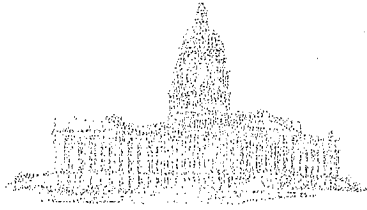


STATE OF KANSAS
HOUSE OF REPRESENTATIVES



MICHAEL R. (MIKE) O'NEAL
SPEAKER

TESTIMONY IN SUPPORT OF H.B. 2773
House Education Budget Committee

March 12, 2012

Madam Chairman and members of the Committee, H.B. 2773 extends and updates legislation passed last year in S.B. 111, which authorized Kansas public school districts to utilize unencumbered funds identified by the KSDE in 12 school funds accounts. Under S.B. 111, the 2011 Kansas legislature made over \$154M available for eligible school districts to utilize to help backfill the loss of up to \$252 to BSAPP. That legislation was drafted with the assistance and direct input of the Commissioner of Education, was supported by interested education groups and received broad bi-partisan support (114-9 in the House; 34-3 in the Senate).

Unfortunately, and notwithstanding claims that these funds were sorely needed to support education efforts in the districts, only 77 districts elected to spend any of the funds and then only to the extent of about \$24M, leaving approximately \$130M on the table, unspent.

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H.B. 2773 would do the following:

1. Require districts to utilize unencumbered funds in the identified categories to first fund any expenditures due to increased enrollment and/or at-risk for FY 2012.

2. Authorize districts to utilize unencumbered funds in the identified accounts to fund up to \$252 in BSAPP and any increased enrollment and/or at-risk for school year 2012-2013.

3. Provide that authorized expenditures should conform to the State's policy of using 65% of the fund for instruction.

4. Provide that if any district chooses not to utilize some or all of the authorized unencumbered funds in the identified accounts, that any remaining balance will go to reduce that district's LOB mil levy accordingly.

It has been determined that there is nearly \$400M in unencumbered funds in the SB 111 accounts alone. HB 2773 authorizes use of less than half of these funds, meaning that after full application of the authority, there would still be over \$200M in reserves remaining in these identified accounts. It should not be too much to ask that districts utilize the funds we have appropriated and which have been distributed to them before seeking additional funds.

Attached to my testimony are spreadsheets showing, on a per-district basis, the status of unencumbered funds, the application of HB 2773, and the potential effect on LOB levies.