would only apply to the
18 equalization portions of the class act and would
19 replace those equalization formulas under the
20 class act with the prior formulas from the SCF/QPA
21 going forward into the next school year.

22 The other option under Option 3 on page 3 of
23 the memo, if the Court -- the other order that the
24 panel had issued last June was to strike the
25 entire class act and reinstate the SCF/QPA for the



1 upcoming school year and fund it out of the
2 appropriations that had been made for public
3 education.

4 And so if the Supreme Court were to rule that
5 the class act was unconstitutional as a whole and
6 lift the stay on the panel's alternative order,
7 then that would potentially be the remedial order
8 from the Court in terms of the class act that's
9 unconstitutional as a whole and we are now
10 judicially ordering the state to distribute funds
11 pursuant to the SCF/QPA as it existed on January 1
12 of 2015 and fund it out of the appropriations for
13 public education. So that's the third potential
14 remedial order that we could read out of the
15 Gannon III decision.

16 With that, Mr. Chairman, I'll be happy to
17 stand for any questions.

18 CHAIRMAN MASTERSON: Committee,
19 questions? Just for those that saw some members
20 leave, there is a little bit of a conflict with
21 the judicial meeting. We are not having a
22 walkout, we have a conflicting meeting and they
23 will be back.

24 Questions for Mr. Long on our Revisor's
25 opinion of potential remedial actions? Seeing



1 none, thank you.

2 We are now going to formally open the hearing
3 on SB 1 and HB 2001. And we did just receive the
4 printing of HB 2001, so both bills are fully
5 printed and disclosed and we will open the
6 hearing.

7 To begin the hearing, we are going to open
8 again with Mr. Long for an explanation of the
9 bill.

10 MR. LONG: Thank you, Mr. Chairman,
11 Chairman Ryckman, again. Yes, Senate Bill 1 and
12 HB 2001 are identical. So whichever copy you
13 happen to be looking at, you should be able to
14 follow along.

15 The bill itself is -- is an appropriation
16 bill. It makes acts of appropriation for fiscal
17 years 2017 and 2018. And then there is a
18 severability provision that I would discuss a
19 little bit later on, but there are no substantive
20 changes to any law contained within the bill.

21 The primary purpose of the bill, you'll see,
22 is in Section 2. Line 19 of the bill on page 1
23 is the appropriation for supplemental general
24 state aid. That appropriation, we might question
25 why it's \$99,000,000 and not 38,000,000, which is



1 the number that's been discussed. This is simply
2 the number required to add on to what was already
3 appropriated under House Bill 2655 and Senate Bill
4 161 for this upcoming fiscal year, and so we are
5 just using those numbers.

6 The 38,000,000 is what would be on top of
7 what has already been appropriated in those past
8 appropriation acts. So as I'm sure Jason can
9 probably explain that a lot better than I just
10 did, but that's where that number comes from. But
11 the actual cost in additional appropriation is
12 38,000,000 of that, approximately.

13 Then you'll see, starting at line 20 and
14 going down, a long proviso attached to that
15 appropriation. This is a proviso to require the
16 Department of Education to distribute those funds
17 in accordance with that formula for LOB
18 equalization state aid that the Court has
19 indicated in both Gannon II and Gannon III would
20 be a safe harbor for constitutionality

21 The Court has indicated that distributing the
22 funds according to this distribution method using
23 the 81.2 equalization point would meet the
24 statutory -- or the Constitutional requirements
25 for the equity standard under Section 6 of Article



1 6, and so you can see that proviso there for the
2 Department of Education to distribute those funds
3 accordingly.

4 The remainder of the bill is essentially
5 appropriation provisions to capture funding to
6 fund that additional \$38,000,000 needed to fully
7 fund the subsequent state aid appropriation.

8 On page 2, starting at line 24, there is a
9 proviso for the Department of Education. The
10 general state aid amount for school year 16-17 for
11 each school district is going to be the amount
12 calculated under the class act for school year 16-
13 17, multiplied by 99.5 percent, and that is the
14 amount that the Department is to distribute to
15 school districts for school year 16-17.

16 Subsection C, this is an amount lapsed from
17 the block grant appropriation for next school
18 year. This incorporates both the money from the
19 previous proviso I just talked about and money
20 coming from a change in the virtual school state
21 aid calculation that I will talk about in just a
22 minute. So you see that money there on line 38 of
23 page 2.

24 The next subsection, Subsection D, is a
25 proviso relating to virtual school state aid.



1 This proviso states that for next school year the
2 Department is determining virtual school state aid
3 for each district for full-time pupils under the
4 age of 18 -- or 18 and under, and the amount is
5 going to be \$5,000 per pupil. I believe the
6 statute is set at \$5,600 per pupil, but this
7 proviso applicable for next school year would set
8 that at 5,000.

9 On page 3, line 16, Subsection E, this is a
10 lapse of the hold harmless appropriation from
11 House Bill 2655. This was that money that was
12 going to keep all school districts up to with the
13 class act, since the substitute state aid was
14 being distributed under a different formula since
15 this hold harmless is no longer necessary. So
16 that appropriation is being lapsed there.

17 And then the following one, two, three, four
18 subsections all deal with the extraordinary needs
19 fund. If you may recall from 2655, there were
20 provisos put in place in that bill to allow the
21 Department of Education and State Board to use the
22 extraordinary needs fund to fully fund the
23 equalization state aid formula should the
24 appropriated amounts fall short of what is
25 actually necessary in the next fiscal year. And



1 this is simply keeping that policy going forward
2 because of the changes and references between 2655
3 and now this new legislation and those simply need
4 to be pulled forward again into this legislation.

5 And then on page 4, Section 3, there is an
6 appropriation proviso with respect to DCF. This
7 is a proviso to use TANF money, Temporary
8 Assistance to Needy Families, in the amount of
9 \$4,100,000 for education purposes. My
10 understanding is this is to go to the Four-Year-
11 Old At-Risk education programs in the state
12 pursuant to -- and in accordance with TANF
13 guidelines.

14 And then I will mention on page 5, Section 4,
15 is the severability provision to clearly state
16 that all provisions within this Act are severable
17 and that the legislature intends to enact the bill
18 without any unconstitutional or invalid
19 provisions. The remainder would be valid and
20 effective. And if this goes into effect and
21 becomes law, it would become effective on July 1
22 publication in the statute book.

23 With that, Mr. Chairman, I'll stand for
24 questions.

25 CHAIRMAN MASTERSON: Committee, questions



1 on the bill?

2 Representative Rhoades.

3 REP. RHOADES: Thank you, Mr. Chairman.
4 Just for someone who is just seeing this for the
5 first time, let me -- can somebody, either the
6 Chair or Revisor, explain to me the amounts, where
7 the 38 is coming from exactly? So as I -- as I
8 look on page 3 of the bill, it looks like we are
9 taking 9.5 million there. I just want to get the
10 major points here. At the bottom of page 3, and
11 if I'm wrong please correct me, we are getting
12 8,000,000 new from the SGF. That's 17 and a half.
13 We are getting 4.1 million, on page 4, from TANF,
14 that's 21 something. So what am I missing to get
15 the -- to get to the 38? If somebody can help me
16 out with that from the bill.

17 CHAIRMAN MASTERSON: Actually, I think
18 Mr. Penner might have a quick math on that. So we
19 are going to do a little bit of tag team here, if
20 you don't mind.

21 MR. PENNER: Thank you, Mr. Chairman.
22 The -- I'll just kind of walk through all the
23 numbers. As a starting point, a number you don't
24 actually see in the bill is 467,000,000. That is
25 the total estimated state cost to fully fund the



1 LOB at the 81.2 percent.

2 From there, we already have 367.6 million
3 appropriated towards LOB state aid. That's from
4 House Bill 2655. Added to that is the 99.4
5 million in this bill, which gets you to 467.

6 Essentially, the adjustments that go into
7 that 99.4 million, first of all, are 61.8 million
8 of the hold harmless from 2655. That reduces the
9 cost to 37.6 million, which is the number that you
10 often hear is the new cost. That 37.6 million is
11 funded via the following adjustments: 13 million
12 from general state aid via the 0.5 percent
13 reduction in each school district's general fund,
14 2.8 million in the virtual school aid adjustments,
15 7.2 million in the adjustments to the
16 extraordinary need fund, 4.1 million in the TANF
17 funding. And that leaves 10.5 million, which is
18 essentially funded from the -- from the
19 \$16,000,000 master settlement agreement money that
20 was going to go to KPERS and the Section 50(c) of
21 Senate Bill 249 that was vetoed by the Governor.
22 So 10.5 million of that approximately \$16,000,000,
23 and that is what totals the 37.6.

24 REP. RHOADES: Thank you.

25 CHAIRMAN MASTERSON: So, Committee, I'm



1 going to, actually, since we have both Revisor and
2 Research potential questions regarding this bill,
3 I'm going to have Mr. Penner and Mr. Long to stand
4 ready, so I will open questions to either one of
5 them or whichever is best fit to answer your
6 questions. So I will continue with questions for
7 either.

8 Representative Ryckman.

9 REP. RYCKMAN: Thank you, Mr. Chairman.
10 I have questions for Mr. Long. Thank you for all
11 your work you have been doing, and your whole
12 department.

13 Is it correct that the Court set equity to
14 the side in Gannon II and Gannon III and focused
15 only upon equity insofar as it relates to capital
16 outlay and LOB?

17 MR. LONG: Yes, the Court bifurcated the
18 case last summer into an adequacy component and an
19 equity component. The Court just heard oral
20 argument on the equity component and the equity
21 standard and whether the State had met that
22 standard last fall, and then the Gannon -- the
23 opinions both in Gannon II and III were focused
24 solely on that equity component and whether or not
25 the State had met its Constitutional obligation



1 with respect to equity.

2 REP. RYCKMAN: Thank you. The Supreme
3 Court, in Gannon II, directed the legislature to
4 comply with Article 6, the alleged equity
5 component, in one of two ways: One, the safe
6 harbor consisted of funding the old LOB and
7 capital outlay formulas; or, two, any other way
8 that has demonstrated to be equitable and not
9 undermining the adequacy. Is the bill in front of
10 the committee written in compliance with the safe
11 harbor described by the Kansas Supreme Court?

12 MR. LONG: With respect to the local
13 option budget equalization formula, yes, I believe
14 Section 2, Subsection A, would meet what the Court
15 has described as a safe harbor for
16 constitutionality with respect to equity.

17 REP. RYCKMAN: Thank you. As written,
18 does this bill reduce by a single dollar the
19 amount of money that the State spends on public
20 education?

21 MR. LONG: I'm going to defer to Eddie on
22 that one in terms of total funding dollars.

23 MR. PENNER: No.

24 REP. RYCKMAN: Thank you, Mr. Penner.

25 Mr. Long, would you agree that the bill



1 before this committee simply allocates education
2 funds primarily in favor of the winners dictated
3 by the Court's equalization formulas?

4 MR. LONG: I'm not sure what you meant by
5 winners dictated by the Court's formulas, but,
6 yes, there is a reallocation of education funding
7 to fully fund the formula that the Court stated
8 was a safe harbor with respect to
9 constitutionality.

10 REP. RYCKMAN: Has there been a school
11 finance bill written in the last five years that
12 you have not drafted?

13 MR. LONG: There may have been some that
14 I didn't draft, but the majority have been drafted
15 by myself, yes.

16 REP. RYCKMAN: The ones that became law?

17 MR. LONG: The ones that became law, yes,
18 I drafted.

19 REP. RYCKMAN: In your experience as
20 Revisor, are you aware of any districts that lost
21 its accreditation under Kansas law?

22 MR. LONG: I'm not aware of any
23 districts, no.

24 REP. RYCKMAN: Have they failed to
25 satisfy the standards set forth in K.S.A. 72-



1 1127(C 1-7)?

2 MR. LONG: I don't have any knowledge of
3 that, whether they met those requirements or not.
4 I would have to defer to the Department of
5 Education on that.

6 REP. RYCKMAN: Thank you. Thank you, Mr.
7 Penner -- excuse me, Mr. Long.

8 CHAIRMAN MASTERSON: Representative Wolfe
9 Moore.

10 REP. WOLFE MOORE: Thank you, Mr. Chair.
11 I have another question for you. So, and I heard
12 the answers to the questions, but in this plan 13
13 million of it comes from the school districts, the
14 0.5 percent cut, so we are taking the money from
15 the school districts. And so on page 73 of the
16 Supreme Court decision, it says any funding
17 mechanism enacted must be demonstrated to be
18 capable of meeting the equity requirements while
19 not running afoul of the adequacy requirements.

20 Can we be certain that the Supreme Court will
21 not see this as a problem by doing it this way?

22 MR. LONG: In terms of absolute
23 certainty, no. But the Court has not provided
24 much guidance in the way of how adequacy is
25 intertwined with equity, and instead has been



1 pretty emphatic in terms of which formula should
2 be used and how it should be funded in terms of
3 being fully funded to meet the equity standard.

4 REP. WOLFE MOORE: Okay. Because I just
5 think we have to take our best shot now because we
6 have to be absolutely assured that whatever we
7 send up there is going to meet the requirements or
8 we have all kinds of catastrophes that come into
9 play on July 1st. So that's my question with
10 using the 13 million that is indeed school
11 district money for this plan. That's my concern.
12 Thank you. Thank you, Mr. Chairman.

13 CHAIRMAN MASTERSON: Representative
14 Ballard.

15 REP. BALLARD: Thank you, Mr. Chairman.
16 I have a list of questions. I will start with the
17 4.1 from TANF. Would you say that that money --
18 because there is four criteria for using TANF
19 money. Which one of the four criteria are you
20 using, number one, the education one, in order to
21 justify taking the 4.1 from the Temporary
22 Assistance to Needy Families?

23 MR. LONG: Yeah, I believe that is one
24 argument you could make, that, yes, it falls under
25 the education guidelines for TANF use.



1 REP. BALLARD: And most of TANF, a lot of
2 that was cash assistance. So we can argue this in
3 appropriations, but do you see, since you had
4 drafted the majority of the bills, all that were
5 actually passed, do you see any problems with --
6 have we ever used TANF funds before?

7 MR. LONG: I would have to go back and
8 review the appropriation provisions in prior
9 education bills and education funding bills to be
10 absolutely certain. I don't think I can
11 absolutely answer that question at this point.
12 I'd have to review that legislation.

13 REP. BALLARD: May I continue? And since
14 you indicated the Supreme Court didn't really give
15 you the definite guidelines on how you have to do
16 the equitable piece and everything else, do you
17 feel what we have done here we are meeting the
18 equalization part, but are we following what
19 guidelines you did receive from them?

20 MR. LONG: With respect to equity, the
21 Court has indicated in multiple rulings that
22 equalizing the local option budget tax levies
23 using the 81.2 formula from the prior school
24 finance law and fully funding that would meet the
25 equity standard under Section 6, Article 6 of the



1 Constitution, and this bill does that.

2 REP. BALLARD: Okay. Thank you, Mr.
3 Chairman.

4 CHAIRMAN MASTERSON: And I would note
5 that the TANF piece was something suggested by the
6 Department as being specifically used for Four-
7 Year-Old spending, that's prior to the K-12, so
8 that's unique. It's not part of the K-12, even
9 though it goes to that budget, and it's used to
10 qualify the Four-Year-Old program.

11 MR. LONG: And if I could clarify, Mr.
12 Chairman, that's for the Pre-K Pilot program, not
13 the Four-Year-Old. I misspoke.

14 CHAIRMAN MASTERSON: Did you have a
15 further?

16 REP. BALLARD: Yes.

17 CHAIRMAN MASTERSON: I'll allow the floor
18 to Representative Ballard.

19 REP. BALLARD: Thank you, Mr. Chairman.
20 Would you explain that again exactly? It's not
21 at-risk but what?

22 MR. LONG: It's for the Pre-K Pilot
23 program.

24 REP. BALLARD: Thank you, Mr. Chairman.

25 CHAIRMAN MASTERSON: Senator O'Donnell.



1 SEN. O'DONNELL: Thank you, Mr. Chair.
2 Mr. Long, so my question would be in regards to
3 TANF. As the Chair of the Health Committee, and I
4 just talked to the Chair of the House Health
5 Committee, when was it decided those TANF funds
6 would be eligible for education services? Because
7 they had an awful lot of money in reserves and
8 there was an amendment on the Senate floor during
9 the budget process that said that we were going to
10 give that all back to the federal government
11 because we didn't think we could use it for
12 anything else, and then in conference committee we
13 were informed that we might not want to send that
14 back because there might be other projects that we
15 could use that money for. I just want to know at
16 what point it was decided that there were eligible
17 items that TANF money could be spent for and what
18 other types of education funding could some of
19 those excess funds be used for?

20 MR. LONG: I don't know at what point in
21 time it was decided, but with respect to
22 eligibility of use of TANF funds, with respect,
23 Mr. Chairman, I would probably ask for some
24 assistance from Amy from Research. I think she's
25 got a lot more information on the use of TANF



1 funds than I have at this point.

2 CHAIRMAN MASTERSON: Name and title for
3 the record, obviously.

4 MS. DECKARD: Thank you, Mr. Chair. I am
5 Amy Deckard with Legislative Research. I'm the
6 Assistant Director for Information Management.

7 Senator, the Temporary Assistance for Needy
8 Families funds cannot be used for general
9 educational purposes. So they can't be used for
10 services provided to all children in all school
11 districts. My understanding is the Pre-K Pilot is
12 limited to certain school districts, and it was
13 determined that that could then meet one of the
14 purposes. Not purpose 1, however. It was
15 purpose, I believe, 3 for Temporary Assistance for
16 Needy Families. So it would not need to meet
17 those means testing guidelines. So other
18 educational purposes, I'm not aware of any that
19 would be eligible to be funded other than the Pre-
20 K Pilot.

21 SEN. O'DONNELL: Mr. Chair?

22 CHAIRMAN MASTERSON: Yes.

23 SEN. O'DONNELL: So your office,
24 Legislative Research, believes the only TANF money
25 that can be spent in education as a whole is this



1 one pilot program?

2 MS. DECKARD: Mr. Chairman, the Four-
3 Year-Old At-Risk, which has been discussed, and
4 the expenditures made for that program argues to
5 meet the State's maintenance of effort
6 requirements for the TANF program. So they do
7 meet the guidelines for those expenditures also.
8 The State has chosen to use those as a maintenance
9 of effort in order to meet that further block
10 grant.

11 SEN. O'DONNELL: But that's the only
12 program you are aware of, is what I'm asking, that
13 TANF funds could be used for or -- this is
14 enlightening to me. I know it's enlightening to
15 Representative Hawkins because he wasn't aware of
16 this. And we had been informed there were no
17 other ways to spend that money and that's why we
18 voted to send them all back to the federal
19 government to reduce the federal deficit.
20 Obviously, I'm being caught off guard. You can
21 say with full certainty there is no other
22 educational funding that TANF dollars would be
23 used for?

24 MS. DECKARD: Mr. Chairman, I could not
25 say that with certainty. My understanding, based



1 on my discussions with the Department for Children
2 and Families that administers that federal block
3 grant, is that this is the program that is
4 currently eligible under the determination of the
5 federal requirements under the current federal law
6 that would be eligible, as well as Four-Year-Old
7 At-Risk, which again, as I mentioned, is used for
8 maintenance effort. I am not currently aware of
9 any other programs that would meet any of the four
10 purposes for TANF.

11 SEN. O'DONNELL: Thank you. Thank you,
12 Mr. Chair.

13 CHAIRMAN MASTERSON: Senator Kelly.

14 SEN. KELLY: Thank you, Mr. Chair. Amy,
15 how is the Pre-K program currently funded?

16 MS. DECKARD: Mr. Chairman, the Pre-K
17 Pilot has traditionally been funded with
18 Children's Initiative Fund monies for fiscal year
19 '17. You'll remember that the Children's
20 Initiative Fund monies were placed in a block
21 grant type \$42,000,000 allotment to be distributed
22 based on the recommendation of the Children's
23 Cabinet. However, historically, for fiscal year
24 '16, the Pre-K Pilot was funded with Children's
25 Initiative Fund monies.



1 SEN. KELLY: So in '17 I think the
2 42,000,000 we then added onto that with the 7.2
3 from TANF, which had before been funded by CIF.
4 So this 4.1 million then will that -- will this
5 money essentially replace CIF funding for the Pre-
6 K Pilot?

7 MS. DECKARD: Mr. Chairman, the bills,
8 both Senate Bill 1 and House Bill 2001, does
9 reduce the Children's Initiative Fund monies, the
10 \$42,000,000, reduces that by the 4.1 million.

11 SEN. KELLY: So we are further reducing
12 Children's Initiative funds?

13 MS. DECKARD: This bill would reduce the
14 amount allocated to the Children's Initiative Fund
15 monies to be distributed by the Children's
16 Cabinet.

17 SEN. KELLY: Thank you, Mr. Chairman. I
18 have another question on another topic. And this
19 one is not for you, Amy. This might be Eddie,
20 it's a money question.

21 Just yesterday the democrats were informed
22 that the extraordinary needs state aid balance was
23 15.2 million, and yet in the bills that we have
24 before us today it's a little over 17.5. Why the
25 discrepancy?



1 MR. PENNER: That's actually -- the
2 reason for that is in 2655 that the amount was
3 reduced from 17.5 to 15.2 as a part of that 2.3
4 million that went into the other funds; that the
5 hold harmless dealt with the capital outlay in
6 that bill. And I believe that the way this is all
7 being drafted, it strikes that provision of 2655,
8 essentially, but the -- but the way it's reflected
9 in the adjustments is that essentially pays for
10 this increase, it is only 17.2. And that leaves
11 \$8,000,000 in the extraordinary need fund. So the
12 15.2 minus that 8,000,000, is the 17.2. But the
13 reason it appears as 17.5 in the -- in the bill is
14 a consequence of just drafting mechanics. I think
15 Jason would agree with that description. But the
16 end result either way is that if this bill were to
17 become law, there would be \$8,000,000 in the
18 extraordinary need fund.

19 SEN. KELLY: Okay. So let me -- so we
20 are really talking about 17.2, not 17.5?

21 MR. PENNER: It was 17.5 under Senate
22 Bill 7. HB 2655 changed that to 15.2. This bill
23 changes that to eight. And so there is -- this
24 bill has -- essentially frees up 7.2 million
25 dollars of money that is then used to pay for a



1 portion of the 37.6 million. And the reason that
2 it shows up as 17.5 in the bill is just a
3 consequence of the mechanics of the way it's
4 drafted.

5 SEN. KELLY: Okay.

6 CHAIRMAN MASTERSON: Representative
7 Henry.

8 REP. HENRY: Thank you, Mr. Chairman. My
9 questioning, Mr. Chairman, would be either for
10 Senator Masterson or Chairman Ryckman. I don't
11 know exactly who would like to answer, but I'm
12 kind of curious about process because it seems to
13 me we have -- in your opening, Senator, you talked
14 about a tremendous collaborative effort to put
15 together Senate Bill No. 1 and House Bill 2001
16 with discussions with a lot of school
17 superintendents. I can't remember the words you
18 used. I'm curious why we have a bill, we have a
19 whole bunch of testimony at a hearing, why did we
20 not get something from the Research Department?
21 Did they not have a chance to provide an
22 opportunity to put together a written explainer?
23 So we've had a number of committee members that
24 they had no idea what was in the bill. I just
25 would like to know, Mr. Chairman, I have a couple



1 questions. I mean, who was invited to the closed-
2 door meetings with legislators to develop Senate
3 Bill 1 and how were they selected? And two, who
4 was invited to give testimony today and how was
5 the public informed of this hearing and the
6 information that would be available? I have not
7 read the testimony in front of me yet, but I just
8 kind of wanted to know the process because it
9 seems to me that there are a great number of
10 people knows a lot about how this was developed,
11 except for some key legislators and key members of
12 Appropriations and Senate Ways and Means. So
13 could you give me a little enlightenment as to how
14 the process will work out after this hearing today
15 and how we would be able to open this up to the
16 full public as to what we are doing with the
17 funding and make sure that all school personnel,
18 whether school board members or other
19 superintendents that were not invited to these
20 meetings, could have an ample opportunity to make
21 their interests known about Senate Bill 1 and
22 House Bill 2001. Thank you, Mr. Chairman.

23 CHAIRMAN MASTERSON: You're welcome,
24 Representative. I'll do my best. I'll give you
25 my recollection. Obviously, the time frame is



1 very short, but I can't give you the criteria to
2 the invitation because I was an invitee myself.
3 It was originated by the Department. My
4 invitation came from the Commissioner of
5 Education, Randy Watson, to participate in a
6 meeting on Monday.

7 That Monday there, the presence was the
8 Commissioner; the Deputy Commissioner, Dale
9 Dennis; Chairman of Appropriations was there. You
10 had, I believe, the superintendents, if my memory
11 serves best, of Blue Valley, Shawnee Mission,
12 Olathe, Pittsburg, Wichita, Kansas City; G.A. Buie
13 of the Association of Administrators. I'm sure I
14 -- I think I'm missing somebody, but that's off
15 the top of my head for that meeting. That was a
16 meeting that lasted approximately three hours, to
17 my recollection. Lots discussed facilitated by
18 the Department.

19 It concluded with some kind of bullet point
20 structures that everybody -- I thought the
21 Commissioner actually did a tremendous job
22 facilitating that in trying to find a solution to
23 keep the doors open. As those kind of bullets
24 points, nuts of the plan were developed, he went
25 around the room, asked everybody individually if



1 this were to be a solution, is it acceptable? Was
2 it supported? Everybody in the room, present in
3 the room audibly said this would be an acceptable
4 solution and that they would work with other
5 superintendents in school interests, both the
6 Department and the supers. The Chairman from the
7 House and myself began to call around to
8 legislators to see what the sentiment would be.

9 On Tuesday, there was a follow-up - so this
10 is Tuesday, as in two days ago - with the numbers
11 from the Department, rough numbers on those bullet
12 points. There was again a circling of do we still
13 feel this is an acceptable and prudent solution to
14 keep our doors open? And again, everybody said
15 yes, moved forward so that at that point
16 instructions were given to the Revisor to produce
17 a bill. As you can see, they were just even
18 delivered now.

19 So I think it was a great attempt by the --
20 those involved, the superintendents, the
21 Department, to get as public and as big as
22 available. That's why we are doing this big joint
23 hearing.

24 As to how invitations were sent out, I
25 couldn't speak to that, but that's to the best of



1 my recollection what brought us to today.

2 Do you have any further questions,
3 Representative?

4 REP. HENRY: Thank you, Mr. Chairman. I
5 didn't -- I heard the list of school
6 superintendents. Were there any rural, small
7 schools available for that hearing or that
8 discussion? I know you said you didn't know
9 everyone, but I just wanted to come back to was
10 there small schools and rural schools available to
11 hear this discussion?

12 CHAIRMAN MASTERSON: I believe G.A. Buie
13 was the representative for the broader group.

14 REP. HENRY: Okay. Do you have any idea
15 how we will proceed from this joint committee
16 meeting today, Mr. Chairman? I just want to make
17 sure the public knows that they are going to have
18 an opportunity for input on this.

19 CHAIRMAN MASTERSON: Contrary to your
20 contention, that's exactly what we are trying to
21 do is get maximum public and interest input into
22 this, given the time frame that we are -- or the
23 edict of June 30, trying to accomplish in that
24 time frame.

25 It is my -- my intention to have this joint



1 hearing to where everybody can participate at the
2 same time so we don't duplicate effort for speed.
3 My -- the Ways and Means Committee will meet upon
4 adjournment of this committee and upon the hearing
5 to work this bill in front of us. It's my
6 understanding the House will do something very
7 similar.

8 It is my goal to bring this, since it has
9 broad participation and broad support, to bring
10 this as cleanly and quickly to fruition as
11 possible. I don't see a -- any other viable path
12 that has the votes in either chamber to move
13 forward and make sure the doors are open. So that
14 would be my intention to process this as quickly
15 as possible. My hope is that it will be on our
16 general orders and in our chambers tomorrow for
17 the broader Senate and House to vote on and to
18 come to a conclusion. And it would be probably
19 good if the Chairman from the House would comment.
20 Representative Ryckman.

21 REP. RYCKMAN: Thank you, Mr. Chairman.
22 We did have a lot of discussion with a lot of
23 stakeholders across the state. And the task in
24 front of us, we were unified in the fact that we
25 were going to do everything we could to keep



1 schools open.

2 As you'll see in the runs, a lot of districts
3 that do the -- reinstating 81.2, or the capital
4 outlay, they were talking so-called losers. That
5 could be made up in property valuations.

6 We also had districts that would gain money,
7 at least their property tax holders would gain
8 money. This, in itself, makes it very difficult
9 for unification, knowing that you have winners and
10 losers, compounded by the fact the information
11 that was shared in the Judiciary Committee earlier
12 in the week about the hold harmless and the new
13 information that even if we could come up with
14 \$12,000,000, it would possibly cost 260 additional
15 dollars to fully equalize that new 84 -- excuse
16 me, 94.49.

17 So I will again echo the Chairman's
18 sentiments towards our Commissioner who brought in
19 the room, had as many in the room as he could to
20 have a discussion. And everyone in the room had
21 one goal in mind as well: What can we do to keep
22 schools open? Everyone in the room knew it was a
23 compromise, and that's how we were building this
24 going forward. When you have the big losers and
25 the ones that would give property tax relief in



1 the same room unified, to me, I didn't know any
2 other way that we can pass a bill that we can
3 again obtain the goal we all have, and that is to
4 keep our schools open.

5 CHAIRMAN MASTERSON: Representative
6 Henry.

7 REP. HENRY: Thank you, Mr. Chairman.
8 Will Research be able to provide us with an
9 analysis of these two bills to kind of give us a
10 line as to where -- I mean, there is some movement
11 of funding inside and out of different -- will
12 that be available sometime today, Mr. Chairman?

13 CHAIRMAN MASTERSON: It should be
14 currently available. When the bills were
15 introduced, they should -- the bills should be
16 published, as of now, online, so anybody can see
17 it. Research, I believe -- I don't know where
18 J.G. is at. I believe we have -- all the research
19 should be obtainable in the Department, as I know
20 they produced runs on those and those should be
21 released.

22 Mr. Penner, do you have any comment on that?

23 MR. PENNER: I just checked with Mr.
24 Dennis. I believe he indicated that they have
25 been posted or will be posted within the next 15



1 minutes. They have been released, the runs for
2 all the --

3 CHAIRMAN MASTERSON: They have been
4 working this morning to get that all released.

5 REP. HENRY: So, we will have --

6 CHAIRMAN MASTERSON: Yeah, there will be
7 no information withheld by the time everybody is
8 -- is -- we want everybody to be sufficiently
9 informed to cast a vote.

10 REP. HENRY: Thank you, Mr. Chairman.

11 CHAIRMAN MASTERSON: Representative
12 Johnson.

13 REP. JOHNSON: Thank you, Mr. Chairman.
14 More continuing discussion, if I may, on that
15 point. I would say thanks for giving us something
16 to which we can react, whether we choose to
17 ultimately go there. I appreciate whatever group
18 came together. I think there are three different
19 general plans floating around that have earned
20 labels that may or may not be appropriate to that
21 plan. But as I look at some of the details, it's
22 interesting to me to note that each of them has a
23 similar magnitude of TANF funding in there. And
24 there actually looks to be some agreement of some
25 of those pieces that are in there.



1 There may or may not be better pieces to look
2 at in terms of the funding, but I'm glad we have
3 something as a starting point and then as we work
4 to figure out are there holes that we have to
5 close in that, great. And I appreciate the
6 thinking of this body to do that and with the time
7 that we have, if there is a chance I'm thrilled to
8 think of any plan, regardless of where it comes
9 from, if we can look at those numbers and add them
10 up.

11 The other thing, just to get off my soapbox
12 before long, I remember in the K-State Student
13 Senate we passed a hundreds of thousand dollar fee
14 bill with no debate, followed by two hours on
15 postage. And not to minimize the importance of
16 each of these items, I want to make sure that the
17 2,000,000,000 number is well met and I want to be
18 careful with the 2.8 and other things that we come
19 up with on virtual schools and try to find the
20 agreement, but that that issue is really critical
21 for us to be able to focus on those numbers and
22 where we can come to some agreement quickly. So
23 thanks to everyone who has worked on a plan to
24 give us something to react to.

25 CHAIRMAN MASTERSON: Well,



1 Representative, you really nailed the problem. We
2 have better -- better is as subjective as ever
3 when you have 165 opinions of what is better, and
4 that's why it's important. We are trying to
5 whittle down to that solution which can pass. You
6 are right, we are risking 4.06 billion dollars
7 over a disagreement over a 2.8 type of a
8 situation.

9 Representative Kleeb.

10 REP. KLEEB: Thank you, Mr. Chairman. I
11 had a question for Andy. I wanted a little bit of
12 historical. Was it in the spring of 2014 the
13 legislature had 109, 110,000,000 on this equity
14 basis?

15 MR. PENNER: In the spring of 2014, the
16 legislature passed House Bill 2506 which I believe
17 increased the LOB by about 109 and increased
18 capital outlay by about 25, for a combination of
19 about 134.

20 REP. KLEEB: And that was the addition of
21 new money?

22 MR. PENNER: That was the additional
23 money in the spring of '14 in response to the
24 Gannon I.

25 REP. KLEEB: We've added money. In



1 addition, I just had one additional. Then how
2 many -- we are talking about winners and losers
3 and there are districts that are obviously losers.
4 And how many loser districts are there, I guess,
5 that are not coming out ahead on this whole
6 Supreme Court ruling?

7 MR. PENNER: My recollection is that in
8 the LOB, this version of the LOB, there are about
9 95 or 96. I don't want to -- I don't want to say
10 an exact number and get it wrong, but 95 or 96
11 districts that would receive less in local option
12 budget state aid under this formulation than they
13 would have under the block grant.

14 REP. KLEEB: This may not be for Eddie.
15 Given that large amount of districts that do come
16 out behind because of this Court demand, I just
17 want to hear, apparently there was no hold
18 harmless that we felt, as a legislature, we could
19 be comfortable that would pass the muster of the
20 Court and we were going to risk closing the
21 schools. Is that what I'm hearing from Jason
22 and --

23 MR. PENNER: I'm going to defer to Jason
24 on that question.

25 REP. KLEEB: Jason, I want just to make



1 sure that I understood that. Certainly I come
2 from the neck of the woods where three or four
3 districts are coming out way behind and I just
4 want to hear again there is nothing we can do to
5 overcome with certainty the Court's ruling to keep
6 the schools open, the hold harmless?

7 MR. LONG: I think, Representative Kleeb,
8 I had a concern over including the hold harmless
9 provision because of the Court's treatment of the
10 hold harmless provision in House Bill 2655. The
11 Court laid out its rationale for -- or its
12 consideration of that hold harmless provision in
13 2655 and why it did not feel that it cured the
14 Constitutional infirmities.

15 In terms of a new hold harmless provision
16 potentially bringing down the whole bill and the
17 Court again considers it nonseverable and rules
18 the entire Act unconstitutional, there is
19 certainly that possibility. We could draft
20 legislation to hold school district harmless, but
21 we can certainly not guarantee that the Court
22 would uphold it and that the Court would not rule
23 that nonseverable and rule the entire Act
24 unconstitutional just as it did with House Bill
25 5655.



1 REP. KLEEB: So the winner districts that
2 are getting this 38, 39,000,000, how much of that
3 goes to the classroom or is it all just tax
4 relief, do you know?

5 MR. LONG: I believe a very good portion
6 of it is going to go to property tax relief. It
7 will increase the supplemental general state aid
8 that those school districts are receiving, thereby
9 lowering the amount that they have to levy locally
10 to meet their local option budget. So most all of
11 it will go to local property tax relief.

12 REP. KLEEB: And so the loser districts
13 out of it, that actually may come from the
14 classroom or the operational budgets of the
15 schools and the winner districts have lower taxes?

16 MR. LONG: The districts that will lose
17 supplemental general state aid will see a gap in
18 their LOB budget, in their funding gap, which they
19 can either just leave there and actually decrease
20 their revenues for general operating expenditures
21 out of their supplemental general fund, or they
22 can approve an increase in their local mill levy
23 rate to backfill that gap and get back up to
24 whatever their approved local option budget amount
25 is.



1 REP. KLEEB: Okay. Thank you, Mr.
2 Chairman.

3 CHAIRMAN MASTERSON: Final question for
4 Research or Advisors? Did you have one,
5 Representative? I was about -- I'll recognize
6 you, Representative Wolfe Moore.

7 REP. WOLFE MOORE: Thank you very much,
8 Mr. Chair. This is for either one of you
9 gentlemen.

10 One of the previous representatives talked
11 about that there was several plans out there that
12 could potentially solve this. I just wondered if
13 we were going to -- and believe me, I appreciate
14 all the work that you've done on this plan and I
15 know it's been a yeoman's effort, so I truly
16 appreciate it.

17 I wonder if we are going to have a chance to
18 talk about the details of the other two plans so
19 that we can make sure we support the very best one
20 out there and the best one to pass Constitutional
21 muster?

22 CHAIRMAN MASTERSON: I was not made aware
23 of alternate plans prior. I don't have -- you are
24 welcome to discuss whatever you would like to
25 discuss, but the hearing is on SB 1 and 2001.



1 There is not -- I do not have paperwork or details
2 about any others, so we would have to process a
3 hearing or amend in some fashion, but you
4 certainly are not restricted from inquiring about
5 whatever you would like to inquire about.

6 REP. WOLFE MOORE: I think it's
7 worthwhile to hear what's out there. Thank you,
8 very much. Thank you, Mr. Chairman.

9 CHAIRMAN MASTERSON: All right. Senator
10 Kelly.

11 SEN. KELLY: Thank you, Mr. Chair.
12 Actually, in the Ways and Means Committee at the
13 Rail today I did introduce an alternative funding
14 plan. That bill has not been finished yet, but I
15 do have the details of it right here, plenty of
16 copies for all members of this Joint Committee.

17 CHAIRMAN MASTERSON: Again, you are
18 welcome to bring that up when we come to the point
19 of working the bill.

20 Senator Kerschen. It looks like we've got a
21 renewed energy for questions.

22 Senator Kerschen.

23 SEN. KERSCHEN: I didn't get my hand up
24 quick enough. Anyway, I have just two quick
25 questions. And I want to thank you first, the



1 committee, for the work you have done. We have a
2 product here that's workable and I hope it's
3 acceptable.

4 My question is, during the process has the
5 Court ever communicated to anybody, directly or
6 indirectly, that shuffling money around in the
7 system would be unacceptable in their eyes? Have
8 they ever communicated that directly or indirectly
9 that they would not agree with that?

10 CHAIRMAN MASTERSON: Well, in my reading,
11 and I'll have Jason speak to this, in the Court's
12 opinion there were a host of ways to satisfy it.

13 Mr. Long.

14 MR. LONG: I don't know that I can point
15 to any specific part of any of the Court's
16 opinions where they expressly disapproved of
17 methods of funding by the legislature. The Court,
18 particularly with respect to this equity
19 component, has indicated numerous times that here
20 is one way to satisfy the equity standard, but the
21 legislature may devise another plan, I believe it
22 was mentioned earlier, as long as it can show that
23 it is curing the wealth-based disparities that
24 arise from the local option budget tax authority.
25 So there is some leeway with the legislature to



1 equalize and fund that equalization under the
2 Court's opinions. I can't say explicitly or
3 implicitly it's disapproved of any particular
4 funding scheme that the legislature might use.

5 SEN. KERSCHEN: I have a follow-up
6 question, now.

7 So on the base state aid reduction, that
8 would be -- in your mind, would that be
9 reshuffling money back in the system? How would
10 that be interpreted?

11 MR. LONG: Well, the money is being
12 reallocated from the block grant appropriation to
13 the supplemental general state aid appropriation
14 to fully fund the formula that the Court has
15 indicated in its last two opinions is required to
16 meet constitutionality under Section 6 of Article
17 6. Whether the Court takes issue with how that
18 formula is funded, I couldn't say. This is a
19 proposed legislative fix. I'm not going to try
20 and put myself in the shoes of the Supreme Court
21 and guess at how they are going to approach this.

22 Does this meet the safe harbor in terms of
23 fully funding the 81.2 equalization formula and
24 requiring distribution according to that formula?
25 Yes, it does. With respect to the other mechanics



1 of the bill, we haven't got a whole lot of
2 guidance from the Court in terms of how that
3 formula is to be funded.

4 SEN. KERSCHEN: Okay. Thank you, very
5 much. I just want to make sure there was no curve
6 there we missed.

7 CHAIRMAN MASTERSON: Representative
8 Ballard.

9 REP. BALLARD: Thank you, Mr. Chairman.
10 Again, I just need a clarification. I want
11 to go back to the 4.1 on TANF, and maybe this is
12 for Miss Deckard, I'm not sure.

13 TANF funds is federal funds and CIF is
14 Children's Initiative Fund tobacco settlement
15 money. Now, I am still not clear. When we talk
16 about the 4.1, are we talking about TANF money or
17 are we talking about Children's Initiative Fund
18 because both were mentioned earlier and I'm not
19 sure where is it coming from. Is it truly TANF or
20 Children's Initiative Fund?

21 MR. LONG: I will say you're correct this
22 is a question for Amy Deckard.

23 MS. DECKARD: Mr. Chairman,
24 Representative Ballard, the 4.1 million dollars is
25 an addition of 4.1 million for the Temporary



1 Assistance for Needy Families Fund and a reduction
2 of 4.1 from the Children's Initiative Fund monies
3 and then a transfer of 4.1 million dollars from
4 the Children's Initiative Fund to the state
5 general fund. So for the program, it's a net zero
6 conceptually.

7 REP. BALLARD: So I think I understand,
8 but let's just get it clear. Does the Children's
9 Initiative Fund have 42,000,000 or do they have
10 37.9?

11 MS. DECKARD: They have the 37.9. This
12 bill would reduce the 42 by the 4.1 million.

13 REP. BALLARD: I have my clarification.
14 Thank you, Mr. Chairman.

15 CHAIRMAN MASTERSON: Representative
16 Carlin.

17 REP. CARLIN: Thank you, Mr. Chair.

18 So I'm not really familiar with the details
19 in the Children's Initiative Fund. Is there any
20 money left in the Pre-K or does this take all the
21 money from that fund, from that portion of the
22 Children's Initiative Fund? Pre-K, is it out after
23 this or isn't it?

24 MS. DECKARD: Mr. Chairman, as I
25 indicated earlier, for fiscal year '17 the



1 legislature appropriated \$42,000,000 for the
2 Children's Initiative Fund. The Children's
3 Cabinet has the discretion to distribute those
4 funds. Historically, the Pre-K Pilot was funded
5 at approximately 4.8 million dollars. However,
6 there was a May allotment for programs and it is
7 anticipated then that this program would have
8 received 4.1 million dollars, but the Governor has
9 to approve the Children's Cabinet recommendations,
10 which is why I mentioned earlier that it was
11 conceptual; that that money was -- has not been
12 line item appropriated to the Pre-K Pilot for
13 fiscal year '17. So, yes, it is anticipated that
14 this would shift the Pre-K Pilot to state general
15 fund appropriations in its entirety.

16 REP. CARLIN: Thank you, very much.

17 CHAIRMAN MASTERSON: I think the key that
18 everybody is trying to -- that is being missed,
19 there is a net zero change to the program. It's
20 accounting. Okay?

21 Senator Francisco.

22 SEN. FRANCISCO: Thank you, Mr. Chair.
23 Another question about accounting. I'm just
24 wanting to be sure that I'm correct, and this is
25 probably not for Amy. The half of the -- or more



1 than half of the funds -- I'm just -- I'm just
2 asking, if I'm understanding this correctly, that
3 more than half of the funds that were being
4 identified are currently part of the education
5 funds, that those would be the base -- the
6 redistribution of the funds, which we are saying
7 is about 13,000,000, the extraordinary need funds
8 and the virtual school funds. So that of the
9 funds that we are looking at, more than half of
10 them have already been allocated to the program,
11 and then with the understanding then that this
12 would go to property tax relief initially?

13 MR. PENNER: Of the 37.6 million, I think
14 you would say that the 13,000,000 in general state
15 aid, the 7.2 million in the extraordinary need,
16 and the 2.8 million in virtual aid is essentially
17 money that is currently in the system. So that
18 comes out to about 23 million. The 10.5 million
19 and 4.1 million is new money that is essentially
20 going into the system, so that sums to 14.6
21 million.

22 So I think it would be accurate to say that
23 of the 37.6 million, 23 million of that is money
24 that is within the system now, and 14.6 million of
25 that is money that is new money that is being



1 added to the system, so to speak.

2 SEN. FRANCISCO: Thank you. I appreciate
3 knowing that, and that again brings up my concern
4 that we can be sure that we are not undermining
5 adequacy since we would have no control over
6 whether school districts chose to increase their
7 property tax levy.

8 CHAIRMAN MASTERSON: I will also remind
9 there is the additional 8,000,000 left in the
10 extraordinary needs fund on top of that for
11 extraordinary needs.

12 MR. PENNER: Yes, there is that.

13 CHAIRMAN MASTERSON: Senator Denning.

14 SEN. DENNING: Thank you, Mr. Chairman.

15 I have a couple questions for Mr. Penner, as
16 well. Eddie, are you familiar with the safe
17 harbor provisions discussed by the Kansas Supreme
18 Court in Gannon II?

19 MR. PENNER: Yes.

20 SEN. DENNING: Do you think, as a lawyer,
21 that these two bills that are before us, do you
22 think that we are addressing the safe harbor
23 provisions?

24 MR. PENNER: I think one of the safe
25 harbor provisions, the safe harbor for capital



1 outlay, was already addressed via 2655, and I
2 think the Court indicated that in the GANNON III
3 opinion, as well. As near as I can read those
4 opinions, this addresses the safe harbor for the
5 local option budget.

6 SEN. DENNING: And Mr. Chairman, my final
7 question. I think you just answered it, but could
8 you circle back -- and it sounds like you've
9 analyzed the fiscal impact of these two bills
10 before this committee. Could you circle back and
11 refresh my memory on that?

12 MR. PENNER: Yeah, I'll just run through
13 the fiscal effect. I'll start out again with just
14 that the total estimated cost of the local option
15 budget is, for next year is 467,000,000. We
16 already have 367.6 million of that appropriated
17 via HB 2655. This bill appropriates the entire
18 additional 99.4 million to get to that estimated
19 cost. That 99.4 million is essentially funded
20 from the following adjustments: 61.8 million from
21 the hold harmless from 2655, 13,000,000 from the
22 general state aid adjustments that are part of
23 this bill, 2.8 million from the virtual aid
24 adjustments that are part of this bill, 7.2
25 million from the extraordinary need fund



1 adjustments that are part of this bill, 4.1
2 million from the TANF money that has been
3 discussed today, and then 10.5 million that comes
4 from the master settlement agreement money that
5 was vetoed by the Governor in Section 50(C) of the
6 budget bill this year, 249.

7 SEN. DENNING: Thank you, Eddie. Thank
8 you, Mr. Chairman.

9 CHAIRMAN MASTERSON: Okay, Committee, we
10 are going to move into public testimony. Does the
11 committee, do we need to take a five, 10-minute
12 break once I move into public, testimony? So we
13 are going to take -- I might say I don't have,
14 before we break, I don't have who is opponent,
15 neutral, proponent. I have a list of public
16 testimony, so I am going to run through that list
17 so we may have a little bit of mix of who is
18 opponent, who is proponent. We'll take a 10-
19 minute recess and return to public testimony.

20 (THEREUPON, a recess was taken.)

21 CHAIRMAN MASTERSON: We will come to
22 order. I am going to give a few minutes to the
23 members to trickle back in.

24 While we are waiting for members to come in,
25 I would note that the runs that the people like to



1 call them are up on the Education Department's
2 website. So the bill's online, the runs are
3 online. There should be nobody that doesn't have
4 the information.

5 Committee, I actually had a couple of
6 additions to our oral testimony during our break.
7 So I have at least a dozen oral conferees, so I'd
8 like to -- I want to give everybody ample
9 opportunity to discuss, but if you could be
10 concise with your remarks I would appreciate it
11 because we need time for both testimony and
12 question/answer.

13 Actually, for time purposes, the important
14 thing is we have everybody heard. So what I'm
15 going to do, so, Committee, as you hear -- as
16 conferees come up that you want to ask questions
17 to, I think I'm going to run through all the oral
18 conferees without questions, but reserve your
19 questions, have your note pads out. I will have,
20 without objection from any individual conferee, I
21 would like everybody to be available to come up
22 and respond to a question if recalled to the
23 stand, but the key is I'd like to have everybody
24 to have the ability to express themselves to us on
25 this. So I am simply going to run through the



1 order of names as I have them in front of me and,
2 Committee, track your remarks.

3 Just for those that are -- let me read the
4 list of names so those in the audience or those --
5 I just had one more added. All right, this is the
6 order I'm going to bring everybody up in: Annie
7 McKay, Judith Deedy, Bill Brady, Mary Sinclair,
8 Mark Tallman, Dave Trabert, Mike O'Neal, Walt
9 Chappell, David Smith, Dr. Patricia All, John
10 Allison, Dr. Todd White, Jim Hinson. That's the
11 list I have and the order that you will come up.

12 So with that, I will open up and the first on
13 my list is Annie McKay. Welcome to the Committee.

14 MS. MCKAY: Thank you, Senator Masterson.

15 CHAIRMAN MASTERSON: Make sure your mike
16 is on.

17 MS. MCKAY: Thank you, Senator Masterson
18 and Representative Ryckman. My name is Annie
19 McKay, and I'm CEO and President of Kansas Action
20 for Children.

21 We appreciate the opportunity to express our
22 opposition to further reductions in early learning
23 funding today. Changes to the Children's Cabinet
24 authority also is included in this bill, which was
25 a surprise to us. Decades ago, the Kansas



1 lawmakers made a commitment to the state's future
2 prosperity by establishing the Kansas Endowment
3 for Youth Fund and the Children's Initiatives Fund
4 with tobacco settlement money.

5 Kansas Action for Children opposes this
6 proposal to reduce CIF funding for the Pre-K Pilot
7 program and replace it with Temporary Assistance
8 for Needy Families dollars. The proposal furthers
9 reduces the funding set aside for Kansas'
10 youngest, most vulnerable kids.

11 This year, more than \$60,000,000 was promised
12 to Kansas children. Should this proposal pass,
13 they will get just \$30,000,000. Nearly one out of
14 two TANF dollars is going to fill the hole of the
15 state budget. This isn't just a broken promise,
16 it runs counter to our goal of equalization, while
17 short-changing Kansas' youngest children for
18 generations to come.

19 The CIF administers programs to support the
20 most vulnerable, economically fragile children in
21 every Kansas county. These programs ensure that
22 all Kansas kids receive the best possible start in
23 life no matter what. This is also the need
24 driving equalization - to ensure all kids receive
25 equal opportunity to achieve their potential in a



1 public school classroom. Further eroding the CIF
2 would rob lifelines for Kansas' youngest kids
3 during their most critical years of life, then
4 leave them on the doorstep of our public school
5 system, behind before they even get a chance to
6 start. An equalized school funding formula has
7 little impact when we deny our state's youngest
8 children the support they need to enter
9 kindergarten ready to learn.

10 We are deeply appreciative of the support the
11 legislature has demonstrated for Kansas kids
12 during the regular session when you repeatedly
13 opposed efforts to weaken or eliminate the
14 Children's Initiative Fund. With these
15 consequences in mind, we hope you will maintain
16 your commitment to our state's youngest citizens
17 by rejecting any attempts to reduce CIF funding
18 during the special session and also to change the
19 authority of the Children's Cabinet and trust
20 fund.

21 Thank you, sir. At the appropriate time, I
22 would be happy to stand for questions.

23 CHAIRMAN MASTERSON: Thank you. You were
24 one of the new additions. I understand we don't
25 have your written testimony, but you will have



1 that and submit it?

2 MS. MCKAY: Yes, sir. I will have that
3 by the end of day.

4 CHAIRMAN MASTERSON: Thank you very much.
5 Judy Deedy, welcome to the committee.

6 MS. DEEDY: Chairman Masterson, Chairman
7 Ryckman, members of the Committee, I'm Judith
8 Deedy and I'm here today with my three children
9 who are all students in Kansas public schools.
10 Thank you for the opportunity to communicate our
11 concerns regarding funding and an equity remedy.

12 Gannon -- or Game On For Kansas Schools is a
13 nonpartisan grassroots effort among Kansans who
14 believe in high quality public education as a
15 right of all Kansas students. We advocate for
16 Kansas public schools to ensure our teachers,
17 principals, superintendents and school board
18 members have the resources necessary to deliver
19 quality education to all Kansas students. We
20 inform communities across the state about issues
21 and legislation regarding their students.

22 As the bill was just introduced this morning,
23 we submit this testimony to share our perspective
24 and convey our hopes for this special session. We
25 ask that you act quickly to comply with the



1 Supreme Court's latest decision in the equity
2 portion of the Gannon case. We respectfully
3 request that you keep the special session focused
4 on this one urgent issue and avoiding adding
5 policy provision or Constitutional amendments as
6 you work this bill.

7 We know that over the past several years,
8 this legislature and designated efficiency
9 committees have received a great deal of funding
10 information from the Kansas Department of
11 Education, school districts staff and school board
12 members.

13 The Gannon Court record also includes a great
14 deal of data on funding needs in our schools.
15 We've learned that educating 460,000 children over
16 82,000 square miles is a complicated and expensive
17 endeavor. It is also essential. Our children are
18 our most valuable natural resource and our public
19 schools are our strongest driver of economic
20 growth. We must continue to invest in them.

21 We acknowledge that revenue in our state
22 continues to fall below estimates and that you
23 find yourselves facing difficult choices. We
24 believe a suitable solution can be found, one that
25 achieves equity and minimizes the harmful impacts



1 on Kansas students. Once that has been
2 accomplished, we hope that our legislators will
3 continue working to create a new school funding
4 formula based on the reality of what it truly
5 costs to prepare our children to be educated
6 citizens who can lead our state into economic
7 prosperity. Please rely upon the experts in our
8 communities and ensure that we have the revenue
9 necessary to meet the educational needs of our
10 children. Thank you.

11 CHAIRMAN MASTERSON: Thank you, Judith.
12 Mary Sinclair, welcome to the committee.

13 MS. SINCLAIR: Thank you. Chairman
14 Ryckman, Chairman Masterson, thank you for the
15 opportunity, and Committee members, to present
16 comments today.

17 I'm a volunteer with the Kansas PTA. I'm an
18 alumni of the Kansas public schools. My daughter
19 is a junior in high school in the Kansas public
20 schools and my son just graduated last year and
21 successfully completed his freshman year in
22 college. My professional background is in
23 educational research in areas of student
24 engagement and dropout prevention.

25 I'm speaking here today on behalf of the



1 Kansas PTA. We are a nonpartisan, volunteer
2 parent/teacher organization established in 1897
3 working to improve the lives of every child
4 through community service and through public
5 policy advocacy.

6 Kansas PTA is encouraged -- I'd like to start
7 out we are really encouraged by the recent
8 discussions among our state's superintendents to
9 help craft a viable response to the May 27 Gannon
10 ruling, as well as by the legislative interest in
11 educators' collective perspectives and
12 recommendations for this special session. Kansas
13 PTA urges committee members, and the state
14 legislators at large, to work closely with our
15 public education stakeholders throughout this
16 process of finding a swift and fair resolution to
17 the inequitable state finance of public education.

18 Existing inequities have been compounded by
19 the substantive reduction in state revenues,
20 following the 2012 tax policy to eliminate income
21 taxes. The increased pressure on the state
22 general fund has restricted the availability of
23 state aid for the operational functions of public
24 education and has shifted a larger portion of the
25 financial responsibility onto our local



1 communities. Kansas PTA is hopeful that a longer-
2 term solution to the adequacy portion of the
3 Gannon lawsuit will alleviate many of the factors
4 contributing to this repetitive equity issue.

5 Recognizing, however, that the task of this
6 special session is contextually and historically
7 charged, Kansas PTA strongly encourages that this
8 short-term fix be addressed, without pitting
9 school communities against one another and without
10 changes to education policy as a means of securing
11 votes. The stakes are high and Kansas students
12 have been waiting a long time.

13 Moving forward from this special session,
14 Kansas PTA will continue to advocate for an
15 investment in public education, at a level which
16 provides school districts with the funds needed to
17 cover the actual costs of providing each child
18 with the opportunity to achieve our state
19 education standards. PTA will continue to call
20 for the establishment of a transparent and
21 meaningful process to draft a new school finance
22 formula that will meet the test of time. We
23 expect this process to involve all key education
24 stakeholders, to propose a working definition of
25 the term suitable, and to identify a process for



1 estimating the dynamic costs and evolving
2 efficiencies of providing all youth with the
3 opportunity to achieve the state education
4 standards.

5 In alignment with our legislative platform
6 and priorities 1 and 2, Kansas PTA supports a
7 school finance formula that provides both
8 equitable and adequate opportunity for all youth
9 and school communities to achieve regardless of
10 their readiness to learn, disability, language,
11 wealth or zip code.

12 We ask, respectfully, that you consider our
13 testimony as you deliberate a resolution to the
14 Gannon equity ruling. Thank you.

15 CHAIRMAN MASTERSON: Thank you, Mary.
16 Mark Tallman.

17 MR. TALLMAN: Thank you, Mr. Chairman,
18 and members of the Committee. I appreciate the
19 opportunity to be here.

20 I want to say at the outset that our
21 association was not directly involved in the
22 meeting that led to the bill before you, so my
23 testimony was prepared without knowing the
24 specific details of that. We are not here,
25 therefore, appearing as particularly a proponent



1 or opponent, we want to just quickly share with
2 you the principles we hope you will look at.

3 We do want to very much commend Commissioner
4 Watson's role in trying to bring school leaders
5 together and thank the leaders of the committee
6 for sitting down and at least trying to come to a
7 starting point, so hopefully a broad consensus on
8 at least a starting point of where we need to go,
9 and we do appreciate that. And we are certainly
10 aware, from your difficulties, that no resolution
11 to this is going to make everyone happy.

12 The key things we would ask you to consider
13 is we do support moving to increase the equity in
14 our system and agree with the Supreme Court, while
15 there may be other ways to do that, the soundest
16 and surest and quickest way is to return to the
17 old formulas, which this bill does, and we support
18 that.

19 I do just quickly want to note that there
20 continues to be questions raised about spending
21 this money on property tax relief. I would simply
22 reiterate that under the formula you are seeking
23 to return to, the problem is disparity in property
24 taxes. And, therefore, the only way to solve that
25 is to address the finding of the Court and the



1 reality under this formula that some districts are
2 having to pay more to raise the same comparable
3 level of money.

4 The second thing is, as we said in the
5 regular session, we support the concept of
6 providing districts which lose state aid as a
7 result of changes in the formula some relief. It
8 is our understanding this group has tried to
9 identify a way to approach that within the
10 extraordinary needs formula, not in this bill.
11 And if there is a way to do that and it appears to
12 meet Constitutional muster, we support that plan.

13 Third, we recognize that achieving this will
14 require additional funding, and we know the State
15 has almost no additional funding to provide. So
16 we are not here to endorse any particular revenue
17 proposals; we know there are several. We believe
18 that any reduction in school funding to provide
19 additional equity should be minimized, if it
20 cannot be avoided all together. And I do provide
21 some information to show why we are concerned
22 about any potential reduction, but we know that's
23 something that has been placed on the table.

24 And the final thing is we would oppose adding
25 any other policy changes to this bill. We think



1 that other measures affecting educational policy
2 should be debated and allowed to pass or fail on
3 their own merits. Thank you.

4 CHAIRMAN MASTERSON: Thank you, Mark.
5 Dave Trabert.

6 MR. TRABERT: Thank you, Chairman
7 Masterson, Chairman Ryckman, members of the
8 committee. There has been a fair amount of
9 confusion about what's -- what the Court actually
10 ordered. I thought I would start by trying to put
11 that in perspective.

12 If you pretend that each one of these bills
13 is \$100,000, you've already put \$340,000,000 into
14 equalization in the past, and you put that in the
15 equalization fund. Now, the Court looked at this
16 in 2014 and said I feel some inequities, there is
17 some bumps in here. Now, you can either smooth
18 that out with a new formula or you could put more
19 money in it. And so last year you did put another
20 \$110,000,000 in, but it still was kind of lumpy
21 when the Court saw it. Now, again, you don't have
22 to put more money in this fund, you could just
23 smooth it out. The Court is very clear more money
24 is not spent.

25 So now what we are looking at is another



1 \$38,000,000 that the Court has indicated probably
2 might satisfy it. You're not obligated to put
3 this 38,000,000 in and try to resolve the issue.
4 And then there is other people who say we want to
5 put another \$12,000,000 in because we want to be
6 held harmless.

7 We encourage you strongly to flatten the
8 fund. Find a way to redistribute \$450,000,000
9 that you've already provided. This is not an
10 adequacy issue - I'll get to that in a second.
11 But I want to talk about, just real quickly, five
12 reasons why we think you should not put more money
13 in, regardless of where it comes from.

14 First of all, the Court said it's not
15 necessary. You can redistribute the money you
16 have.

17 Second of all, the schools don't need more
18 money. They want a lot more money. One could
19 make a case that one wants whatever they can get,
20 but this is not about need. There is ample
21 evidence that schools are choosing to operate
22 efficiently. There is ample evidence in their own
23 bank accounts that they have not even spent
24 385,000,000 that you did provide over the last 10
25 years. They used that to increase cash reserves.



1 There is no such thing as hold harmless. The
2 late great Milton Freedman said, "There is no such
3 thing as a free lunch," because someone else is
4 always paying the price. What these districts are
5 asking for is not hold harmless aid, they want
6 special treatment. You have the formula that says
7 they would get a certain amount of money. That's
8 all they are supposed to get. What they are
9 saying is we want special treatment. We want more
10 than what that formula says we should get and we
11 want you to harm someone else to give us our
12 special treatment. There is no such thing as hold
13 harmless.

14 43 percent of the hold harmless or special
15 treatment aid would go to the wealthiest county in
16 this state. It would go to Johnson County.
17 5,000,000 out of roughly \$12,000,000 would go to
18 Johnson County schools. And the largest recipient
19 of that special treatment aid is probably the
20 wealthiest district in the State, Blue Valley.
21 This is a district that wants you to give them 2.4
22 million more than the formula would say they are
23 entitled to, while they at the same time over the
24 last 10 years put \$28,000,000 in the bank into
25 their cash reserves that you already gave them to



1 operate schools. They want to keep that and get
2 special treatment to get more.

3 As we already heard, most of this money is
4 going to go for property tax relief. It's not
5 going to go to educate kids, it's going to be
6 moved around for property tax relief.

7 Now, since they are making this an adequacy
8 issue, I want to touch just very briefly on
9 adequacy. What you have here today, we are
10 continuing to set records. Whether you count
11 KPERS or not, there is no question the Department
12 of Education says funding is at an all time high.
13 Now, some people are saying that that's only
14 because there has been some accounting changes.
15 State school board member Jim Porter, Leavenworth
16 superintendent Mike Roth falsely said it seems to
17 be at a record because of accounting issues. But
18 again, the Kansas Department of Education says no,
19 there have been no accounting changes over the
20 last 10 years that impact total funding. So
21 you're getting a lot of political pressure to
22 spend money unnecessarily, partly because we have
23 some folks in the education community who just
24 won't tell the truth.

25 You know, I ask -- and just to underscore



1 this, I was recently in a discussion on school
2 funding in Riley County with Mark Tallman and he
3 was making his case that schools are underfunded
4 and there is inadequate funding. And I said,
5 Mark, what's the number? If you think we are
6 inadequately funded, what is the right number?
7 And he honestly said I don't know. What that
8 tells me is there is no plan. They don't know
9 what it is because they can't even define where
10 they are supposed to go.

11 The Court said the first test of adequacy is
12 whether students are meeting the Rose capacity,
13 and school districts acknowledged and the
14 Department of Education acknowledged they can't
15 define it, they can't measure it. They say they
16 want more money to reach the goal line, but they
17 don't know where the goal line is. And so if you
18 don't know the what number is, you don't have a
19 plan. This whole issue is not about money, this
20 is supposed to be about students. This is
21 supposed to be about educating students and
22 improving outcomes, and that's not what any of
23 this is about. So we encourage you to stand up
24 for students. The education community is here
25 asking for institutions to be protected. We are



1 asking you to stand up for students and citizens.
2 Don't spend money unnecessarily, equalize it
3 absolutely. That's a good principle that has to
4 be followed, but you don't have to spend more
5 money to do it. What we ask you to do is ensure
6 that schools stay open. The Court can't bolt the
7 doors, they can only cut off the funding. Make
8 sure there is a funding mechanism in place in case
9 somebody interrupts that funding flow that you can
10 get the money directly to schools, and then make
11 sure that anybody doing their job, whether in the
12 state or in the school districts, do their job to
13 keep schools open. Make sure that they are held
14 harmless. Indemnify them however you need to do
15 it.

16 And finally, if money gets to the schools and
17 a school district says we don't want to open
18 because we are concerned about what the Court
19 might say, then put a mechanism in place in the
20 special session that says if a district doesn't
21 open, that every student in that district is then
22 eligible for state voucher so they can go to
23 school somewhere. Thank you.

24 CHAIRMAN MASTERSON: Thank you, Dave.
25 Mike O'Neal. Mike O'Neal is in judiciary, we will



1 circle back.

2 Walt Chappell, welcome to the committee.

3 MR. CHAPPELL: Thank you very much, Mr.
4 Chairman, both of you. You have a big task ahead
5 of you. I appreciate all our legislators are back
6 in their seats today trying to figure out where we
7 go from here.

8 In 2005 you had a similar session. In 2005
9 you came up with a whole bunch more money, and
10 sure enough it got spent. But where are the
11 results? History tells us we don't want to repeat
12 the same mistakes twice, right? Otherwise, we just
13 end up with the same result. I am here to say to
14 you very simply that we have, since 1998, doubled
15 the amount of money we are spending on K-12
16 schools. We are spending 6.4 billion dollars to
17 educate basically the same number of kids. We
18 have doubled the amount of money, but the test
19 scores are flat. Those test scores show that one
20 in three students in Kansas is proficient in
21 reading and math and science.

22 When you take the ACT, our juniors and
23 seniors in high school, for the last 20 years have
24 taken the ACT and only see about 30 percent of
25 them with a cut score of 21. Now, what's 21 got



1 to do with anything? That's where you get cut
2 scored to get into a four-year university. That's
3 pretty important. If we have put that much more
4 money, \$3,000,000,000 more per year being spent
5 and we still have one in three students
6 proficient, we've got a problem.

7 Now, the Supreme Court in 1994, in the Montoy
8 case of 2005, in the 2010 ruling of the Gannon
9 case, all of those said the same thing: You have
10 an unconstitutional way which you are using
11 property taxes. The assessed value in the various
12 districts around the state is not equal. And,
13 therefore, it's unconstitutional to say, all
14 right, somebody like Blue Valley with six mills
15 can raise the same amount of money as another
16 district with 168 mills. That's unconstitutional.
17 That's what you are here about today is to find a
18 similar tax effort. Three words, that's all this
19 latest ruling of the Supreme Court is about, three
20 words. It's on page 14 of a 47 page ruling:
21 Similar tax effort. They did not ask for a dime.
22 They did not say to any of you here as
23 appropriators to spend one more dime to try to
24 solve this problem.

25 You create more problems by going after



1 38,000,000 and then hold harmless. Let's move on
2 up the ladder. There was one estimate that came
3 out Friday that said we need almost 250,000,000 to
4 try to make a level playing field with no
5 districts having to cut anything. My goodness,
6 where are you going to find \$250,000,000? Where
7 does it stop?

8 This is about one thing: Similar tax effort.
9 And if you look at it now, as I have, at the
10 national level -- to prepare for this testimony,
11 I've spent four or five days. I do that each time
12 I come up here to Topeka. I have met and talked
13 with folks at the National Center for Educational
14 Statistics and two other groups that have done a
15 50-state analysis now of state funding for
16 education. There is a tendency all over the
17 country to say, all right, let's have a similar
18 tax effort by having set a standard statewide mill
19 levy so that the property, real property, not
20 personal property, but the real property in each
21 school district has a chance to be assessed at the
22 same value each property owner is contributing at
23 the same level. Therefore, they are
24 constitutionally providing for an equal education
25 for the kids. The money then goes to the state,



1 like the sales tax, like the income tax. You, as
2 appropriators, bring it into one pot and then you
3 decide at each legislative session how you are
4 going to re-appropriate those funds back to the
5 schools within the districts.

6 Now, that's done in Wyoming, it's done in
7 Montana, it's done in Alabama. This is 39 states
8 out of the 50 that actually have a very consistent
9 way of trying to get property tax across the
10 state. They have a lot of variations in how they
11 do it, how they assess the value of the property,
12 but the consistency is something I want to share
13 with you. You do not have to appropriate
14 38,000,000 more to try to satisfy the May 27th
15 Court ruling. It's not what they requested. They
16 are not asking you to appropriate a dime. This is
17 not a confrontation between the legislature and
18 the Supreme Court. It's simply about similar tax
19 effort.

20 Now, the second thing I'd like to share with
21 you is that we have a problem in Kansas. You
22 tried in 2005 as legislators to shut the door on
23 using general state aid funds to school district
24 to sue the state for more money. So you have a
25 statute, and I've noted it in my testimony it's



1 72-64b01. That particular statute needs to be
2 amended to include all tax revenue coming to the
3 school districts. No tax dollars should be spent
4 to hire attorneys to go out and sue you for more
5 money. When Robb and Rupe went out this time to
6 sell themselves to the school districts, they
7 wanted \$3,000,000 in a retainer before they filed
8 their first motion. And as a State Board of
9 Education member, I was aware of this maneuver.
10 They got about 57 to 70 school district to chip in
11 initially. They are dropping like flies. They
12 are down to like 40 or 30. We have four on the
13 briefs, but you have these other districts back
14 here filling their till with money.

15 Now, that 3,000,000 was just to get started.
16 Each year they come back for more money. It's
17 coming from the supplemental funds, not the
18 general fund. They are complying with the law you
19 passed in 2005, but they are continuing to do
20 that. The way they sold it was this: Look how
21 much money we got for you out of Montoy. You got
22 over a million dollars. This is a small
23 investment. If we sue now under Gannon, we'll get
24 more. We'll come back to the legislature, they'll
25 cave in and they'll give us what we want.



1 Are you really going to play that game again?
2 Are you really going to say, okay, we give up,
3 we'll give you more money? We don't have it. We
4 are going to have to take from all sources around
5 the state, 3,000,000 from the corrections; we have
6 Medicaid, we are going to take from them; we are
7 going to take from early childhood. All these
8 different programs are important, aren't they?
9 Why should we take \$38,000,000 to try to equalize,
10 if you will, property taxes across the state and
11 none of that is going into classroom. Not one kid
12 is going to benefit from that 38,000,000 that you
13 tried to raise.

14 So Mr. Chairmen, both of you, Committee, I
15 ask you to please do two things: Set a similar tax
16 effort on real property in the State of Kansas, 20
17 mills, 25, 30, whatever, you decide it, but make
18 it consistent across the state so you have a way
19 to take care of that.

20 By the way, while I'm on that point, I want
21 to bring out the fact I've talked to people in the
22 -- who are state's attorneys who are representing
23 the state and the legislature in this case. I've
24 also talked to several of the attorneys for school
25 districts who are from those plaintiff districts.



1 They agree that setting a similar tax effort will
2 satisfy the Court. It is not about more money, it
3 is about setting a similar tax effort. And so if
4 those attorneys, which I'm not and they are, are
5 saying that, I hope that you will listen to them.

6 And, of course, the second thing is to make
7 sure you get that amendment tacked on to whatever
8 bill you pass, a simple one line or two, maybe two
9 that this is the time to close the door of using
10 more taxes to sue for more money. Thank you for
11 your time.

12 CHAIRMAN MASTERSON: Thank you, Walt.

13 David Smith. Welcome to the committee.

14 MR. SMITH: Thank you, Chairman
15 Masterson, Chairman Ryckman. I appreciate the
16 opportunity to speak before you.

17 I want to really talk about principles by
18 reminding all of us in the room why we are here.
19 We are back in special session with the charge of
20 creating a constitutionally adequate and -- excuse
21 me, equitable school finance system, one that
22 meets the Kansas Constitution. As such, in order
23 to do that, we are here to respond to the issue of
24 equity. And the Court has been clear that equity
25 means reasonably equal access to substantially



1 similar educational opportunity through similar
2 tax effort and to do that without impacting
3 adequacy.

4 I want to remind you that this task is
5 critically important. Failure to be successful
6 would have a devastating impact upon, primarily,
7 children whose educational -- educational futures
8 would be impacted. It would be costly. Any
9 interruption in the functioning of schools would
10 be costly and it's money we don't need to spend.
11 So we need to get that task accomplished.

12 The most direct and straightforward way to do
13 that would be to reinstate and fully fund the
14 previous equalization formula for the local option
15 budget, and this legislation does that. In
16 addition, to fully fund capital outlay
17 equalization, and this legislation does that.

18 But it's also important that we remember the
19 broader reason we are doing this. Education is
20 the most important function that we have as a
21 state. It is the best investment for our future.
22 When we invest in education, we invest in our
23 children and our children are our future. So as
24 we think about how we craft legislation to create
25 equity and to educate our children, it's important



1 that we don't do things that impact the bottom
2 line of what we are trying to do.

3 So one of the principles that we have put
4 forward is that we don't impact adequacy by taking
5 from one education pot and putting it into
6 another, because that doesn't move us forward in
7 terms of what we are trying to do for our
8 children. And we would say the same thing for
9 other pots of money which provide support to
10 children and to education. We need to find the
11 resources to provide equity without damaging that
12 goal that we have. So we would urge this
13 committee to work hard to look at every possible
14 place to find resources to -- to do what equity
15 requires.

16 We, in Kansas City, Kansas, have 22,000 kids
17 that we support, kids for whom what we do in
18 public schools is the thing that makes a
19 difference for their future prospect. But it's
20 not just about our kids. There are more than
21 460,000 students across this state. Judith Deedy
22 is here and her kids are in the room. The
23 superintendent for rural Vista is here. He
24 represents about 300 kids. It has to work for
25 everybody. This has to be a process and a



1 solution that works for everybody. And so we urge
2 you to do this with diligence. Let's get it done.
3 We have to get it done. It's important that we
4 solve this and let's work together for a system
5 that benefits everybody and really does provide
6 for all of our futures.

7 I appreciate the opportunity to speak to you
8 and look forward to any questions.

9 CHAIRMAN MASTERSON: Thank you. Dr.
10 Patricia All.

11 Actually, a little note. I don't mind
12 recording, but if you would shut your flashes off,
13 the light is a little distracting, I would
14 appreciate that.

15 Welcome to the committee.

16 DR. ALL: Thank you. My name is Patricia
17 All. I'm interim superintendent for the Olathe
18 school district for the 2016-17 school year. And
19 I want to indicate that although this bill does
20 not have everything in it that Olathe would like
21 to see, as previously stated, we believe that this
22 bill is a compromise of dealing with the realities
23 that we are in, both in timing and in our funding
24 situation, and that we appreciate the leadership's
25 attempt to have something to react to to move this



1 forward; and that after you do your due diligence,
2 that you move this on in a most timely way so that
3 we can ease the concern of our families and our
4 staff members and get ready to open school in
5 August as we've always done in Kansas. Thank you.

6 CHAIRMAN MASTERSON: Thank you. Thank
7 you for coming in.

8 John Allison.

9 MR. ALLISON: Chairman Ryckman, Chairman
10 Masterson, members of the committee, thank you for
11 giving me a few moments to address you today.

12 I want to thank you for being here to work
13 towards solving the issue that is important to all
14 of the children of Kansas and our communities
15 across the state, and that you're here to find a
16 solution that meets constitutionality and it can
17 help keep our schools open. It's in the best
18 interest our students, our families and our
19 communities that schools open on time.

20 My comments today reflect considerable
21 conversation with the Board of Education for the
22 Wichita Public Schools and reflective of their
23 thoughts. To solve the equity issue, Wichita
24 Public Schools is supportive of a bill that can
25 keep schools open, restore equity for all schools,



1 and fully support the equalization of LOB and
2 capital outlay, and has a single focus on funding
3 inequity with a clean appropriations bill and not
4 other issues that would impact schools.

5 As you have heard earlier, we urge you to
6 give full due diligence to look at all
7 alternatives possible as you work to provide the
8 equity funding. But, in the case that after
9 exhausting all of those funding alternatives, we
10 would not object to funding a portion of the
11 equity solution from a reduction in general state
12 aid that does not exceed the amount proposed in
13 the current bill pending before the committee and
14 does not include in the bill or in any separate
15 bill any additional policies that apply to school
16 districts.

17 We also want to be clear that we believe this
18 will impact the question around adequacy that will
19 be taken up in the fall, but the key piece is
20 keeping our schools open, providing the education
21 and moving forward with certainty for our families
22 and our communities.

23 I appreciate the opportunity and the hard
24 work of this committee and the monumental task you
25 have in front of you.



1 CHAIRMAN MASTERSON: Thank you, John.

2 Dr. Todd White, welcome to the committee.

3 DR. WHITE: Thank you, Mr. Chairman,
4 members of the Committee. My name is Todd White.
5 I am the superintendent of the Blue Valley schools
6 and I am here to talk about students.

7 I want to thank you for the opportunity today
8 to address you on this most important issue. We
9 come here today both balancing the fiscal issues
10 of the state and the fiscal crisis that is in
11 front of us. The Court decision on equity that
12 is, as I said earlier, the most important thing is
13 for us to consider the impact on the students, not
14 only in Blue Valley, but in the State of Kansas.

15 As an educational leader, I'm often reminded
16 that our students are the most important thing
17 that we do and that we care for, and that all
18 decisions made must be in the best interest of our
19 kids. That's the reason why I'm standing here
20 today in support of Senate Bill 1 and House Bill
21 2001.

22 Above all else, we need to be committed
23 collectively across this state to make sure that
24 our schools are not interrupted in their operation
25 for the beginning of this school year. Our



1 students, our staff, our communities, they are
2 counting on us and it's important for us to make
3 sure that we come together with a collective
4 message to ensure that that can occur.

5 The reasons why we are in support of this
6 bill is that it is a one-year solution to a
7 Constitutional crisis that threatens to close our
8 schools in a matter of days, at a time when state
9 revenues will not support the budget increases
10 necessary.

11 This plan also restores the LOB at 81.2
12 percent, which is critical to answer the Court's
13 call to return to equity.

14 This plan also has provisions in it for
15 extraordinary needs funding, which is absolutely
16 critical when I take a look at the assessed
17 valuation and what has occurred across our state
18 with some of our school districts that are small
19 in number and a drop in oil and gas and pipeline
20 is severely hitting them. It's important for all
21 of us to make sure that that is a critically
22 important element of this plan as we move forward,
23 and we are certainly in favor of that.

24 We are also in favor of a very clean bill
25 that has a very clear focus on addressing equity.



1 Last week, as you know, local chambers of commerce
2 in the Johnson County school districts held a
3 press conference and advocated for an equity fix
4 that included hold harmless. It's important for
5 us to understand that hold harmless is an
6 important element, not only in this decision but
7 certainly as we go forward in addressing a new
8 funding formula for the State of Kansas. However,
9 as we know, and as we have heard from those that
10 have legal expertise, that would put us very
11 close, if you will, and cause this issue to again
12 come back before this body and quite possibly rule
13 it unconstitutional again.

14 So we are agreeing to this plan and foregoing
15 2.4 million dollars in hold harmless funding for
16 the Blue Valley schools, as well as \$545,000 in
17 general education funding. Please know that we
18 have weighed this carefully and we have discussed
19 the issue and impact to our school district and
20 the options before us. It is our determination
21 that we believe that this plan, given the late
22 hour, the few days that we have left and the even
23 fewer resources that are available, that this plan
24 is the best available option in very dire
25 circumstances.



1 Most importantly, it holds the interest of
2 our students, that we provide an assurance to our
3 students, our teachers, our families and our
4 communities that we will open school in the fall.
5 The kindergarten students that will come into our
6 schools this fall will be the 2030 graduates in
7 the State of Kansas. We want to make sure that
8 our decisions today reflect the opportunity that
9 they will have tomorrow and beyond.

10 We hope to work with the legislators in the
11 coming months in drawing a new adequacy and
12 equitable formula, and thank you very much for
13 your time.

14 CHAIRMAN MASTERSON: Thank you for coming
15 in. You just made me feel really old, 2030.

16 Jim Hinson, welcome to the committee.

17 DR. HINSON: Chairman Masterson, Chairman
18 Ryckman, and members of the Committee, thank you
19 for the opportunity to be before you today. I
20 will read my testimony to you so you know my
21 testimony hasn't been influenced by prior
22 testimony.

23 In light of the fiscal crisis of the State of
24 Kansas and the deadline issue with the opinion of
25 the Kansas Supreme Court, though far from ideal,



1 the Shawnee Mission School District supports the
2 following provisions included in these bills in an
3 immediate short-term fix to the current
4 educational situation.

5 Funding at 81.2, the equalization for the
6 local option budget, is the right thing to do.
7 Holding districts harmless for the loss of LOB
8 equalization is the right thing to do. Creating a
9 clean bill that funds the immediate situation to
10 get us past June 30th and to this next school year
11 is extremely important.

12 If necessary, deduct one half of one percent
13 of the general state aid from each school
14 district, we support that, with a marker, an
15 indicator that would restore the reduction if
16 state revenues allow sometime during this next
17 fiscal year.

18 In addition, fund the hold harmless provision
19 of school districts that have the highest need
20 first. Simply fund the districts that would
21 require the highest mill levy increase first until
22 available resources are exhausted. The Shawnee
23 Mission School District is not on that list. If
24 we, at this point in time, decide that hold
25 harmless is unconstitutional in the State of



1 Kansas, the issue that you're going to have before
2 you would create a new formula with adequacy and
3 would have a devastating impact upon school
4 districts across the State of Kansas.

5 My testimony is not necessarily based on what
6 is best for the long-term solution for a new
7 school finance formula, but rather a compromise
8 that ensures there is no gap in the services for
9 our students and our communities that rightly
10 expect us to deliver those services. The spirit
11 of compromise is always offered to demonstrate
12 continued interest to get all of us, all of us to
13 the decision and discussion of a long-term
14 solution. The resolution of this crisis must
15 bring compromise; and with compromise, generally
16 no one's happy. But in this situation, no one's
17 going to be happy. But success is measured upon
18 having a great start this coming school year, not
19 necessarily that everybody is happy.

20 Therefore, each of us have to make
21 sacrifices, and certainly in Shawnee Mission we
22 are willing to make that sacrifice for the benefit
23 of all. Thank you.

24 CHAIRMAN MASTERSON: Thank you, Jim. The
25 one left on my list -- is Mike O'Neal present? If



1 he's not, I think we will have him just be written
2 testimony only, and I would have you note in your
3 packets that there is also written proponent
4 testimony from G.A. Buie, Greg Rasmussen, Jamie
5 Rumford, Daniel Slack. There is also written --
6 Bill Brady was on the oral, moved to written. I
7 don't know if his is neutral or up or down, but
8 the others I saw were proponents. And, Jim,
9 you're going to submit yours in writing, as well,
10 too. Thank you.

11 With that, Committee, I'm going to move into
12 the questions. Anyone who has appeared before us
13 is available for questions. So questions for any
14 of the conferees?

15 Senator Melcher.

16 SEN. MELCHER: Thank you, Mr. Chairman.
17 I just wanted to get a clarification from Dr.
18 Hinson, since I don't have his testimony in front
19 of me since it hasn't been published yet. I just
20 wanted to make sure I understood, are you
21 advocating for support of the bill that's before
22 us?

23 DR. HINSON: Yes, sir.

24 SEN. MELCHER: Thank you. And I had a
25 similar question for the lady representing Game On



1 For Kansas.

2 CHAIRMAN MASTERSON: I believe that was
3 Judith. And for those of you who testified, if
4 you could get yourself positioned to move forward
5 as necessary, I'd appreciate it. Sorry for the
6 inconvenience.

7 SEN. MELCHER: Thank you for being here.
8 I noticed both of the superintendents that I
9 represent in Johnson County, Blue Valley and
10 Shawnee Mission, have advocated for support of
11 Senate Bill 1 and I didn't understand what your
12 position was when you gave your testimony.

13 MS. DEEDY: Well, and since we hadn't
14 seen the bill until half an hour ago, we were
15 trying to just comment more generally on the
16 process that we'd like to see. And, I mean, I'm a
17 parent, so I would really like that you defer to
18 the superintendents and the school boards and
19 those who are more experts in evaluating the
20 precise details of the bill. As a parent, I see
21 that I don't believe any district is overfunded at
22 this point, in my experience. So cuts or
23 reductions of increases are unpleasant, but I'm a
24 pragmatist and I realize we are in a difficult
25 situation right now.



1 SEN. MELCHER: So is it correct to assume
2 that you're supporting the position that
3 superintendents in your school districts have
4 taken today?

5 MS. DEEDY: Generally supportive. I
6 mean, it sounds like -- Game On is a statewide
7 organization, so it sounds like we have general
8 consensus among superintendents, so, yes, it
9 sounds like it.

10 SEN. MELCHER: Thank you.

11 CHAIRMAN MASTERSON: Further questions?
12 Senator Denning.

13 SEN. DENNING: Thank you, Mr. Chairman.
14 I have a question for Mr. White from Blue Valley.

15 DR. WHITE: Yes, sir.

16 SEN. DENNING: Todd, thanks for coming up
17 today. And I appreciate you in particular, but
18 Johnson County sups for leading from the front on
19 this issue. We've had lots of discussion about
20 the financial condition of our budget, short-term
21 and long-term. So again, I appreciate everybody
22 from Johnson County leading from the front.
23 Without you being part of the solution, we
24 wouldn't probably even be sitting here today. We
25 are very close to going across the finish line.



1 In your particular case, the delegation under
2 the block grant had what we -- we had a majority
3 vote that we thought that we had treated Johnson
4 County fairly. As part of the solution, the big
5 districts in Johnson County are actually going to
6 take less state money from this Senate Bill 1 at
7 the end of the day, and you're willing to take
8 less money just to get us across the finish line.
9 And then Dr. Hinson took it another step further
10 and said you're going to be at the end of the line
11 on the extraordinary need fund. If the smaller
12 rural districts need help with their mill levy
13 local money, you are going to make sure that you
14 don't step in front of them and consume the money,
15 you're going to actually be at the end of that
16 line, as well. So I appreciate all that.

17 My direct question is, because you're taking
18 less money and we thought that we had a deal with
19 you on the block grant and you set your budget on
20 the block grant, with you having to do your
21 business with a bit less money, are you okay with
22 classroom size, employees, covering their salary
23 increases, any layoffs will be avoided? Can you
24 just assure me that you've got things handled
25 going forward?



1 DR. WHITE: I can. While this is a
2 compromise, as has been said, we -- we understand
3 the situation what we are in and so for one year
4 we will be fine for one year regarding this. Our
5 district has budgeted itself well over their
6 history. We will have sufficient reserves to move
7 forward to take care of our teachers, but most
8 importantly to take care of our students, as well.

9 SEN. DENNING: Thank you, Todd. Thank
10 you, Mr. Chairman.

11 CHAIRMAN MASTERSON: Further questions?
12 Senator Kelly.

13 SEN. KELLY: I think for the same
14 superintendent. You say that you are willing to
15 go along with this because it's one year, one year
16 only. What action could the legislature take to
17 ensure that it's only one year and that we are not
18 sitting here doing the same thing again next year?

19 DR. WHITE: I believe that you could
20 initiate a task force that would call together
21 superintendents from across the state representing
22 all of our students and all of the disparities
23 that we have, both in wealth as well as size, and
24 begin the process of having substantial
25 conversations about a new funding formula. I



1 think that would be a demonstration of good faith,
2 but also action before we start the school year
3 and certainly before this body comes back together
4 in January to begin its work.

5 SEN. KELLY: So are you suggesting that
6 just rewriting the formula will take care of the
7 problem?

8 DR. WHITE: There are many variables that
9 are going to go into the conversation moving
10 forward. To identify one, I think would be short-
11 sighted at this point. We are going to have to
12 have some serious conversations about how we
13 support public education throughout this state and
14 the manner in which we are taking care of it on a
15 very long-term basis.

16 Part of the issue is, the reason why we are
17 here is because of the lack of revenues that we
18 have, and so it's just not about education
19 funding. I think it's about a much larger
20 picture. Certainly, the funding formula is a key
21 to that, but many variables have to be taken into
22 consideration as we move forward.

23 SEN. KELLY: Thank you.

24 CHAIRMAN MASTERSON: Further questions?
25 Seeing none, I'm going to close the hearing on SB



1 1 and HB 2001. Okay, Committee, the Ways and
2 Means -- we are about to adjourn our joint
3 meeting. Ways and Means will reconvene
4 immediately upon adjournment of this meeting in
5 our usual room, 548 South, to begin process of the
6 bill. I'll defer to the Chairman for the House.
7 Representative Ryckman.

8 REP. RYCKMAN: I think we plan on going
9 to our normal room. We will be in our normal room
10 on the first floor right around a little after two
11 o'clock.

12 CHAIRMAN MASTERSON: Staff would like to
13 pass out of the minutes from the Judiciary
14 Committee quickly before we adjourn. So hold
15 tight for a second. We are not formally
16 adjourned, so I'd appreciate those moving out
17 keeping it down a little bit. We still have just
18 a little bit of business here. You are welcome to
19 move and move out, but I appreciate you keeping it
20 down.

21 We are adjourned.

22 (THEREUPON, the meeting concluded at
23 11:55a.m.)

24 .
25 .



C E R T I F I C A T E

STATE OF KANSAS

SS :

COUNTY OF SHAWNEE

I, Lora J. Appino, a Certified Court Reporter, Commissioned as such by the Supreme Court of the State of Kansas, and authorized to take depositions and administer oaths within said State pursuant to K.S.A. 60-228, certify that the foregoing was reported by stenographic means, which matter was held on the date, and the time and place set out on the title page hereof and that the foregoing constitutes a true and accurate transcript of the same.

I further certify that I am not related to any of the parties, nor am I an employee of or related to any of the attorneys representing the parties, and I have no financial interest in the outcome of this matter.

Given under my hand and seal this
25th day of June, 2016.

Lora J Appino

Lora J. Appino, C.C.R. No. 0602

