

**IN THE SUPREME COURT OF THE STATE OF KANSAS**

LUKE GANNON, *et al.*,

Plaintiffs/Appellees,

v.

THE STATE OF KANSAS, *et al.*,

Defendants/Appellants.

Case No. 15-113,267-S

**NOTICE OF LEGISLATIVE CURE**

In response to this Court’s February 11, 2016, Opinion, the Legislature has passed, and the Governor has signed, 2016 Senate Substitute for House Bill No. 2655 (HB 2655) to provide school districts reasonably equal access to substantially similar educational opportunity through similar tax effort. HB 2655 is attached as Appendix A.

The Court’s Opinion urged the Legislature to “show[] its work” to demonstrate how any school finance cure satisfies the equity requirement of Article 6 of the Kansas Constitution. Slip op. at 74. Accordingly, the current legislative record for HB 2655 is attached as Appendix B. The minutes of the relevant House Appropriations Committee, Senate Ways and Means Committee, and Joint Legislative Budget Committee meetings have not been finalized and approved. The State will provide those minutes in a supplemental filing once they become available.

The Legislature is scheduled to adjourn sine die on June 1, 2016, and it would be useful to provide budgetary certainty to school districts as they prepare for the upcoming fiscal year. If the Court desires briefing and/or oral argument regarding HB 2655, the State requests that the Court establish an expedited briefing schedule and suggests simultaneous briefing, with initial briefs due April 22, 2016, response briefs due April 29, 2016, and oral argument if desired by the Court shortly thereafter.

Respectfully submitted,

OFFICE OF ATTORNEY GENERAL  
DEREK SCHMIDT

By: /s/ Derek Schmidt

Derek Schmidt, KS Sup. Ct. No. 17781  
Attorney General of Kansas  
Jeffrey A. Chanay, KS Sup. Ct. No. 12056  
Chief Deputy Attorney General  
Stephen R. McAllister, KS Sup. Ct. No. 15845  
Solicitor General of Kansas  
M. J. Willoughby, KS Sup. Ct. No. 14059  
Assistant Attorney General  
Dwight R. Carswell, KS Sup. Ct. No. 25111  
Assistant Solicitor General  
Bryan C. Clark, KS Sup. Ct. No. 24717  
Assistant Solicitor General

Memorial Bldg., 2nd Floor  
120 SW 10th Avenue  
Topeka, Kansas 66612-1597  
Tel: (785) 296-2215  
Fax: (785) 291-3767  
Email: jeff.chanay@ag.ks.gov  
stevermac@fastmail.fm  
mj.willoughby@ag.ks.gov  
dwight.carswell@ag.ks.gov  
bryan.clark@ag.ks.gov

and

Arthur S. Chalmers, KS Sup. Ct. No. 11088  
Gaye B. Tibbets, KS Sup. Ct. No. 13240  
Jerry D. Hawkins, KS Sup. Ct. No. 18222  
Rachel E. Lomas, KS Sup. Ct. No. 23767  
HITE, FANNING & HONEYMAN, LLP  
100 North Broadway, Suite 950  
Wichita, Kansas 67202  
Tel: (316) 265-7741  
Fax: (316) 267-7803  
E-mail: chalmers@hitefanning.com  
tibtets@hitefanning.com  
hawkins@hitefanning.com  
lomas@hitefanning.com

*Attorneys for the State of Kansas*

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on the 7th day of April 2016, the above notice and the appendices were electronically filed with the Clerk of the Court using the Court's electronic filing system, which will send a notice of electronic filing to registered participants, and copies were electronically mailed to:

Alan L. Rupe  
Jessica L. Skladzien  
Mark A. Kanaga  
LEWIS BRISBOIS BISGAARD & SMITH  
1605 North Waterfront Parkway, Suite 150  
Wichita, KS 67206-6634  
Alan.Rupe@lewisbrisbois.com  
Jessica.Skladzien@lewisbrisbois.com  
Mark.Kanaga@lewisbrisbois.com

John S. Robb  
Somers, Robb & Robb  
110 East Broadway  
Newton, KS 67114-0544  
johnrobb@robblaw.com

*Attorneys for Plaintiffs*

Steve Phillips  
Assistant Attorney General  
120 S.W. 10th, 2nd Floor  
Topeka, KS 66612  
steve.phillips@ag.ks.gov

*Attorney for State Treasurer Ron Estes*

Tristan L. Duncan  
Zach Chaffee-McClure  
2555 Grand Blvd.  
Kansas City, MO 64108  
tlduncant@shb.com  
zmclure@shb.com

*Attorneys for U.S.D. 512*

Philip R. Michael  
Daniel J. Carroll  
Kansas Department of Administration  
1000 SW Jackson, Suite 500  
Topeka, KS 66612  
philip.michael@da.ks.gov  
dan.carroll@da.ks.gov

*Attorneys for Secretary of Administration  
Jim Clark*

/s/ Dwight R. Carswell  
Dwight R. Carswell

# **APPENDIX A**

Senate Substitute for HOUSE BILL No. 2655

AN ACT concerning education; relating to the financing and instruction thereof; making and concerning appropriations for the fiscal year ending June 30, 2017, for the department of education; relating to the classroom learning assuring student success act; amending K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6474, 72-6476, 72-6481 and 74-4939a and repealing the existing sections.

WHEREAS, The people of Kansas, through section 6(b) of article 6 of the constitution of the state of Kansas, declared that “the legislature shall make suitable provision for finance of the educational interests of the state.” According to the supreme court, this provision contains both an adequacy and equity component. On February 11, 2016, the supreme court ruled that funds provided to the school districts under the existing school finance legislation for local option budget equalization and capital outlay equalization were not equitably distributed among the school districts; and

WHEREAS, The supreme court issued an order directing the legislature to fairly allocate resources among the school districts by providing “reasonably equal access to substantially similar education opportunity through similar tax effort.” The supreme court warned that, if no action is taken by June 30, 2016, and because an unconstitutional system is invalid, it may entertain a motion to enjoin funding the school system for the 2016-2017 school year; and

WHEREAS, The legislature is committed to avoiding any disruption to public education and desires to meet its obligation; and

WHEREAS, After hearing evidence concerning varying proposals for this body to continue providing an adequate public education while satisfying the supreme court’s equity issue, the legislature is acting on this bill in an expedited manner so that the schools will open, as scheduled, for the 2016-2017 school year; and

WHEREAS, This step, while important, is only the first of many. Upon enactment of this legislation, the legislature will immediately return to the task of finding a long-term solution, based upon a broad base of stakeholders, that will continue to provide all Kansas students the opportunity to pursue their chosen desires through an excellent public education.

Now, therefore:

*Be it enacted by the Legislature of the State of Kansas:*

Section 1.

DEPARTMENT OF EDUCATION

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2017, the following:

Supplemental general state aid .....	\$367,582,721
School district equalization state aid .....	\$61,792,947

(b) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2017, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law and transfers to other state agencies shall not exceed the following:

School district capital outlay state aid fund .....	\$50,780,296
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*Provided*, That if the amount of the demand transfer from the state general fund to the school district capital outlay state aid fund of the department of education pursuant to section 4(c), and amendments thereto, exceeds the expenditure limitation established pursuant to this subsection on the school district capital outlay state aid fund, then the expenditure limitation on the school district capital outlay state aid fund is hereby increased by the amount of moneys transferred from the school district extraordinary need fund of the department of education to the school district capital outlay state aid fund pursuant to subsection (e).

(c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016 House Substitute for Senate Bill No. 161 from the state general fund in the block grants to USDs account (652-00-1000-0500), the sum of \$477,802,500 is hereby lapsed.

(d) On July 1, 2016, the expenditure limitation established for the fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015 Session Laws of Kansas on the school district extraordinary need fund of the department of education is hereby decreased from \$17,521,425 to

\$15,167,962: *Provided, however,* That if any transfer of moneys by the director of accounts and reports from the school district extraordinary need fund of the department of education is made pursuant to subsection (e), then the expenditure limitation established pursuant to this subsection on the school district extraordinary need fund is hereby decreased from \$15,167,962 to \$15,167,962 minus the amount of moneys certified by the state board of education to be transferred pursuant to subsection (e).

(e) On July 1, 2016, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$15,167,962 from the state general fund to the school district extraordinary need fund of the department of education: *Provided, however,* That if sufficient moneys are not available in the supplemental general state aid account of the state general fund to fully fund the provisions of section 3, and amendments thereto, then the state board of education shall certify the amount of moneys of such insufficient funds to the director of accounts and reports: *And provided,* That upon receipt of any such certification, the director of accounts and reports shall transfer the amount of such insufficient funds certified from the school district extraordinary need fund of the department of education to the supplemental general state aid account of the state general fund: *And provided however,* That if the amount of the demand transfer from the state general fund to the school district capital outlay state aid fund of the department of education pursuant to section 4(c), and amendments thereto, exceeds \$50,780,296, then the state board of education shall certify the amount of moneys equal to the difference between \$50,780,296 and the amount of such demand transfer to the director of accounts and reports: *And provided,* That upon receipt of any such certification, the director of accounts and reports shall transfer the amount of such difference certified from the school district extraordinary need fund of the department of education to the school district capital outlay state aid fund of the department of education: *And provided further,* That, at the same time as the state board of education transmits each such certification to the director of accounts and reports, the state board of education shall transmit a copy of such certification to the director of legislative research.

(f) During the fiscal year ending June 30, 2017, the total amount of transfers from the school district extraordinary need fund of the department of education pursuant to this section shall not exceed \$15,167,962.

New Sec. 2. (a) The legislature hereby declares that the intent of this act is to ensure that public school students receive a constitutionally adequate education through a fair allocation of resources among the school districts and that the distribution of these funds does not result in unreasonable wealth-based disparities among districts. In particular, the legislature: (1) Has been advised of the constitutional standard for equity as set forth in the supreme court's ruling in *Gannon v. State*, Case No. 113,267, \_\_\_ Kan. \_\_\_, 2016 WL 540725 (Feb. 11, 2016), including preceding school finance decisions; (2) endeavored to memorialize the legislative evidence and deliberations conferees shared as the legislature considered the best way to meet this constitutional standard; and (3) arrived at the best solution to discharge its constitutional duty to make suitable provision for finance of the educational interests of the state. To this end, this legislation shall be liberally construed so as to make certain that no funding for public schools will be enjoined.

(b) The legislature has been advised that funding disruptions and uncertainty are counter-productive to public education and that the funding certainty of the classroom learning assuring student success act is critical to the effective operation of school districts. Furthermore, the evidence before the legislature confirms that the total amount of school funding meets or exceeds the supreme court's standard for adequacy. As a result, the legislature believes that it has enacted legislation that both fairly meets the equity requirements of article 6 of the constitution of the state of Kansas and does not run afoul of the already adequate funding as demonstrated by the excellent results of the public education system made known to the legislature.

(c) The legislature hereby finds and declares the following:

(1) That, based on testimony from the state department of education and other parties involved in the public education system, a hold harmless

fund is necessary in light of the fact that many school budgets are set based upon the provisions of the classroom learning assuring student success act;

(2) that the prior equalization formulas used for capital outlay state aid and supplemental general state aid had no basis in educational policy, and that it is preferable to apply a single equalization formula to both categories of state aid;

(3) that this act fully complies with the supreme court's order, but that there is an untenable risk the act may be found to be unconstitutional and, as a result, all educational funding could be enjoined. The risk of disrupting education in this regard is unacceptable to the legislature, and as a result, the provisions of this act should be considered as severable; and

(4) that, based on testimony from the state department of education, the state board of education may be able to more quickly respond to and address concerns raised by the school districts, including, without limitation, emergency needs or a demonstrated inability to have reasonably equal access to substantially similar educational opportunities through similar tax effort.

New Sec. 3. (a) For school year 2016-2017, each school district that has adopted a local option budget is eligible to receive an amount of supplemental general state aid. A school district's eligibility to receive supplemental general state aid shall be determined by the state board as provided in this subsection. The state board of education shall:

(1) Determine the amount of the assessed valuation per pupil (AVPP) of each school district in the state and round such amount to the nearest \$1,000. The rounded amount is the AVPP of a school district for the purposes of this section;

(2) determine the median AVPP of all school districts;

(3) prepare a schedule of dollar amounts using the amount of the median AVPP of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the highest AVPP of all school districts and shall range downward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the lowest AVPP of all school districts;

(4) determine a state aid percentage factor for each school district by assigning a state aid computation percentage to the amount of the median AVPP shown on the schedule, decreasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval above the amount of the median AVPP, and increasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval below the amount of the median AVPP. The state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the AVPP of the school district, except that the state aid percentage factor of a school district shall not exceed 100%. The state aid computation percentage is 25%;

(5) determine the amount of the local option budget adopted by each school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments thereto; and

(6) multiply the amount computed under subsection (a)(5) by the applicable state aid percentage factor. The resulting product is the amount of payment the school district is to receive as supplemental general state aid in the school year.

(b) The state board shall prescribe the dates upon which the distribution of payments of supplemental general state aid to school districts shall be due. Payments of supplemental general state aid shall be distributed to school districts on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due each school district, and the director of accounts and reports shall draw a warrant on the state treasury payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the supplemental general fund of the school district to be used for the purposes of such fund.

(c) If any amount of supplemental general state aid that is due to be paid during the month of June of a school year pursuant to the other provisions of this section is not paid on or before June 30 of such school year, then such payment shall be paid on or after the ensuing July 1, as soon as moneys are available therefor. Any payment of supplemental general state aid that is due to be paid during the month of June of a school year and that is paid to school districts on or after the ensuing July 1 shall be recorded and accounted for by school districts as a receipt for the school year ending on the preceding June 30.

(d) If the amount of appropriations for supplemental general state aid is less than the amount each school district is to receive for the school year, the state board shall prorate the amount appropriated among the school districts in proportion to the amount each school district is to receive as determined under subsection (a).

(e) The provisions of this section shall be part of and supplemental to the classroom learning assuring student success act.

(f) The provisions of this section shall expire on June 30, 2017.

New Sec. 4. (a) There is hereby established in the state treasury the school district capital outlay state aid fund. Such fund shall consist of all amounts transferred thereto under the provisions of subsection (c).

(b) For school year 2016-2017, each school district which levies a tax pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall receive payment from the school district capital outlay state aid fund in an amount determined by the state board of education as provided in this subsection. The state board of education shall:

(1) Determine the amount of the assessed valuation per pupil (AVPP) of each school district in the state and round such amount to the nearest \$1,000. The rounded amount is the AVPP of a school district for the purposes of this section;

(2) determine the median AVPP of all school districts;

(3) prepare a schedule of dollar amounts using the amount of the median AVPP of all school districts as the point of beginning. The schedule of dollar amounts shall range upward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the highest AVPP of all school districts and shall range downward in equal \$1,000 intervals from the point of beginning to and including an amount that is equal to the amount of the AVPP of the school district with the lowest AVPP of all school districts;

(4) determine a state aid percentage factor for each school district by assigning a state aid computation percentage to the amount of the median AVPP shown on the schedule, decreasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval above the amount of the median AVPP, and increasing the state aid computation percentage assigned to the amount of the median AVPP by one percentage point for each \$1,000 interval below the amount of the median AVPP. The state aid percentage factor of a school district is the percentage assigned to the schedule amount that is equal to the amount of the AVPP of the school district, except that the state aid percentage factor of a school district shall not exceed 100%. The state aid computation percentage is 25%;

(5) determine the amount levied by each school district pursuant to K.S.A. 72-8801 et seq., and amendments thereto; and

(6) multiply the amount computed under subsection (b)(5), but not to exceed 8 mills, by the applicable state aid percentage factor. The resulting product is the amount of payment the school district is to receive from the school district capital outlay state aid fund in the school year.

(c) The state board shall certify to the director of accounts and reports the amount of school district capital outlay state aid determined under the provisions of subsection (b), and an amount equal thereto shall be transferred by the director from the state general fund to the school district capital outlay state aid fund for distribution to school districts. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund.

(d) Payments from the school district capital outlay state aid fund shall be distributed to school districts at times determined by the state board of education. The state board of education shall certify to the di-



rector of accounts and reports the amount due each school district, and the director of accounts and reports shall draw a warrant on the state treasury payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the capital outlay fund of the school district to be used for the purposes of such fund.

(e) The provisions of this section shall be part of and supplemental to the classroom learning assuring student success act.

(f) The provisions of this section shall expire on June 30, 2017.

New Sec. 5. (a) For school year 2016-2017, the state board of education shall disburse school district equalization state aid to each school district that is eligible to receive such state aid. In determining whether a school district is eligible to receive school district equalization state aid, the state board shall:

(1) Determine the aggregate amount of supplemental general state aid and capital outlay state aid such school district is to receive for school year 2016-2017 under sections 3 and 4, and amendments thereto, respectively;

(2) determine the aggregate amount of supplemental general state aid and capital outlay state aid such school district received as a portion of general state aid for school year 2015-2016 under K.S.A. 2015 Supp. 72-6465, and amendments thereto;

(3) subtract the amount determined under subsection (a)(1) from the amount determined under (a)(2). If the resulting difference is a positive number, then the school district is eligible to receive school district equalization state aid.

(b) The amount of school district equalization state aid an eligible school district is to receive shall be equal to the amount calculated under subsection (a)(3).

(c) The state board shall prescribe the dates upon which the distribution of payments of school district equalization state aid to school districts shall be due. Payments of school district equalization state aid shall be distributed to school districts on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due each school district, and the director of accounts and reports shall draw a warrant on the state treasury payable to the treasurer of the school district. Upon receipt of the warrant, the treasurer of the school district shall credit the amount thereof to the general fund of the school district to be used for the purposes of such fund.

(d) The provisions of this section shall be part of and supplemental to the classroom learning assuring student success act.

(e) The provisions of this section shall expire on June 30, 2017.

Sec. 6. K.S.A. 2015 Supp. 72-6463 is hereby amended to read as follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463 through 72-6481, *and sections 3 through 5*, and amendments thereto, shall be known and may be cited as the classroom learning assuring student success act.

(b) The legislature hereby declares that the intent of this act is to lessen state interference and involvement in the local management of school districts and to provide more flexibility and increased local control for school district boards of education and administrators in order to:

(1) Enhance predictability and certainty in school district funding sources and amounts;

(2) allow school district boards of education and administrators to best meet their individual school district's financial needs; and

(3) maximize opportunities for more funds to go to the classroom.

To meet this legislative intent, state financial support for elementary and secondary public education will be met by providing a block grant for school years 2015-2016 and 2016-2017 to each school district. Each school district's block grant will be based in part on, and be at least equal to, the total state financial support as determined for school year 2014-2015 under the school district finance and quality performance act, prior to its repeal. All school districts will be held harmless from any decreases to the final school year 2014-2015 amount of total state financial support.

(c) The legislature further declares that the guiding principles for the development of subsequent legislation for the finance of elementary and secondary public education should consist of the following:

- (1) Ensuring that students' educational needs are funded;
  - (2) providing more funding to classroom instruction;
  - (3) maximizing flexibility in the use of funding by school district boards of education and administrators; and
  - (4) achieving the goal of providing students with those education capacities established in K.S.A. 72-1127, and amendments thereto.
- (d) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

Sec. 7. K.S.A. 2015 Supp. 72-6465 is hereby amended to read as follows: 72-6465. (a) For school year 2015-2016 ~~and school year 2016-2017~~, the state board shall disburse general state aid to each school district in an amount equal to:

(1) Subject to the provisions of subsections ~~(b)~~ (c) through ~~(f)~~ (g), the amount of general state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:

(A) The amount directly attributable to the ancillary school facilities weighting as determined for school year 2014-2015 under K.S.A. 72-6443, prior to its repeal;

(B) the amount directly attributable to the cost-of-living weighting as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450, prior to its repeal;

(C) the amount directly attributable to declining enrollment state aid as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6452, prior to its repeal; and

(D) the amount directly attributable to virtual school state aid as determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

(2) the amount of supplemental general state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434, prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to its repeal, plus;

(3) the amount of capital outlay state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814, prior to its repeal, plus;

(4) (A) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473, and amendments thereto, provided; the school district has levied such tax;

(B) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and amendments thereto, provided; the school district has levied such tax; *and*

(C) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and amendments thereto, provided; the school district has levied such tax, plus;

(5) the amount of virtual school state aid such school district is to receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

(6) an amount certified by the board of trustees of the Kansas public employees retirement system which is equal to the participating employer's obligation of such school district to the system, less;

(7) an amount equal to 0.4% of the amount determined under subsection (a)(1).

(b) For school year 2016-2017, the state board shall disburse general state aid to each school district in an amount equal to:

(1) Subject to the provisions of subsections (c) through (g), the amount of general state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:

(A) The amount directly attributable to the ancillary school facilities weighting as determined for school year 2014-2015 under K.S.A. 72-6443, prior to its repeal;

(B) the amount directly attributable to the cost-of-living weighting as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450, prior to its repeal;

(C) the amount directly attributable to declining enrollment state aid

as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6452, prior to its repeal; and

(D) the amount directly attributable to virtual school state aid as determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

(2) (A) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473, and amendments thereto, provided the school district has levied such tax;

(B) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and amendments thereto, provided the school district has levied such tax; and

(C) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and amendments thereto, provided the school district has levied such tax, plus;

(3) the amount of virtual school state aid such school district is to receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

(4) an amount certified by the board of trustees of the Kansas public employees retirement system which is equal to the participating employer's obligation of such school district to the system, less;

(5) an amount equal to 0.4% of the amount determined under subsection (b)(1).

~~(b)~~(c) For any school district whose school financing sources exceeded its state financial aid for school year 2014-2015 as calculated under the school district finance and quality performance act, prior to its repeal, the amount such school district is entitled to receive under subsection (a)(1) or (b)(1) shall be the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6470, and amendments thereto, less the difference between such school district's school financing sources and its state financial aid for school year 2014-2015 as calculated under the school district finance and quality performance act, prior to its repeal.

~~(c)~~(d) For any school district formed by consolidation in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, prior to the effective date of this act, and whose state financial aid for school year 2014-2015 was determined under K.S.A. 2014 Supp. 72-6445a, prior to its repeal, the amount of general state aid for such school district determined under subsection (a)(1) or (b)(1) shall be determined as if such school district was not subject to K.S.A. 2014 Supp. 72-6445a, prior to its repeal, for school year 2014-2015.

~~(d)~~(e) For any school district that consolidated in accordance with article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments thereto, and such consolidation becomes effective on or after July 1, 2015, the amount of general state aid for such school district determined under subsection (a)(1) or (b)(1) shall be the sum of the general state aid each of the former school districts would have received under subsection (a)(1) or (b)(1).

~~(e)~~(f) (1) For any school district that was entitled to receive school facilities weighting for school year 2014-2015 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, and which would not have been eligible to receive such weighting for school year 2015-2016 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to the school facilities weighting as determined for school year 2014-2015 under K.S.A. 72-6415, prior to its repeal, for such school district shall be subtracted from the amount of general state aid for such school district determined under subsection (a)(1) or (b)(1).

(2) For any school district which would have been eligible to receive school facilities weighting for school year 2015-2016 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, but which did not receive such weighting for school year 2014-2015, an amount directly attributable to the school facilities weighting as would have been determined under K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be added to the amount of general state aid for such school district determined under subsection (a)(1) or (b)(1).

(3) For any school district which would have been eligible to receive school facilities weighting for school year 2016-2017 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, but which did not receive such weighting for school year 2014-2015, and which would not have been eligible to receive such weighting for school year 2015-2016 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to the

school facilities weighting as would have been determined under K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be added to the amount of general state aid for such school district determined under subsection (a)(1) or (b)(1).

~~(g)~~(g) (1) For any school district that received federal impact aid for school year 2014-2015, if such school district receives federal impact aid in school year 2015-2016 in an amount that is less than the amount such school district received in school year 2014-2015, then an amount equal to the difference between the amount of federal impact aid received by such school district in such school years shall be added to the amount of general state aid for such school district for school year 2015-2016 as determined under subsection (a)(1) or (b)(1).

(2) For any school district that received federal impact aid for school year 2014-2015, if such school district receives federal impact aid in school year 2016-2017 in an amount that is less than the amount such school district received in school year 2014-2015, then an amount equal to the difference between the amount of federal impact aid received by such school district in such school years shall be added to the amount of general state aid for such school district for school year 2016-2017 as determined under subsection (a)(1) or (b)(1).

~~(g)~~(h) The general state aid for each school district shall be disbursed in accordance with appropriation acts. In the event the appropriation for general state aid exceeds the amount determined under subsection (a) or (b) for any school year, then the state board shall disburse such excess amount to each school district in proportion to such school district's enrollment.

~~(h)~~(i) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

Sec. 8. K.S.A. 2015 Supp. 72-6474 is hereby amended to read as follows: 72-6474. (a) The board of any school district to which the provisions of this subsection apply may levy an ad valorem tax on the taxable tangible property of the school district for school years 2015-2016 and 2016-2017 in an amount not to exceed the amount authorized by the state court of tax appeals for school year 2014-2015 pursuant to K.S.A. 72-6441, prior to its repeal, for the purpose set forth in K.S.A. 72-6441, prior to its repeal. The provisions of this subsection apply to any school district that imposed a levy pursuant to K.S.A. 72-6441, prior to its repeal, for school year 2014-2015.

(b) The board of any school district which would have been eligible to levy an ad valorem tax pursuant to K.S.A. 72-6441, prior to its repeal, ~~for school year 2015-2016 or 2016-2017~~ *the operation of a school facility whose construction was financed by the issuance of bonds approved for issuance at an election held on or before June 30, 2016*, may levy an ad valorem tax on the taxable tangible property of the school district each year for a period of time not to exceed two years in an amount not to exceed the amount authorized by the state board of tax appeals under this subsection for the purpose of financing the costs incurred by the school district that are directly attributable to ancillary school facilities. The state board of tax appeals may authorize the school district to make a levy which will produce an amount that is not greater than the difference between the amount of costs directly attributable to commencing operation of one or more new school facilities and the amount that is financed from any other source provided by law for such purpose.

(c) The state board of tax appeals shall certify to the state board of education the amount authorized to be produced by the levy of a tax under subsection (a). The state board of tax appeals may adopt rules and regulations necessary to effectuate the provisions of this section, including rules and regulations relating to the evidence required in support of a school district's claim that the costs attributable to commencing operation of one or more new school facilities are in excess of the amount that is financed from any other source provided by law for such purpose.

(d) The board of any school district that has levied an ad valorem tax on the taxable tangible property of the school district each year for a period of two years under authority of subsection (b) may continue to levy such tax under authority of this subsection each year for an additional period of time not to exceed six years in an amount not to exceed the amount computed by the state board of education as provided in this

subsection if the board of education of the school district determines that the costs attributable to commencing operation of one or more new school facilities are significantly greater than the costs attributable to the operation of other school facilities in the school district. The tax authorized under this subsection may be levied at a rate which will produce an amount that is not greater than the amount computed by the state board of education as provided in this subsection. In computing such amount, the state board shall:

(1) Determine the amount produced by the tax levied by the school district under authority of subsection (b) in the second year for which such tax was levied;

(2) compute 90% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the first year of the six-year period for which the school district may levy a tax under authority of this subsection;

(3) compute 75% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the second year of the six-year period for which the school district may levy a tax under authority of this subsection;

(4) compute 60% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the third year of the six-year period for which the school district may levy a tax under authority of this subsection;

(5) compute 45% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the fourth year of the six-year period for which the school district may levy a tax under authority of this subsection;

(6) compute 30% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the fifth year of the six-year period for which the school district may levy a tax under authority of this subsection; and

(7) compute 15% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the sixth year of the six-year period for which the school district may levy a tax under authority of this subsection.

(e) The proceeds from any tax levied by a school district under authority of this section shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury and shall credit the same to the state school finance fund. All moneys remitted to the state treasurer pursuant to this subsection shall be used for paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state.

(f) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

Sec. 9. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as follows: 72-6476. (a) Each school district may submit an application to the state ~~finance council~~ *board of education* for approval of extraordinary need state aid. Such application shall be submitted in such form and manner as prescribed by the state ~~finance council~~ *board*, and shall include a description of the extraordinary need of the school district that is the basis for the application.

(b) The state ~~finance council~~ *board* shall review all submitted applications and approve or deny such application based on whether the applicant school district has demonstrated extraordinary need. As part of its review of an application, the state ~~finance council~~ *board* may conduct a hearing and provide the applicant school district an opportunity to present testimony as to such school district's extraordinary need. In determining whether a school district has demonstrated extraordinary need, the state ~~finance council~~ *board* shall consider: (1) Any extraordinary increase in enrollment of the applicant school district for the current school year; (2) any extraordinary decrease in the assessed valuation of the applicant school district for the current school year; ~~and~~ (3) any other unforeseen acts or circumstances which substantially impact the applicant school district's general fund budget for the current school year; *and (4) in lieu of any of the foregoing considerations, whether the applicant school district*

*has reasonably equal access to substantially similar educational opportunity through similar tax effort.*

~~(c) If the state finance council board approves an application it shall certify to the state board of education that such application was approved and determine the amount of extraordinary need state aid to be disbursed to the applicant school district from the school district extraordinary need fund. In approving any application for extraordinary need state aid, the state finance council board may approve an amount of extraordinary need state aid that is less than the amount the school district requested in the application. If the state finance council board denies an application, then within 15 days of such denial it the state board shall send written notice of such denial to the superintendent of such school district. The decision of the state finance council shall be final. All administrative proceedings pursuant to this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act. Any action by the state board pursuant to this section shall be subject to review in accordance with the Kansas judicial review act.~~

(d) There is hereby established in the state treasury the school district extraordinary need fund which shall be administered by the state department of education. All expenditures from the school district extraordinary need fund shall be used for the disbursement of extraordinary need state aid as approved by the state finance council board under this section. All expenditures from the school district extraordinary need fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the state board of education, or the designee of the state board of education. ~~At the end of each fiscal year, the director of accounts and reports shall transfer to the state general fund any moneys in the school district extraordinary need fund on each such date in excess of the amount required to pay all amounts of extraordinary need state aid approved by the state finance council for the current school year.~~

~~(e) For school year 2015-2016 and school year 2016-2017, the state board of education shall certify to the director of accounts and reports an amount equal to the aggregate of the amount determined under K.S.A. 2015 Supp. 72-6465(a)(7), and amendments thereto, for all school districts. Upon receipt of such certification, the director shall transfer the certified amount from the state general fund to the school district extraordinary need fund. All transfers made in accordance with the provisions of this subsection shall be considered to be demand transfers from the state general fund.~~

~~(f) The approvals by the state finance council required by this section are hereby characterized as matters of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-3711e(e), and amendments thereto. Such approvals may be given by the state finance council when the legislature is in session.~~

~~(g) The provisions of this section shall expire on July 1 June 30, 2017.~~

Sec. 10. K.S.A. 2015 Supp. 72-6481 is hereby amended to read as follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-6463 through 72-6481, *and sections 3 through 5*, and amendments thereto, shall ~~not~~ be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through 72-6481, *and sections 3 through 5*, and amendments thereto, *or any application of such provision to any person or circumstance* is held to be invalid or unconstitutional by court order, ~~all provisions the invalidity shall not affect other provisions or applications of~~ K.S.A. 2015 Supp. 72-6463 through 72-6481, *and sections 3 through 5*, and amendments thereto, ~~shall be null and void which can be given effect without the invalid provision or application.~~

(b) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

Sec. 11. K.S.A. 2015 Supp. 74-4939a is hereby amended to read as follows: 74-4939a. On and after the effective date of this act for each fiscal year commencing with fiscal year 2005, notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys appropriated for the department of education from the state general fund commencing with fiscal year 2005, and each ensuing fiscal year thereafter, by appropriation act of the legislature, in the KPERS – employer contributions account and all moneys appropriated for the department of ed-

ucation from the state general fund or any special revenue fund for each fiscal year commencing with fiscal year 2005, and each ensuing fiscal year thereafter, by any such appropriation act in that account or any other account for payment of employer contributions for school districts, shall be distributed by the department of education to school districts in accordance with this section. Notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, *for school year 2015-2016*, the department of education shall disburse to each school district that is an eligible employer as specified in K.S.A. 74-4931(1), and amendments thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and amendments thereto, which shall be disbursed pursuant to K.S.A. 2015 Supp. 72-6465, and amendments thereto. *Notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017, the department of education shall disburse to each school district that is an eligible employer as specified in K.S.A. 74-4931(1), and amendments thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4), and amendments thereto, which shall be disbursed pursuant to K.S.A. 2015 Supp. 72-6465, and amendments thereto.* Upon receipt of each such disbursement of moneys, the school district shall deposit the entire amount thereof into a special retirement contributions fund of the school district, which shall be established by the school district in accordance with such policies and procedures and which shall be used for the sole purpose of receiving such disbursements from the department of education and making the remittances to the system in accordance with this section and such policies and procedures. Upon receipt of each such disbursement of moneys from the department of education, the school district shall remit, in accordance with the provisions of such policies and procedures and in the manner and on the date or dates prescribed by the board of trustees of the Kansas public employees retirement system, an equal amount to the Kansas public employees retirement system from the special retirement contributions fund of the school district to satisfy such school district's obligation as a participating employer. Notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, each school district that is an eligible employer as specified in K.S.A. 74-4931(1), and amendments thereto, shall show within the budget of such school district all amounts received from disbursements into the special retirement contributions fund of such school district. Notwithstanding the provisions of any other statute, no official action of the school board of such school district shall be required to approve a remittance to the system in accordance with this section and such policies and procedures. All remittances of moneys to the system by a school district in accordance with this subsection and such policies and procedures shall be deemed to be expenditures of the school district.

Sec. 12. K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6474, 72-6476, 72-6481 and 74-4939a are hereby repealed.

Sec. 13. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

\_\_\_\_\_  
HOUSE concurred in  
SENATE amendments \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

Passed the SENATE  
as amended \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*



# **APPENDIX B**

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JOINT LEGISLATIVE BUDGET COMMITTEE HEARING

TRANSCRIPT OF PROCEEDINGS,

beginning at 8:35 a.m. on the 21st day of March,  
2016, in Room 548S, Kansas State Capitol Building,  
Topeka, Kansas, before the Joint Legislative  
Budget Committee consisting of Chairman Ron  
Ryckman, Jr., Chairman Ty Masterson,  
Representative Sharon Schwartz, Senator Jim  
Denning, Representative Jerry Henry, Senator Laura  
Kelly and Representative Marvin Kleeb.



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APPEARANCES

ON BEHALF OF THE LEGISLATURE:

Mr. Toby Crouse  
Foulston Siefkin  
32 Corporate Woods  
9225 Indian Creek Parkway  
Suite 600  
Overland Park, KS 66210-2000  
913-498-2100  
tcrouse@foulston.com



800 E. 1<sup>st</sup> Street, Suite 305  
Wichita, KS 67202  
316-291-1612

5111 SW 21<sup>st</sup> Street  
Topeka, KS 66604  
785-273-3063  
www.appinobiggs.com

6420 W. 95<sup>th</sup> Street, Suite 101  
Overland Park, KS 66212  
913-383-1131

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1 CHAIRMAN RYCKMAN: Good morning. We are  
2 going to open today's meeting with the Legislative  
3 Budget Committee. In House Substitute Senate Bill  
4 161, the legislature authorized the hiring of an  
5 attorney to help to assist the legislature respond  
6 to the Court and ensure that we will keep our  
7 schools open. Today's meeting is a critical step  
8 towards that end.

9 The courts, the revisors and the Attorney  
10 General has made it clear that the legislature  
11 needs to create a record in going forward  
12 regarding equity in the creation of a new school  
13 finance plan. The courts has asked us to show our  
14 work. We attempt to make our legislative process  
15 and deliberations more of what the court is  
16 accustomed to seeing. This meeting will be a  
17 hearing for gathering testimony from an invited  
18 list of conferees. There is a transcriptionist  
19 here to assist in the creation of the record.  
20 When there is a bill to consider, there will be  
21 opportunities, as always, for additional testimony  
22 to be provided.

23 I'd like to also mention that today's -- we  
24 also have a lot of floor action today, so we'll be  
25 going back and forth. And so, obviously, Chairman



1 Masterson and myself will kind of take turns  
2 chairing this committee, and I turn it over to  
3 him.

4 CHAIRMAN MASTERSON: Thank you, Mr.  
5 Chairman, for the opening remarks. I just too  
6 want to echo that we understand this is somewhat  
7 nontraditional in the format, but our traditional  
8 methods have not been accepted as evidence with  
9 the courts and we are trying to create a --  
10 accommodate that on their behalf because we are  
11 all very serious about protecting the schools from  
12 closure. So we are trying to create this record  
13 of evidence that they have requested.

14 512, which is the Senate's position on K-12,  
15 currently is on our floor today and we will hear  
16 that. We believe that to be the purest response,  
17 quoting from their opinion that they say,  
18 obviously, if we provide the relevant portions and  
19 funded those within the block grant system, they  
20 would have accepted the block grant system, that  
21 that is the purest response. But as we are a body  
22 of politic and can't guarantee where everybody  
23 votes, that that were to fail. They were also  
24 very clear in the opinion, from our standing, that  
25 if we deviate from that, that we need to create a





1 clear record of evidence, and that's what we are  
2 hoping to do if we need an optional proposal to  
3 come before the body. With that, we are -- go  
4 ahead.

5 CHAIRMAN RYCKMAN: Any other comments  
6 before we get started? I'd like to introduce Toby  
7 Crouse, our attorney. He will be questioning  
8 conferees on behalf of Chairman Masterson and  
9 myself.

10 Toby has been gathering information from  
11 these conferees. Today we will have conversations  
12 with these conferees that will be put in the  
13 record to assist in our effort to respond to the  
14 courts and keep our schools open. Mr. Crouse.

15 MR. CROUSE: Thank you, Mr. Chairman, and  
16 members of the committee.

17 CHAIRMAN RYCKMAN: Your mike.

18 MR. CROUSE: Rookie mistake. Thank you,  
19 Mr. Chairman, and members of the committee. I  
20 appreciate the opportunity to serve the  
21 legislature and appear before this committee.

22 Although I'm unfamiliar with the traditions  
23 and procedures of the Kansas legislature, I've  
24 come to learn that both my appearance before this  
25 committee and the record that I have been asked to



1 create are atypical customs of this body, but this  
2 body is subject to a remedial order of the Kansas  
3 Supreme Court and one of the criticisms repeatedly  
4 leveled, both during oral argument and in the  
5 Court's order of the previous school funding  
6 statutes, was the lack of an evidentiary basis for  
7 the legislature's decision.

8 So I appear before you with a  
9 transcriptionist in an attempt to help the Court  
10 understand that this body faces a difficult task  
11 and intends to discharge its constitutional duties  
12 to provide for the finance of suitable education  
13 for all Kansans and to endeavor and faithfully  
14 comply with the Court's order so that the Court  
15 will not preclude the schools in Kansas from  
16 reopening in the summer -- after the summer of  
17 2016.

18 Reflective of that goal, I was hired by the  
19 legislature on March 10, 2016, to serve as a  
20 legislative counsel so that I could advise the  
21 legislature of its duties to comply with the  
22 Court's order and to help it understand how the  
23 Court, as stated in Gannon I and II would measure  
24 the legislative response.

25 I'm grateful for this opportunity and have



1 been wildly impressed by your members' commitment  
2 to ensuring that the public schools continue to  
3 provide for our children an educational foundation  
4 that will allow all Kansans the opportunity to  
5 flourish in their chosen path.

6 In just my short time as legislative counsel,  
7 I have had the opportunity to attend committee  
8 hearings, review proposed legislation, work with  
9 the legislature's professional staff and have  
10 personal interviewed learned individuals that are  
11 respected for their knowledge of the Kansas public  
12 education system and this body's commitment to  
13 funding public education.

14 So this morning I hope to make a record of  
15 the issues implicated by these difficult choices  
16 that confront this body and the rationale for  
17 whatever solution the legislature ultimately  
18 chooses.

19 In the following proceedings, it is my  
20 sincere desire to ask questions of these educators  
21 and proponents of public education in a manner  
22 that aides this body in making difficult  
23 discretionary policy choices about how to equalize  
24 public education funding across our great state,  
25 regardless of the number of students in the



1 district or the relative property value of the  
2 land those children call home.

3 Unfortunately, I've come to understand that  
4 the equalization issue admits no easy answers, but  
5 I hope my brief public discussions with these  
6 dedicated Kansans will help this body determine  
7 the best manner to fund a relatively small portion  
8 of equalization at issue in this case so that in  
9 August of 2016 the school bell rings in every  
10 school across our great state. Thank you again  
11 for this humbling opportunity.

12 With that, I'd like to ask Mr. Long of the  
13 Revisor's office to come to the lectern, please.

14 EXAMINATION OF JASON LONG

15 QUESTIONS BY MR. CROUSE:

16 **Q. Good morning, Mr. Long. How are you?**

17 **A. Good morning. How are you?**

18 **Q. Good. While the committee knows you,**  
19 **please introduce yourself and kind of describe**  
20 **your position, who you work for and things of that**  
21 **nature.**

22 **A. My name is Jason Long. My position is**  
23 **Senior Assistant Revisor in the Office of Revisor**  
24 **of Statutes. I staff the Senate Education**  
25 **Committee and the House Federal and State Affairs**



1 Committee.

2 Q. And how long have you been with the  
3 Revisor's office?

4 A. This is my tenth session.

5 Q. How many -- or what has been your  
6 involvement in drafting school finance legislation  
7 in the past and as it exists today?

8 A. I started staffing the Senate Education  
9 Committee in 2011 and I've drafted the predominant  
10 school finance legislation since that time period,  
11 including House Bill 2506 in 2014 and Senate Bill  
12 7 last year.

13 Q. Okay. And I should take a little bit of  
14 a detour and make sure that we are clear. You  
15 work for the Office of the Revisor, and my  
16 understanding is that is a nonpartisan entity. Is  
17 that right?

18 A. That's correct.

19 Q. And some would say you're fiercely  
20 apolitical. Is that a fair statement?

21 A. Yes.

22 Q. And so you work on behalf of the  
23 legislature and any of the legislators could come  
24 into your office to ask for legislative drafting  
25 help. Is that right?



1 A. That's correct.

2 Q. Let's talk a little bit about your  
3 typical role in a bill. Tell me from the time a  
4 legislator would pick up the phone or come into  
5 your office and say, Jason, I have an idea, walk  
6 me through that process, if you will.

7 A. Well, we -- we get the initial request  
8 via e-mail or phone call or stopping by the office  
9 and I will discuss that concept with the  
10 legislator, express any questions that I have at  
11 the time or if I have any concerns regarding any  
12 conflicts with legal precedent and their idea,  
13 we'll discuss those at the time. And then either  
14 I will get more information at a later date or  
15 I'll begin drafting the legislation. And  
16 typically I will draft an initial draft of the  
17 bill, send it to the legislator to review. They  
18 will send back either questions, comments or a,  
19 yes, that looks great, let's go with that kind of  
20 response, but there is a back and forth there.  
21 Sometimes it's a lengthy back and forth and lasts  
22 a few months, depending on the complexity of the  
23 legislation, sometimes it's within the next day  
24 and they are ready to go.

25 But then as soon as I get the approval of the



1 draft from the legislator, then they follow proper  
2 procedures for having the bill introduced, and  
3 then my office also takes care of that of having  
4 the bill properly formatted and copies made and  
5 sent to the appropriate chamber for introduction  
6 and receive a bill number.

7 **Q. And you said something in there that I**  
8 **probably forgot for ask. You are, in fact, a**  
9 **lawyer and you used to be in private practice. Is**  
10 **that right?**

11 **A. Yes, I do have private practice**  
12 **experience before coming to the Officer of the**  
13 **Revisor of Statutes. All revisors in our office**  
14 **have a juris doctorate degree and be licensed to**  
15 **practice in the State of Kansas.**

16 **Q. My understanding next from the process is**  
17 **once the bill is introduced to a committee, you**  
18 **would prepare what I would call a bench memorandum**  
19 **for the committee. And tell me about the process**  
20 **of drafting that bench memorandum and how you**  
21 **would carry that forth into a committee hearing?**

22 **A. So, yes, when a bill is referred to**  
23 **committee, if the chairman decides to have a**  
24 **hearing on the bill, our office and the various**  
25 **attorneys that staff that committee most often**



1 would prepare, we refer to them as a bill brief,  
2 which is a memorandum summarizing the contents of  
3 the bill. These are purely just a memorandum  
4 doing just that. It lays out what is in the bill  
5 in a way that are non-attorney legislature can  
6 understand the contents of the bill and understand  
7 what they are discussing, what they potentially  
8 might be voting on. We try to keep these brief, a  
9 page or two. Of course, depending on the  
10 complexity of the bill, they can run a bit longer.  
11 But then at the hearing oftentimes the Chair will  
12 ask staff to give an overview of the bill. At  
13 that point then the memorandum is distributed to  
14 the members of the committee and there is a brief  
15 oral description of the contents of the bill.  
16 Then we make ourselves available to the committee  
17 to answer any follow-up questions they may have on  
18 the bill.

19 **Q. And so, for example, if there were a**  
20 **particular legal concerns that you had identified**  
21 **in the legislation or a legislator asked in**  
22 **committee hearing, you would talk about that in a**  
23 **public hearing?**

24 **A. Yeah, it depends on what the concern and**  
25 **how it was addressed in the legislation. You**





1 know, if a bill, because of the subject matter,  
2 requires a two-thirds vote of the legislature for  
3 passage, I think we would note that in our  
4 memorandum so the committee is aware of that, a  
5 typical requirement for legislation passage. That  
6 would be an example.

7 **Q. And do you have any other roles in the**  
8 **legislative process once, for example, a bill is**  
9 **voted out of committee?**

10 A. Yes. Our office is also responsible for  
11 drafting all amendment documents for legislation.  
12 So while it's in committee, we draft up what are  
13 called balloon amendment documents which are  
14 proposed amendments to the bill to be considered  
15 by the committee when they go to consider the bill  
16 for passage. And then once it gets to the chamber  
17 floor, if the bill is brought up for general  
18 debate in front of the whole body, we are also  
19 responsible for drafting any floor amendments,  
20 amendments that would be offered by any member of  
21 the chamber during that floor debate. We craft  
22 those up in the appropriate legal documents so  
23 that they can offer those to be considered by the  
24 body.

25 **Q. And your interactions with the**



1 legislators would be similar to drafting the  
2 initial bill -- let me start over.

3 Your interactions with the legislators with  
4 regard to amendments would be similar to any other  
5 bill that you would have drafted for the  
6 committee. Is that right?

7 A. Yes, the legislator would contact us,  
8 that's what initiates the request for the  
9 document, and then we have that initial  
10 discussion. We craft the document and then if  
11 opportunity arises, have them review it or if, you  
12 know, time is of the essence we send it up to the  
13 chamber and it gets reviewed on the chamber floor.

14 Q. Okay. And you do this for every bill  
15 that's within the scope of your revisor duties,  
16 correct?

17 A. Yes. Our office tries to maintain some  
18 subject matter expertise. And so generally my  
19 duties fall within those areas of education or  
20 federal and state affairs, yes.

21 Q. Okay. I'd like to direct your attention  
22 next to a February 25, 2016 memorandum that I  
23 believe your office drafted in response to the  
24 Gannon decision in February of 2016. Are you  
25 familiar with that document?



1 A. Yes, I am.

2 Q. Tell me what the purpose of that  
3 memorandum was and to whom you distributed that  
4 memorandum?

5 A. That memorandum was intended to provide a  
6 comprehensive legal analysis of the Kansas Supreme  
7 Court's opinion that was issued on February 11th  
8 of 2016 to go through what the Court's rationale  
9 in rendering its decision in that opinion, and  
10 then also provide some historical context as to  
11 the history of the case towards the end of that  
12 opinion.

13 I believe that memorandum was distributed to  
14 all leadership offices. I'd have to double check  
15 with the Revisor as to exactly who he distributed  
16 that to, but I believe that's where it went.

17 Q. The distribution may have gone to  
18 leadership, but it's available to all legislators?

19 A. Yes. Yeah, I believe it became a public  
20 document.

21 Q. And is one of the reasons why you would  
22 craft such a memorandum is to help both educate  
23 the legislative body as a whole, as well as  
24 identify particular issues that were of concern to  
25 the Supreme Court?



1           A.    Yes.  Yes.  Our intent is always to keep  
2 the body apprised of legal issues, particularly  
3 substantive ones that may need addressing in the  
4 immediate future.  So that was our intent was to  
5 provide that information to the body so that they  
6 could understand the issues that have been  
7 identified by the Court in its opinion.

8           Q.    And if we can, for a second, I'd like to  
9 go to a couple of points in your memorandum.

10           One of the things that I noted on page 1, if  
11 you will, is the Supreme Court identified a lack  
12 of evidence of the legislative process and the  
13 reasons for school financing.  Is that consistent  
14 with your recollection?

15           A.    Yes.

16           Q.    And then if you turn to page 2, it sets  
17 forth what I will call the Constitutional standard  
18 towards the top.  Can you tell me what you advised  
19 the legislature with regard to what the Supreme  
20 Court's Constitutional standard for compliance  
21 with equity is?

22           A.    Yes.  The Supreme Court standard with  
23 respect to equity was the substantially similar  
24 educational opportunity through similar tax  
25 effort, I believe is a rough paraphrasing of the



1 standard that the Court put down. And in essence,  
2 in the Court's opinion, they stated that  
3 reinstating the supplemental general state aid and  
4 capital outlay state aid formulas as they existed  
5 prior to enactment in Senate Bill 7 and fully  
6 funding those formulas would meet that  
7 Constitutional standard.

8 Q. Okay. All right. And so let's talk a  
9 little bit about educational funding because I  
10 think where we are at with equity can be narrowed  
11 just a bit.

12 When I spoke to you in your office earlier  
13 this week, or I guess last week, you were kind  
14 enough to give me a summary of general educational  
15 funding. I understand there are two aspects,  
16 general state aid and supplemental state aid,  
17 which I think some of us have referred to as  
18 equalization. If you could, give me just a brief  
19 summary as to the general state aid, as well as  
20 then the specific components of supplemental state  
21 aid.

22 A. Yes. General state aid under the current  
23 statutes is what a district received as general  
24 state aid in school year 14-15. That amount was  
25 based on the previous school funding formula which



1 looked at adjusted enrollment of the school  
2 districts and also considered in their local  
3 funding sources to come up with the amount of  
4 general state aid to come from the state to fund  
5 the general operations of the school district.

6 In comparison, the supplemental general state  
7 aid or equalization state aid, as you put it, is  
8 additional state aid provided for those school  
9 districts who opt to levy a local option budget.  
10 The local option budget is a separate budget from  
11 the general fund budget of the school district  
12 that school districts can elect to adopt to fund  
13 education expenditures of the school district.  
14 There is a local levy then on the property of the  
15 school district.

16 And what the supplemental general state aid  
17 does is provide additional state aid to reduce any  
18 wealth-based disparities among the school  
19 districts because our school districts in the  
20 state, one bill in one school district has not  
21 raised the same amount of funding as one bill in  
22 another school district. So to try to cure that  
23 disparity, there is an additional equalization  
24 state aid in the form of supplemental general  
25 state aid that is available to those lower wealthy



1 districts that are poorer in wealth property value  
2 wealth than the wealthier districts to bring up  
3 that source of funding.

4 The same is true for the capital outlay state  
5 aid. Again, there is a tax authorized at the  
6 option of the school district to levy a property  
7 tax to pay for capital outlay expenditures of the  
8 school district. And again, because it's optional  
9 and because of the wealth-based disparities among  
10 the districts, there is a formula for capital  
11 outlay state aid, and that state aid is then  
12 provided to school districts to again offset that  
13 wealth-based disparity.

14 **Q. And I understand it's also a bond and**  
15 **interest, so there are three buttons of**  
16 **equalization. Is that right?**

17 A. There is also -- yes. There is also  
18 authority for school districts to issue bonds for  
19 capital improvement expenditures and there is a  
20 formula in which the state provides state aid to  
21 help pay for those financial obligations of the  
22 school districts for the bonds that they have  
23 issued.

24 **Q. And are you familiar with what I will**  
25 **call the equalization formulas for each of those**



1 three buckets?

2 A. Yes.

3 Q. Okay. And could you briefly tell me  
4 whether or not those equalization formulas are the  
5 same for all three buckets or whether they differ?

6 A. As constituted in the block grant, they  
7 differ. There is Senate Bill 7 last year set in  
8 place a formula for the supplemental general state  
9 aid and then set in the formula for capital outlay  
10 and capital improvement state aid. The  
11 supplemental general state aid is different from  
12 the two capital state aid formulas.

13 Q. And I'm going to quiz you while you are  
14 on your feet, generally, could you describe what  
15 those differences are between the three types or  
16 would you need to go back to the books? And I  
17 don't want to put you on the spot, I just want to  
18 get a concept for how -- how they differ.

19 A. Sure. Not to get too far into the weeds,  
20 all three are based on assessed valuation per  
21 pupil amount, which is the total assessed  
22 valuation of all the property, actual tangible  
23 property in the school district divided by the  
24 number of students enrolled in the school district  
25 to get you to what is called AVPP.





1 Under the LOB or supplemental general state  
2 aid formula, those amounts are ranked and then a  
3 threshold of 81.2 percent was determined to be the  
4 cutoff between those districts that don't receive  
5 any state aid and those districts that have enough  
6 wealth disparity to receive state aid. And then  
7 under Senate Bill 7, then all those below 81.2  
8 were to receive equalization state aid relative to  
9 their position to that 81.2 percentile. Those  
10 farther away from it, or the very poor, were to  
11 receive more proportional state aid than those  
12 that were encloser to the 81.2 percent.

13 By contrast, the capital state aid formulas  
14 both for outlay and for capital improvements use a  
15 schedule. They actually use a rounded AVPP  
16 figure. So we find that AVPP of the school  
17 district and then it's rounded to the nearest  
18 thousand dollar increments. Then on a schedule of  
19 thousand dollar increments, the school districts  
20 will fall into a schedule from lowest to highest.

21 And under Senate Bill 7, we find the lowest  
22 ranked AVPP and we assign that as state aid  
23 percent at 75 percent, which is the maximum state  
24 aid percentage. And then for each thousand dollar  
25 increment above that, that percentage goes down 1



1 percent or the state proportional state aid goes  
2 down as you get wealthier going up that scale. So  
3 those are -- that's the two key differences, the  
4 threshold and then how the amount is actually  
5 determined, you know. The capital state aid  
6 formula use a computation percentage, as opposed  
7 to the supplemental general state aid.

8 **Q. And I understand those are the two**  
9 **equalization concepts at issue in Gannon II, and**  
10 **those formulas differ. There is a third bucket**  
11 **that I'm also interested in, the bond and interest**  
12 **structure. Could you briefly summarize whether**  
13 **that equalization strategy is the same as either**  
14 **of those two or whether it also is different?**

15 **A. The bond and interest or the capital**  
16 **improvement state aid is the same as the capital**  
17 **outlay state aid.**

18 **Q. Okay. So there are three buckets, two**  
19 **different strategies for equalization?**

20 **A. That's correct.**

21 **Q. Okay. And let's move now to the**  
22 **legislative options to attempt to comply with the**  
23 **Gannon II decision. I sat through the hearings of**  
24 **House Bill 2371, I believe it is, or 2731, as well**  
25 **as Senate Bill 512, and that's where I first saw**



1 you testify. Were both of those bills, to your  
2 knowledge, designed to address the Supreme Court's  
3 equity decision?

4 A. From the face of the bills, I believe  
5 that is -- that is what they are designed to do,  
6 simply because they do what the Court said would  
7 be compliant with the equity standard, and that is  
8 reinstate the equalization formulas as they  
9 existed prior to Senate Bill 7 and then fully fund  
10 those formulas for supplemental general state aid  
11 and capital outlay state aid.

12 Q. I'm not sure -- I read your memo several  
13 times, but I think I got this language from the  
14 Supreme Court's discussion with counsel that the  
15 SDQFP [sic] formula was somewhat of a safe harbor.  
16 Do you recall that language from the Supreme Court  
17 or did you use that in your memorandum? I don't  
18 recall.

19 A. No, that was not in my memo. I don't  
20 recall that from the oral argument. I do recall  
21 in the Court's written opinion that they stated  
22 that reinstatement of those formulas, coupled with  
23 full appropriations to fund those formulas, would  
24 meet the equity standard that the Court had  
25 stated.



1 Q. And are the equalization strategies  
2 contained in House Bill, I should have it here,  
3 2731 and SB 512, are those the equalization  
4 formulas that the Court was referring to?

5 A. Yes.

6 MR. CROUSE: Okay. Mr. Long, thank you  
7 very much for your time. More importantly, the  
8 committee should know that Mr. Long and Mr. Self's  
9 office have spent considerable time helping me get  
10 up to speed and I greatly appreciate their help.  
11 So thank you very much.

12 CHAIRMAN MASTERSON: Committee have any  
13 questions of Mr. Long before he leaves?

14 QUESTIONS BY REP. HENRY:

15 Q. Mr. Long, are you an expert at equity? I  
16 mean, have you looked at the cost study that the  
17 Supreme Court used to base this?

18 A. I don't know if I'd call myself an expert  
19 on equity. I reviewed the Court's findings and  
20 opinions on the matter.

21 Q. Your role is just to review the -- review  
22 the Court's findings and just report to the  
23 legislature?

24 A. Essentially, yeah, our role is to advise  
25 the legislature on what the Court ruling was so



1 that you have a better understanding of what the  
2 Court is looking for in terms of a legislative  
3 cure, as they put it.

4 Q. So has the Revisor of Statutes done any  
5 type of complete cost study in equity such as what  
6 was done by Augenblick & Myers?

7 A. I believe doing a cost study would be  
8 outside the scope of our standard duties.

9 Q. You're just basing your testimony today  
10 on just legislative actions and what -- and what  
11 bills have been presented?

12 A. Yes. My testimony today is strictly what  
13 has the Court stated in its opinion and what has  
14 been the legislative response to the Court's  
15 opinions.

16 Q. So you have no opinion whether the cost  
17 study or fulfilling the cost study that was  
18 presented in the Supreme Court?

19 A. No, I --

20 MR. HENRY: Okay, thank you.

21 CHAIRMAN RYCKMAN: Mr. Crouse?

22 FURTHER QUESTIONS BY MR. CROUSE:

23 Q. Mr. Scott -- thank you, Mr. Chairman.  
24 Mr. Scott mentioned that I may not have been  
25 clear. The equalization strategies that are in



1 Senate Bill 512 and House Bill 2731 were designed  
2 to comply with the previously-identified  
3 Constitutional standards, not the standards of  
4 equalization that the Supreme Court said was  
5 unconstitutional, correct?

6 A. No, 2731 and Senate Bill 512 are designed  
7 to reinstate the formulas that the Court  
8 identified as meeting their Constitutional  
9 standards.

10 MR. CROUSE: Thank you very much.

11 CHAIRMAN RYCKMAN: Any other questions of  
12 Mr. Long? Mr. Crouse.

13 MR. CROUSE: Thank you, Mr. Chairman. I  
14 think I'd next like to talk to Eddie Penner with  
15 regard to timing. I'm trying to accommodate a  
16 witness who has to leave for a health issue, but I  
17 don't see him here right now so we are okay.

18 EXAMINATION OF EDDIE PENNER

19 BY MR. CROUSE:

20 Q. Good morning, Mr. Penner.

21 A. Good morning.

22 Q. Would you please remind the  
23 transcriptionist kind of your name, what your role  
24 is here at the legislature.

25 A. My name is Eddie Penner. I'm a research



1 analyst with the Kansas Legislative Research  
2 Department.

3 Q. Okay. And what does that mean generally  
4 in the legislative process?

5 A. Our office assists legislators with  
6 research requests and requests for information  
7 that they use to shape policy decisions.

8 Q. And my understanding in our prior life,  
9 we were practicing law opposite one another. You  
10 are a lawyer, as well?

11 A. Yes, I am.

12 Q. Okay. And so different -- even though  
13 you are a lawyer, differentiate your role, if you  
14 can, in the Legislative Research Department from  
15 Mr. Long's role in the Revisor's office.

16 A. Mr. Long provides legal counsel and bill  
17 drafting to the legislature. Our office does not  
18 provide either of those services, but rather we  
19 provide policy analysis and research assistance to  
20 the legislators.

21 Q. Okay. And I assume that you either have  
22 heard of or have seen Mr. Long's February 25th,  
23 2016 legal memorandum with regard to Gannon and  
24 you're otherwise familiar with the school funding  
25 operations?



1 A. Yes, I have seen that.

2 Q. And I want to take a brief moment to talk  
3 a little bit about the Legislative Research  
4 Department.

5 My understanding is, like the Revisor's  
6 office, you are a nonpolitical, fiercely  
7 independent organization. Is that right?

8 A. Yes.

9 Q. Would you talk a little bit about that.

10 A. Yes, our office is a nonpartisan office  
11 also and our objective is to provide objective and  
12 nonpartisan policy analysis.

13 Q. And like the Revisor's office, you  
14 provide analysis to all 125 house members and all  
15 40 senators.

16 A. Yes, we do.

17 Q. Tell me, let's talk a little bit about  
18 your typical role on a bill. What type of help  
19 would you provide to the particular legislator or  
20 group of legislators that may come to you for with  
21 a particular idea? How does that process work  
22 generally?

23 A. Generally, legislators may come -- may  
24 come to our office with a specific proposal in  
25 mind, in which case they oftentimes have specific





1 questions associated with that proposal and we do  
2 our best to provide objective and nonpartisan  
3 answers to those questions.

4 It is also possible that they don't -- they  
5 come to us with just questions and without a  
6 specific proposal in mind, at least apparent to  
7 us. They don't necessarily have to share the  
8 proposal, their idea with us, they just come to us  
9 with the questions and we do our best to provide  
10 objective and nonpartisan answers to whatever  
11 questions they have.

12 **Q. Okay. And what type of analysis would**  
13 **you then provide to that legislator as part of**  
14 **that relationship?**

15 A. The analysis, obviously, would depend  
16 greatly upon what the -- what the question is and  
17 what the subject matter is. For instance, it  
18 might just be a question of what are other states'  
19 laws in this area, it might be a question of what  
20 dollar impact this would have upon a school  
21 district's budget or the state budget, anything of  
22 that nature.

23 **Q. Okay. And much like Mr. Long works with**  
24 **the legislator and drafts a bill and comes to a**  
25 **committee, I understand that you would also**



1 prepare a certain level of analysis and then come  
2 to a committee hearing and provide testimony such  
3 as you are doing today with the committee. Could  
4 you tell me briefly about what you do in that  
5 process?

6 A. Our office does not testify immediately  
7 in front of the committee quite as often as Mr.  
8 Long's office does, but if a legislator would like  
9 our office to address any particular research that  
10 we've done on a bill, we are, obviously, always  
11 happy to provide that research in front of the  
12 committee and respond to questions accordingly.

13 Q. Such as the financial impact of a bill or  
14 the -- how the bill affects certain constituents,  
15 things like that?

16 A. Yes.

17 Q. Tell me -- it's dangerous to ask a  
18 question I'm not aware of the answer -- do you --  
19 does a legislator come to you with, hey, will you  
20 do this idea or do they go to Mr. Long and say,  
21 hey, I've got an idea, Mr. Long puts it into a  
22 bill form and then you come implement it or do you  
23 understand what --

24 A. That, that process could go either way.  
25 It's certainly possible that a legislator could go



1 to the Revisor's office and have a bill drafted  
2 and then come to our office and discuss what its  
3 impacts would be. Conversely, they might come to  
4 our office and discuss what their objective is in  
5 the bill and we can discuss it with them in  
6 advance of them going to the Revisor of Statutes'  
7 office.

8 Q. So, for example, I guess, in the  
9 particular context of school funding, a legislator  
10 may have an idea as to equalization strategies and  
11 come down and talk to you about it, and we'll talk  
12 about the variable, but say, Mr. Penner, I've got  
13 an idea, can you run the model in with this  
14 variable, that variable and another and you could  
15 make a summary?

16 A. Yes. Yes. Generally, it's not uncommon  
17 for a legislator to say I would like to adjust one  
18 of the statutory formulas in this manner, what  
19 would be the estimated effects of that adjustment,  
20 and, then, we would use the information we have to  
21 try to estimate those effects.

22 Q. And you mentioned that you estimate those  
23 effects, I'll get to those in a moment, but so I  
24 don't forgot I want to make sure that I understand  
25 the concept. You would provide an estimated



1 impact analysis for the legislator to help them  
2 make policy choices, but then with regard to  
3 school finance in particular, my understanding is  
4 you would then coordinate with the Department of  
5 Education and Mr. Dennis. Is that --

6 A. Yes, that's correct. And that's going to  
7 be the case in any subject matter area where we  
8 would work closely with the state agency that  
9 deals with that subject matter. With education  
10 and school finance, that's most usually going to  
11 be the Department of Education and Mr. Dennis.

12 Q. Would it be a fair analogy to say that  
13 your office would be somewhat of a whiteboard for  
14 the legislators to identify and discuss potential  
15 ideas and resolutions, come to a policy choice and  
16 then go to Mr. Long to implement that policy  
17 choice in a bill and then go to the particular  
18 subject matter entity, such as the Department of  
19 Education, to finalize that analysis as to  
20 what --

21 A. I would say that is a fair description of  
22 what sometimes happens, yes.

23 Q. Okay. And, now, getting back to our, I  
24 guess, broad and general role, you come to a  
25 committee and testify, as you mentioned. Do you



1 testify or offer your analytical testimony in any  
2 other process during the legislation from start to  
3 finish?

4 A. We would generally be willing to offer  
5 that any place that a legislator requests that we  
6 offer that. Sometimes those requests are that we  
7 meet with groups of legislators outside of  
8 committee hearings also, such as caucus meetings  
9 and things of that nature.

10 Q. Okay. So, for example, if a bill were  
11 passed out of committee at which you testified as  
12 to the analysis and impacts of the particular  
13 legislation and, then, it gets sent to the floor  
14 and there are amendments, is it possible that you  
15 could meet with or do an impact analysis as to how  
16 the amendment would affect the overarching bill  
17 and then discuss that with the legislators, as  
18 well?

19 A. Yes. Generally, upon the bill's passage  
20 out of the committee, our office prepares what is  
21 called a supplemental note which describes the  
22 contents of the bill. Then, if that bill were to  
23 be further amended upon the floor, we would issue  
24 a new supplemental note to the bill as amended by  
25 the floor.



1 Q. And you would share that supplemental  
2 note with the legislator, but you wouldn't further  
3 testify on the House or Senate floor. Is that  
4 correct?

5 A. That's correct, we don't provide  
6 testimony on the House and Senate floor.

7 Q. And my understanding of your nonpartisan  
8 role is that you do this for any bill that you're  
9 asked by any legislator that brings an idea to  
10 you, correct?

11 A. Correct, any idea to the best of our  
12 ability.

13 Q. Okay. And, I'm asking another question I  
14 don't know the answer to or I don't have a full  
15 appreciation for, but can you differentiate your  
16 role from, for example, Mr. Scott's role in the  
17 Legislative Research Department?

18 A. Mr. Scott is our -- he's our chief fiscal  
19 analyst, I believe, is his title.

20 Q. Put you on the spot, I'm sorry.

21 A. He deals with the entire state budget in  
22 all fiscal areas that deal with the state. I  
23 don't deal with the entire state budget broadly,  
24 thankfully, and I focus on a select few areas, and  
25 one of those areas is school finance.



1 Q. Okay. So, would it be fair to say that a  
2 legislator comes to you with, and I'll call it a  
3 whiteboard ideas, you'll run some numbers and,  
4 then, you also, before you kick that bill or that  
5 idea out, you would also run that by Mr. Scott and  
6 his department to look at the impact on the  
7 overall state budget?

8 A. I would oftentimes work with Mr. Scott in  
9 -- in developing that run, yes.

10 Q. Okay. And, you mentioned a term that I'm  
11 going to use today, so let's go ahead and get that  
12 out of the way. Tell me what a run is.

13 A. A run in this context is the estimated  
14 effects that an idea or proposal would have on all  
15 286 school districts, as well as, the state.

16 Q. You mentioned that one of your areas of  
17 expertise is educational funding. How and why are  
18 you familiar with it?

19 A. I have been staffing education committee  
20 since the end of the 2014 legislative session,  
21 and, so, I staffed the House Education Committee  
22 in the 15-16 session and the interims in between  
23 the 14-15 session and the 15-16 session.

24 Q. Thank you. In your role with the  
25 Legislative Research Department, do you help



1 calculate general state aid?

2 A. If there was a proposal to amend the  
3 calculation of general state aid, that would  
4 likely be something that someone would request  
5 from me.

6 Q. Okay. And, do you know what, in your  
7 role with the Legislative Research Department,  
8 what is the overall general state aid for public  
9 education K through 12?

10 A. I would be hesitant to just say that  
11 number off the top of my head for fear of getting  
12 it incorrect.

13 Q. Okay, which is fine. The only reason I'm  
14 asking is I'm reading newspaper reports suggesting  
15 that it's roughly 4 billion annually. Is that  
16 ballpark or would you be --

17 A. For general state aid specifically, it  
18 would likely be lower than that. That might be  
19 more along the lines of a total dollars provided  
20 by the state.

21 Q. Okay. And because the Gannon II decision  
22 is dealing with equalization funds, and in  
23 particular LOB and capital outlay, how much is  
24 that?

25 A. The local option budget supplemental





1 general state aid is between 400 and \$500,000,000,  
2 and the capital outlay state aid is less than  
3 \$75,000,000.

4 **Q. Capital outlay is how much?**

5 A. It is always -- it's never been larger  
6 than \$75,000,000. I believe under the current  
7 appropriations there is somewhere in the range of  
8 \$27,000,000 that is appropriated attributable to  
9 capital outlay state aid and somewhere in the  
10 range of slightly under -- excuse me, around  
11 \$450,000,000 attributable to supplemental general  
12 state aid.

13 **Q. And these equalization funds are spread**  
14 **among how many districts?**

15 A. 280 -- there are 286 school districts.  
16 Not all of those districts receive equalization  
17 funding.

18 **Q. Do you do equalization calculations for**  
19 **all three buckets of equalization funds?**

20 A. We could do a run on what the effects of  
21 a policy proposal would have on all three so-  
22 called buckets of equalization formulas.

23 **Q. Okay. Where are those equalization**  
24 **formulas captured? Where do you get those**  
25 **equalization formulas?**



1 A. Those appear in statutes.

2 Q. And those govern your analysis when a  
3 legislator brings an idea to you to potentially  
4 amend the equalization strategy, you would take  
5 what's in the statute and change it as directed by  
6 the legislature to look at those general ideas,  
7 correct?

8 A. For the purposes of the runs, yes, we  
9 wouldn't actually do anything with the statute.  
10 That would be Mr. Long's office.

11 Q. And, then, you could do a comparative  
12 analysis as to existing law versus potential  
13 change to the law?

14 A. Yes.

15 Q. And, you would provide that both to the  
16 particular legislator asking questions, as well as  
17 the committee as a whole if a bill were created  
18 out of your recommendation?

19 A. Yes.

20 Q. Tell me a little bit about the variables  
21 in equalization formulas. What are the -- what  
22 are the things of change that you would look at  
23 when you look at potentially changing the statutes  
24 in regard to equalization?

25 A. So all three equalization formulas



1 include the term assessed valuation per pupil, and  
2 so obviously there are two variables that are  
3 present in that term alone, which is the assessed  
4 valuation of the district and the number of pupils  
5 in the district. The supplemental general state  
6 aid includes the adopted local option budget from  
7 the U.S.D.s, and so whatever those school  
8 districts elect to adopt it as their local option  
9 budget would be a variable.

10 Within capital outlay, in addition to the  
11 assessed valuation per pupil as a variable, the  
12 amount of taxes levied pursuant to the capital  
13 outlay mill levy would be a variable in those  
14 formulas. And, then, within bond and interest  
15 equalization, the amount of bond and interest  
16 obligation that each district is subject to.

17 **Q. Would you look at, in your equalization**  
18 **strategy, what I will call weighting on school**  
19 **districts' pupils, or is that a static number that**  
20 **you don't look to particular weightings from a**  
21 **district?**

22 A. The weighting of the pupils?

23 **Q. Yeah, based upon, for example, English as**  
24 **a second language or at-risk students, any of**  
25 **those weightings?**



1           A.     None of those factors affect any of the  
2     -- any of the variables in there, with the  
3     exception of the local option budget authority  
4     that each district might have is -- can be  
5     extrapolated from there, their weighting per pupil  
6     as they existed prior to Senate Bill 7's passage.

7           **Q.     Where do you get the inputs that go into**  
8     **that? For example, how do you know which line a**  
9     **school district has on a bond or an LOB mill levy?**

10          A.     That information is provided to us from  
11     the Department of Education.

12          **Q.     So, do you make that request or is that**  
13     **request just publicly available and you know where**  
14     **to go get it?**

15          A.     Some of that data is publicly available  
16     and we go get it, some of that is information that  
17     we specifically request from the department. I  
18     believe that all of it would be documents that the  
19     department would provide to anyone, but it just  
20     may not be easily accessible on the website.

21          **Q.     I want to talk a little bit about how the**  
22     **formulas work. I believe you presented testimony**  
23     **on House Bill 2371, as well as Senate Bill 512,**  
24     **and you provided spreadsheets for the committee.**  
25     **Are you familiar with those?**



1 A. Yeah, 2731, though.

2 Q. 2731.

3 A. Yes, I did provide those spreadsheets --I  
4 mean, those spreadsheets.

5 Q. Do you have those with you, by chance?

6 A. I have them on my computer. I do not  
7 have printed copies.

8 Q. That's fine. I think I have them with  
9 me. I have one for 2731 and one for Senate Bill  
10 512. Were there any -- were they different?

11 A. I prepared two spreadsheets, one for the  
12 local option budget supplemental general state aid  
13 and one for the capital outlay state aid.  
14 However, the two spreadsheets for the two bills  
15 should -- would be identical.

16 Q. Okay. So how about if I hand you your  
17 run for 2731 and I'll keep 512 and we can talk  
18 through those, if you don't mind.

19 And just while we're talking about that, I  
20 think it would be important for the legislative  
21 record to have a copy of Mr. Penner's spreadsheets  
22 that I believe we can get to the transcriptionist.  
23 So I just think that would be helpful to  
24 understand what we're talking about here.

25 Tell me, if you can, go through this



1 spreadsheet and tell me what the columns mean, as  
2 well as we'll talk about particular changes to  
3 school districts through this process. So, if you  
4 wouldn't mind, and I'm sure the committee is bored  
5 with these questions because many of them have  
6 probably heard this before, but kind of help me  
7 understand what this analysis that you would  
8 provide to the committee, what this helps me  
9 understand, if you would, please.

10 A. Sure, the first three columns are the  
11 U.S.D. number, the county in which the U.S.D. is  
12 located and the U.S.D. name. Those are purely for  
13 identification of the U.S.D.s. The fourth column  
14 is the estimated assessed valuation per pupil rank  
15 for the 2015-16 year which, under historic  
16 equalization formulas and the proposed  
17 legislation, would have effect for the 2016-17  
18 school year.

19 The fifth column is the 2013-14 assessed  
20 valuation per pupil rank of the school districts  
21 as it existed in 2013-14, which is the year that  
22 the assessed valuation per pupil determined aid  
23 amounts for the block grant bill.

24 The next two columns that appear as though  
25 they are one column indicate whether or not the



1 rank of assessed valuation per pupil of a school  
2 district went up or down during the year, and it  
3 indicates by what magnitude those ranks went up or  
4 down during the year.

5 Q. And I'm going to stop you there. The  
6 AVPP rank and the school district's relative  
7 increase or decrease, tell me what that is a  
8 function of and whether or not that has anything  
9 to do with legislation or, I'm sorry, tell me  
10 whether it has anything -- a reactionary behavior  
11 to any legislation or whether that's a function of  
12 property values?

13 A. The ranks would have changed based upon  
14 the amount of assessed valuation in the school  
15 district either going up or down or the number of  
16 pupils in the school district either going up or  
17 down. The only way legislation would directly  
18 impact that is if the legislation did something to  
19 affect the assessed valuation or somehow changed  
20 the boundaries of the school district or result --  
21 or did something to cause population to move in or  
22 out of the school district.

23 Q. As I understand it, the property values  
24 go up or go down and the students come in or out  
25 of the school district, and so that's going to



1 affect a school district's rank above or below  
2 this 81.2 percent line?

3 A. Yes.

4 Q. Okay. And I would imagine that the  
5 school district's budget on funds with no  
6 anticipation or -- it would be difficult to  
7 predict whether students are coming in or out of  
8 the district or whether property values are going  
9 to go up or down. Despite that, these issues  
10 change from year to year and a school's  
11 eligibility for aid and how much will change based  
12 just upon factors unrelated to legislation,  
13 correct?

14 A. It is true that a school district's  
15 eligibility for aid and the rate at which they  
16 receive aid could change year to year on factors  
17 unrelated to the legislation.

18 Q. All right. So, now let's move to the  
19 next columns in your spreadsheet. Help me  
20 understand what those are.

21 A. The -- I believe it is the sixth column,  
22 the first column after the narrow break at the top  
23 is the amount of local option budget state aid  
24 that each school district is entitled to receive  
25 under the block grant bill. The aid -- the column





1 following that is the amount of estimated local  
2 option budget state aid that each school district  
3 would receive under House Bill 2731 or Senate Bill  
4 512 if those two were to become law. And, then,  
5 the final column is the difference between those  
6 two numbers.

7 Q. Okay. And, help me understand, for  
8 example, I see Altoona-Midway on the first page.  
9 And, so, as I understand it, under the law that  
10 the Supreme Court struck down, they would have  
11 been entitled to \$39,888 total equalization aid?

12 A. Total local option budget state aid.  
13 Just looking at the spreadsheet, I don't know  
14 whether or not they would have received any  
15 capital outlay state aid.

16 Q. And, for our purposes, that's fine. And,  
17 so, under the House Bill 2731, as well as Senate  
18 Bill 512, they would get zero. And, so, their  
19 budget impact would be they would lose roughly  
20 \$40,000?

21 A. They would lose roughly \$40,000 of state  
22 equalization aid.

23 Q. And are you able to, in your preparations  
24 of the committee, go through on a line-by-line  
25 basis and help the committee understand why a



1 particular district gains or loses AVPP?

2 A. I could -- could go through district by  
3 district and say that their assessed valuation per  
4 pupil changed by X amount or their -- or their  
5 assessed valuation amount changed by X or their  
6 per pupil number changed by Y and that resulted in  
7 them moving on this spectrum. That would take a  
8 lot of time if I did that for all 286 districts,  
9 and so it is not common for me to be requested to  
10 do that for every school district.

11 Q. And, then, I'd like to move to the back  
12 of your spreadsheet. It looks like you have what  
13 I will call a total spend. Can you talk about  
14 what I'll call the bottom line on the last page  
15 and tell me what that represents?

16 A. The -- on the last page, the bottom line  
17 in the first column that shows the bottom line is  
18 the column of the local option budget state aid  
19 under the block grant bill and that shows  
20 \$450,491,513. The next column is the estimated  
21 cost of the state for local option budget state  
22 aid if House Bill 2731 or Senate Bill 512 were to  
23 become law, and that is \$465,003,991. And, then,  
24 the farthest right column is the difference, and  
25 that shows an increase of \$14,512,479.



1 Q. So, the roughly 14.5 million dollars is  
2 how much in addition -- additional spending  
3 revenue the state would be obligated to pay if the  
4 -- either of those two bills become law?

5 A. That's the estimated amount.

6 Q. Okay. I don't believe that the  
7 spreadsheet you have prepared in this regard has  
8 the relative taxing burden or the taxing effort a  
9 particular school district is exerting. Is that  
10 correct?

11 A. That is correct. This spreadsheet does  
12 not display the tax effort that any district is  
13 exerting.

14 Q. Would you have the ability to take a look  
15 at that and compare that among the district or is  
16 that something you wouldn't have access to?

17 A. I could -- I could put together a  
18 spreadsheet based upon the information provided by  
19 the Department of Education in terms of what each  
20 district's local option budget mill levy was and  
21 how much money that generated for the school  
22 districts.

23 Q. And do you have a spreadsheet that would  
24 identify potential educational opportunities  
25 gained or lost by a particular equalization



1 **strategy?**

2 A. No. Our spreadsheets display dollars, so  
3 we would have the ability to display dollars. If  
4 you mean anything other than the dollars gained or  
5 lost by any equalization, we wouldn't display --  
6 wouldn't necessarily have the ability to display  
7 that.

8 **Q. Okay. And, so, you wouldn't be able to**  
9 **help the committee understand what educational**  
10 **opportunity is gained or lost?**

11 A. That is correct. That would be something  
12 I would not opine on.

13 **Q. Are you able to identify in any of your**  
14 **analysis wealth-based disparities among the**  
15 **district, except for AVPP?**

16 A. There are -- there are -- if someone had  
17 a suggestion for what other wealth-based  
18 disparities they would like information on, I  
19 could request and hopefully provide that --  
20 request the entity that possesses that information  
21 and hopefully provide that information to  
22 legislators. I haven't done anything related to  
23 any wealth-based disparity other than assessed  
24 valuation per pupil in this spreadsheet.

25 **Q. And skipping ahead a little bit, once**



1 you've got your formula set and it's theoretically  
2 equalized among all districts under Senate Bill  
3 512, for example, my understanding then is that  
4 the local schools may change their mill levy rate  
5 and raise additional revenues, whereas other  
6 districts may either choose not to or already be  
7 at their cap and maybe not. So then once it's  
8 equalized, subsequent actions of the school  
9 district may or may not take that out of kilter.  
10 Is that correct?

11 A. If it is -- subsequent actions of  
12 districts would result in the -- could result in  
13 the local option budget state aid amount going up  
14 or down, of course.

15 Q. And the same thing is true if, for  
16 example, students move in or out of the district?

17 A. Yes, if the estimated assessed valuation  
18 per pupils change as a result of the audits of  
19 school district enrollments, coming back and  
20 revising those enrollments, then -- then those  
21 could change, as well, which would also have an  
22 effect on the amount of money that any particular  
23 formula might require.

24 Q. And after equalization, are you familiar  
25 with the concept called hold harmless?



1 A. Yes.

2 Q. So after equalization, there can also be  
3 hold harmless funds that would further move the  
4 school districts away from what I will call  
5 equipoise?

6 A. You would call them what?

7 Q. Equal. So once they are equalized, a  
8 hold harmless provision would then skew that,  
9 would it not?

10 A. If a hold harmless provision was  
11 incorporated into the equalization formulas, it  
12 could have that effect.

13 Q. One of the things that the Supreme Court  
14 appeared to look at is the disparity between the  
15 richest and the poorest schools, what I will call  
16 the polls. Are you able to calculate that  
17 disparity and and/or create models to take the  
18 polls and get them closer together?

19 A. We could -- we could -- I'm able to  
20 calculate the disparity, yes. If -- there are  
21 certainly proposals that could -- there are  
22 certainly things that could be done to result in  
23 those being brought together, and we could do the  
24 runs on any proposals that might do that, yes.

25 Q. Would you be able to tell me what those



1 potential ideas would include, such as eliminating  
2 local fund-raising efforts, sending all of the  
3 local fund-raising efforts into the state, much  
4 like a 20 mill rate and then distributing it out.  
5 **Talk a little bit about those issues.**

6 A. If there -- if there was no option in the  
7 local option budget and it was a singularly  
8 uniform mill levy across the state, then,  
9 obviously, there would be no disparity but the  
10 mill levies would be uniform. And, then,  
11 conversely, if the amount of equalization provided  
12 was equalized up to the 100th percentile, then  
13 that would result in no disparity, as well.

14 **Q. But, as I understand it, short of those**  
15 **two options, there is going to be some disparity**  
16 **and it's going to be a struggle to try to get the**  
17 **equipoise among the districts?**

18 A. Short of those two options or doing  
19 something to -- to use the phrase bring down the  
20 districts that are above any other equalization  
21 point would be another -- another way that could  
22 potentially eliminate disparity depending upon the  
23 approach that was taken.

24 **Q. Tell me a little bit about the**  
25 **department, and I will talk to Mr. Dennis here in**



1 a bit, but tell me a little bit about the  
2 Department of Education's runs that you received.  
3 Are you familiar with it?

4 A. I have reviewed the runs, all of the runs  
5 that I have received from the department, yes.

6 Q. My understanding is at the bottom right-  
7 hand corner there is a designation for each run.  
8 I believe it's SF the year, 16 dash 122 or  
9 something along those lines. Is that right?

10 A. I believe that is the designation method  
11 it probably uses, yes.

12 Q. And, do they have -- or would it be a  
13 better question that I ask him, do they have  
14 models that they look at? Do their processes  
15 differ at all from yours, or do you know?

16 A. Well, I would imagine they use a very  
17 similar process, but I do think that would be a  
18 better question for Mr. Dennis.

19 Q. And the process that you've walked me  
20 through patiently again, and I appreciate it, is  
21 that a process that you would apply towards every  
22 bill that -- or every idea that turns into a bill  
23 that's within your scope of work?

24 A. Every idea that I'm able to collect the  
25 necessary data for, yes.





1 Q. And that would include Senate Bill 512,  
2 as well as House Bill 2731?

3 A. Yes.

4 Q. And, presumably, if there is another bill  
5 or 10 bills on school funding, you would do the  
6 same process for that one, as well?

7 A. Yes.

8 MR. CROUSE: Mr. Penner, I can't thank  
9 you enough. Members of the committee, Mr. Penner,  
10 Mr. Scott and the entire staff have been  
11 unbelievably gracious with their time, helpful in  
12 their assistance and I greatly appreciate it and  
13 thank you very much for your appearance today.

14 CHAIRMAN RYCKMAN: Does the committee  
15 have questions of the Mr. Penner? Representative  
16 Henry.

17 REP. HENRY: First, Mr. Chairman, are the  
18 questions from the legislative committee entered  
19 into the record?

20 CHAIRMAN RYCKMAN: Yes, it's in the  
21 transcript.

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

23 QUESTIONS BY REP. HENRY:

24 Q. Mr. Penner, does the Legislative Research  
25 Department provide expert advice to the



1 legislature as to whether your research is in  
2 compliant with the Supreme Court decisions and  
3 rulings on school equity or any Supreme Court  
4 ruling?

5 A. No. We typically would not opine on  
6 whether any particular proposal would comply with  
7 a Court order. We would just try to opine on what  
8 a particular proposal would do.

9 Q. So you wouldn't tell a legislator that  
10 it's your opinion that this is exactly what the  
11 Court -- the Supreme Court was wanting?

12 A. That's correct.

13 Q. Does the work of the Legislative Research  
14 Department, is it predominantly at the advice and  
15 direction of an individual legislator or a group  
16 of legislators or a legislative committee?

17 A. We respond to committees and individual  
18 legislators. I personally don't know the exact  
19 balance in terms of what our department as a whole  
20 gets. But we respond to individual legislators  
21 and committees.

22 Q. But, predominantly it's the legislator's  
23 direction that you work?

24 A. We work at the legislator's direction,  
25 yes.



1 Q. And my last question, Mr. Chairman, we  
2 heard discussions in your questioning about House  
3 Bill 2371 and Senate Bill 512. Are they exactly  
4 identical funding bills for school equity? Are  
5 they exactly the same?

6 A. The bills are not identical.

7 Q. They're not, but it seemed like the  
8 questioning that the bills were identical, but  
9 they are not identical?

10 A. The bills are not identical, no.

11 Q. Okay. So there is -- there is a big  
12 difference between those two bills.

13 A. I wouldn't opine on the magnitude of any  
14 difference, but the bills are not identical.

15 REP. HENRY: Thank you.

16 CHAIRMAN RYCKMAN: Senator Masterson.

17 CHAIRMAN MASTERSON: Thank you, Mr.

18 Chairman.

19 QUESTIONS BY CHAIRMAN MASTERSON:

20 Q. I think there might have been some  
21 confusion, just to clarify. The response on the  
22 identicalness of those two bills pertain to those  
23 two buckets, if you will, of equalization, i.e.,  
24 the local option budget and capital outlay. And  
25 in that respect, the two buckets being considered,



1 those are identical?

2 A. Yes, the capital outlay provisions and  
3 supplemental general state aid provisions of the  
4 bills are identical.

5 Q. And, then, I have one other question,  
6 just a confirmation. All the equalization  
7 formulas that use the AVPP, none of them take into  
8 account what the local levy is. That's not a  
9 factor in equalization, i.e., ranking by simply  
10 valuation per pupil and it is indeterminate of  
11 whether a particular district has a capital outlay  
12 mill of five or six or an LOB of 15 or 37, that's  
13 independent. Local taxing effort has no influence  
14 on the underlying equalization formulas.

15 A. The -- the formulas do not use the number  
16 of mills that the districts elect to levy or the  
17 magnitude of the LO -- of the LOB that they adopt  
18 to set their equalization factor.

19 Q. And what I'm trying to clarify, so, if  
20 the formula dictates X amount of dollars to a  
21 particular district, it is independent of whether  
22 or not that local district is taxing, for example,  
23 higher than the above average locally or lower  
24 than the above average locally? That's a  
25 disconnect, there is no influence on that.



1 A. That's correct.

2 CHAIRMAN MASTERSON: Thank you.

3 CHAIRMAN RYCKMAN: Any other questions of  
4 Mr. Penner? Thank you for being here.

5 Mr. Crouse, again, we do have final actions  
6 to take on the floor. And so if you see us leave  
7 to take votes on the floor, trust me, we'll come  
8 back. Mr. Penner -- excuse me, Mr. Crouse. Mr.  
9 Penner -- excuse me, Mr. Crouse.

10 MR. CROUSE: Thank you. I think I'll  
11 talk to Mr. Dennis next and I'll try to get Mr.  
12 Trabert in and out because I know he has to leave.

13 EXAMINATION OF DALE DENNIS

14 QUESTIONS BY MR. CROUSE:

15 Q. Good morning, Mr. Dennis.

16 A. Good morning.

17 Q. Thank you once again for coming on a  
18 short notice. I mentioned to you earlier this  
19 morning that I'll probably do this much like when  
20 we had our first meeting and I'll try to do this  
21 quickly for you.

22 So much like with Mr. Long and Mr. Penner,  
23 will you please state your name, employer and give  
24 a brief summary of who you are and your  
25 connections with school finance?



1 A. Dale Dennis, Department of Education.  
2 Anything else you want to know?

3 Q. Just go into your role with regard to  
4 public education. And I'm aware and the committee  
5 is aware, but we are making a record so let's do  
6 that, please?

7 A. In my division we take care of the  
8 distribution of all state and federal aid within  
9 the Department of Education. In fact, you were  
10 correct a little bit ago. It's a little over  
11 4,000,000,000 in state money and about 500,000,000  
12 in federal money. And I've been there for 48  
13 years and a half, if I make it.

14 Q. Thank you very much. And, so, I  
15 mentioned to you earlier today part of what I hope  
16 to do is both tell the committee how appreciative  
17 I am of your time with me on March 16th when we  
18 had a meeting to talk about various ideas and  
19 concepts. You were critical to my getting me up  
20 to speed as to school funding, and so I want to  
21 kind of talk about some of the similar things that  
22 we talked about there.

23 But, first, I want to back up and just talk a  
24 little bit about your role and the Department of  
25 Education's role in the school funding process.



1 Tell me how, what Mr. Penner described as runs,  
2 how do they come to your office and what do you do  
3 with them?

4 A. We get runs requests, printout requests  
5 from about any legislator that requests and wants  
6 them, we try to do that. We also have a standard  
7 policy we don't release that printout until that  
8 legislator releases it. Sometimes they want to  
9 wait for awhile, and that's their prerogative.  
10 And we try to follow that request based on what  
11 they desire. And many times when you go through  
12 that process, you get the opportunity of doing  
13 amendments and updates and so forth.

14 Q. So it would be fair to say that, much  
15 like Mr. Long and Mr. Penner, you work at the  
16 direction or in conjunction with every legislator  
17 in this building?

18 A. Yes, sir.

19 Q. And they would have the opportunity to  
20 ask you for a formal, what I will call a run, or  
21 an informal run and you would -- if it's an  
22 informal run, you would release the results to  
23 that individual legislator, but if it were not,  
24 you would keep it?

25 A. Irregardless of who requested it, we



1 don't usually release the printout until that body  
2 releases it. We leave it up to them to make the  
3 decision as to when they -- whenever they release  
4 it, it's public.

5 **Q. And does that request come to you like a**  
6 **informal conversation, an e-mail request or a bill**  
7 **that has been written, or does it depend?**

8 **A. All three. We may get requests through**  
9 **the Research Department. Occasionally, maybe**  
10 **through the Revisor to the Research Department.**  
11 **We may get a request from individual legislators**  
12 **or a committee or a bill. It could be any of**  
13 **those, and sometimes you get them all at the same**  
14 **time.**

15 **Q. And I appreciate that. Given your long**  
16 **tenure with the Department of Education, do you**  
17 **ever suggest, for example, Senator Masterson here,**  
18 **Senator Masterson, I understand what you're trying**  
19 **to do with that idea, why don't we try to change**  
20 **this variable just a little bit because I think**  
21 **that's going to more adequately help you**  
22 **understand what you're trying to get at? Does**  
23 **that make sense of my question to you?**

24 **A. Yes, sir. If the senator said here is**  
25 **what I want to do, what's some options to get**





1 there, we might offer options to get there, but  
2 the senator would drive the train.

3 Q. Okay.

4 CHAIRMAN MASTERSON: Since the House is  
5 on final action, with this number of people gone,  
6 we may pause this for just -- they can go down and  
7 take a final action vote, so I might put the  
8 meeting into recess for a few minutes. And I  
9 understand there's some timing issues. Was there  
10 any timing issues from the immediate -- I'm  
11 assuming at least 20 minutes, probably, 15, 20  
12 minutes. Does that create time conflicts for  
13 anybody?

14 MR. DENNIS: Not for me.

15 CHAIRMAN MASTERSON: If it does not, I  
16 would like to put the meeting on pause for about  
17 15 minutes and we'll see where we are at. I did  
18 not anticipate this many hiking at the same time.

19 (THEREUPON, a recess was taken.)

20 CHAIRMAN MASTERSON: We will come back to  
21 order and continue with the process.

22 MR. CROUSE: Go forth? Thank you, Mr.  
23 Chairman.

24 BY MR. CROUSE:

25 Q. And Mr. Dennis, thank you for your



1 patience here.

2 We were talking a little bit about your  
3 printouts and your runs and your ideas from the  
4 legislators. Tell me some of what your we call  
5 runs would show and identify and explain to the  
6 legislators?

7 A. They all vary probably a little bit, but  
8 the primary purpose is to show what the effect  
9 would be on the State of Kansas and each  
10 individual school district.

11 Q. In other words, the effect on the State  
12 of Kansas' overall budget?

13 A. Yes, sir.

14 Q. As well as the particular impact to the  
15 school district's budget compared year over year?

16 A. Yes, sir. Usually, it's compared to the  
17 prior year and it's -- to policymakers that's very  
18 important to the effect on school districts, as  
19 well as the state, the effect on state budgets.

20 Q. Okay. And I was asking Mr. Penner a  
21 question about your runs and how you would  
22 identify them and I just got ahead of myself, and  
23 so it's probably better for you to remind the  
24 committee. I have a handout of a run that I  
25 believe was handed out at Senator Masterson's



1 hearing for Senate Bill 512 and you and I  
2 discussed that on March 16th and it looks like you  
3 have it in front of you. Let's take SF 16-122 and  
4 if you could just walk the committee through both  
5 what the SF 16-122 number is, as well as what  
6 concepts and information those runs provide the  
7 legislator, please?

8 A. 5 -- Senate Bill 512 in this printout  
9 shows what the effects would be. There is several  
10 printouts involved with this. There's three is  
11 pieces: The local option budget, capital outlay  
12 and state aid, and we summarize it in 122. And it  
13 shows the effect of that plan which reduces  
14 general state aid by 1.45 percent and then it --  
15 we equalize the supplemental general and the  
16 capital outlay, the same as we did in the bills  
17 before the House Appropriations Committee in which  
18 they were equalized, for lack of a better term, as  
19 the Court suggested.

20 Q. Okay. And, so, when you were talking  
21 about the House Appropriations Committee, you're  
22 talking about House Bill 2731?

23 A. That's correct. Those two pieces are  
24 alike in both bills, but one of them is funded  
25 with the House's new money and the Senate is with



1 -- funded with reducing general state aid.

2 Q. And we'll get into that. What I want to  
3 do is make a clear record as to kind of  
4 understanding as to how we would identify your  
5 runs and talk about the number of runs. So, for  
6 example, tell me what SF 16-122 signifies from  
7 your office?

8 A. It's a summary of three printouts, is  
9 that what you mean?

10 Q. No, I mean, like, why is SF -- why is  
11 there what I would call a Bates number on this  
12 document, for identification purposes?

13 A. Every printout we do, we put a number on  
14 it, try to keep a record of it and then we can go  
15 back and refer to it. It's not uncommon for a  
16 legislator to refer to a number I want to do this,  
17 but I want to make this change. So, we try to  
18 keep a record of all the printouts we do. And 122  
19 is really a summary of three other printouts.

20 Q. Okay. So, if I understand what you're  
21 saying, a senator or a representative may come in  
22 and say, Mr. Dennis, I have SF 16-122, I'd like to  
23 tweak this just a little bit. You would help them  
24 tweak it and then if I understand you correctly,  
25 you would assign a different identification number



1 to that tweak and it would become SF 16-123, for  
2 example?

3 A. That is correct. We sign each printout  
4 and that way you can refer back to them and know -  
5 - we try to keep a record of who requested it and  
6 the number.

7 Q. Okay. And Mr. Penner indicated that I  
8 think his department was, I think, the term I used  
9 for him, was a whiteboard of ideas. Is it fair  
10 for me to assume that the whiteboard of ideas  
11 would be winnowed down in Mr. Penner's office and  
12 then would be brought to you for what I will call  
13 an official analysis?

14 A. Some of the above. Sometimes they are,  
15 sometimes we'll get them direct, sometimes they go  
16 through the Research Department. It depends on  
17 the year and the group of legislators.

18 Q. Okay. And --

19 A. It could go either way.

20 Q. Thank you. I'm sorry to interrupt. How  
21 many runs, for example, would you do on an annual  
22 basis for school finance?

23 A. If we are working school finance like we  
24 are this year, we'll run 50 to 100.

25 Q. And those will be 50 to 100 different



1 potential resolutions as to just equalization?

2 A. Well, equalization and -- and also  
3 sometimes we'll get into adequacy, that side of  
4 it, too.

5 Q. Okay. And, so, that would look at  
6 general state aid plus equalization?

7 A. Yes, sir.

8 Q. And you would provide the legislator,  
9 either individually as a group or as a whole, an  
10 entire range of official analytics?

11 A. Well, yes. Whatever they ask to do and  
12 we can do it, we'll try to do it.

13 Q. One of the things that you and I had  
14 talked about on March 16th, and, again, I want to  
15 remind the committee I'm greatly appreciative for  
16 your time. I think this was the hold harmless  
17 provisions and what a hold harmless provision is,  
18 would you briefly remind the committee what a hold  
19 harmless provision in the equalization would mean?

20 A. Hold harmless, and many times you  
21 guarantee a school district what they receive the  
22 prior year and then it's -- a lot of times it's  
23 phased out over a period of time. For example, if  
24 you had a hold harmless in the local option  
25 budget, you guarantee them what they got last



1 year. Then, in time as the 81st percentile goes  
2 up, that -- that amount would decline. It's  
3 usually for a period of time, not forever.

4 Q. Okay. And, so, I understand you to be  
5 that, for example, a particular school district  
6 would have a budgeting forecast that may go out  
7 one, two, three or four years. And if they are  
8 planning on a particular amount of funding, a hold  
9 harmless provision would help them with any  
10 reduction in aid so that they can kind of smooth  
11 out their spending and budgeting process, correct?

12 A. That would be true, but it's all based  
13 normally in the preceding year before we adopt the  
14 new formula.

15 Q. Is it your opinion that a hold harmless  
16 provision is a critical component to a school?

17 A. It may not be critical as far as, and  
18 you're the expert on this, the constitutionality,  
19 but many times it's happened in the past to get  
20 the necessary votes to approve it. It's just --  
21 to get the 63 and the 21 votes, why they put a  
22 hold harmless clause in the provision. That's  
23 happened before.

24 Q. And are there -- do you understand from a  
25 school district perspective why a hold harmless



1 provision would be necessary for budgeting  
2 purposes?

3 A. Well, if somebody is taking a severe loss  
4 in one year, you could have a substantial increase  
5 in your -- usually it's in your property tax,  
6 which is extremely sensitive in our state. And,  
7 so, that's one of the big issues is -- is abrupt  
8 change all at once on the property tax can be very  
9 challenging.

10 Q. And, so, school districts rely upon those  
11 hold harmless provisions to smooth out the  
12 property taxing for budgeting purposes?

13 A. Yes, sir.

14 Q. And, in your history with the Kansas  
15 Department of Education, are those hold harmless  
16 provisions atypical?

17 A. It's not -- and, it depends on the amount  
18 of money you're putting in and so forth, but it's  
19 not particularly unusual when you're revising the  
20 formula. Nothing to do with the Court as such,  
21 but it's not unusual at all in order to get the  
22 votes you need to get the bill passed.

23 Q. Thank you. All right. One other thing  
24 that we talked about in our March 16th meeting was  
25 your input and thoughts as to House Bill 2731 and





1 Senate Bill 512, and I'll summarize briefly what  
2 my understanding of your thoughts were is that you  
3 believe with regard to 2731 that the capital  
4 outlay equalization formula is exactly what the  
5 Court requested, correct?

6 A. Yes, sir.

7 Q. Okay. And the same thing with the LOB in  
8 2731, that's exactly what the Court requested?

9 A. Yes, sir. That would be true and those  
10 same two, those parts of it are also in 512.

11 Q. And, so, the equalization aspects are the  
12 same --

13 A. Yes, sir.

14 Q. -- in both bills?

15 A. Yes, sir.

16 Q. Okay. And, would you then be a proponent  
17 of putting a hold harmless provision on top of  
18 that for both bills?

19 A. I don't promote. I don't promote, but I  
20 can tell you from history many times hold  
21 harmless have been required to get the votes.  
22 That's factual.

23 Q. And you mentioned that the equalization  
24 strategies are the same with regard to both bills,  
25 and so they would theoretically comply with what



1 you and I understand the Court has requested. My  
2 recollection is that your concern is that there  
3 may be an adequacy issue with regard to Senate  
4 Bill 512. Is that correct?

5 A. Well, that may be down the road because  
6 that case is there, and it's always a concern when  
7 the Supreme Court is about to rule on something  
8 and so it's -- I think it's worrisome, but I don't  
9 know how they will rule.

10 Q. Okay. And you're unaware of any metric  
11 you could help me advise the legislature as to how  
12 to measure Senate Bill 512's impact upon an  
13 adequacy analysis, correct?

14 A. Correct.

15 Q. We also mentioned, and I think you and I  
16 talked about the Supreme Court, their test was  
17 reasonably equal access to substantially similar  
18 educational opportunities through a similar tax  
19 effort. And, I believe, I asked you what is a  
20 similar educational opportunity, and my  
21 recollection is your response was I'm not sure. I  
22 don't have a metric for you, Toby. Is that right?

23 A. That is correct.

24 Q. Okay. And, then, just so the committee  
25 is aware, we talked about my experience in U.S.D.



1 419 and you were able to tell me within seconds  
2 what county I was from. The experiences I had  
3 aren't necessarily different from the experiences  
4 my wife had in Shawnee Mission. Can you talk a  
5 little bit about maybe studies that your office  
6 has done, as well as educational opportunities  
7 that are albeit different, but not necessarily  
8 dissimilar?

9 A. The Commissioner of Education, about, I  
10 don't know, seven, eight years ago, something like  
11 that, tried to do a study to look at students who  
12 graduate from a small high school versus a large  
13 high school, where the large high school had a lot  
14 more educational academic opportunities, maybe,  
15 versus a small school district. And the results  
16 in that study that she did was there wasn't a lot  
17 of difference if you look at those same students  
18 in higher education.

19 In her analysis, one of the reasons was in  
20 smaller rural districts a lot of times too they  
21 have access to extension programs for community  
22 colleges. And you do that likewise in a large  
23 high school, they both have access to that, but  
24 also in a smaller high school they may not have  
25 the high academic classes, advanced classes, but



1 they are involved in a lot of activities. And  
2 it's not uncommon for somebody to go through and  
3 be involved in three, four, five activities,  
4 whereas at a very, very large high school that's  
5 more challenging. The bottom line was she didn't  
6 -- they didn't find any result -- any difference  
7 in the results.

8 Q. Nor any metric by which one could  
9 measure?

10 A. No.

11 Q. One thing that I would like to ask you  
12 about, as well, and I'm not sure that we talked  
13 about it, although we may have, is the funding  
14 formulas. I talked to Mr. Long a little bit that  
15 there are three buckets of equalization funds, but  
16 as I understand it, two different funding formulas  
17 for that. Can you, that's your understanding as  
18 well, correct?

19 A. That's correct.

20 Q. Okay. And my understanding is that both  
21 of those formulas for all three funds have been  
22 found to be Constitutional. Is that correct, in  
23 your understanding?

24 A. Well, I don't know that we've ruled yet  
25 on like Senate Bill 7, I don't know if that's been



1 ruled upon as it relates to capital improvements  
2 upon interest. I don't know if the courts have  
3 opined on that. I don't know that.

4 **Q. That was a very poor question and thank**  
5 **you for the clarification.**

6 **What I meant to say is the equalization**  
7 **formulas in the old SDFQPA for both capital outlay**  
8 **and LOB, the Court seems to be suggesting that**  
9 **those are permissible equalization formulas for**  
10 **the legislature to use, correct?**

11 **A. The LOB and the capital outlay under the**  
12 **old law, as Mr. Long described, I think he was**  
13 **correct when he said the Court said that was**  
14 **acceptable.**

15 **Q. And my recollection of our discussion is**  
16 **that, and you kind of alluded to it earlier, is**  
17 **that the difference between the two equalization**  
18 **strategies has to do with politics and not**  
19 **educational policy. Is that a fair statement?**

20 **A. Well, not -- let me just clarify a little**  
21 **bit.**

22 **Q. Absolutely.**

23 **A. The sometimes we have a tendency to want**  
24 **to compare capital outlay with LOB, but capital**  
25 **outlay there is a difference. You have a cap.**



1 You can't go more than eight mills. So, if  
2 there's -- it's equalization, why, it's got to be  
3 within that eight mills, where the LOB about the  
4 average tax rate there is in the 19, 20 mill  
5 range. So, it's much larger and the dollars  
6 involved are much greater, so -- so anyway, I  
7 think that -- there is a difference in the  
8 formulas, but there is also a difference in the  
9 taxing levy authorities.

10 Q. There is a difference in the result of  
11 the formulas, but there is no educational policy?

12 A. No, you're correct.

13 Q. And with regard to the LOB cap or, I'm  
14 sorry, the LOB formula, my understanding is that  
15 in perhaps 2004 the -- I think Senator Denning,  
16 during a hearing on Senate Bill 512, mentioned  
17 that the ruler placed upon the spreadsheet used to  
18 be at 75 percent. Is that correct?

19 A. Yes, sir.

20 Q. And it moved to 81.2 percent, roughly, in  
21 2005, correct?

22 A. That's correct, sir.

23 Q. Okay. And my understanding is that that  
24 movement from 75 percent to 81.2 percent also had  
25 no basis in educational policy but was the



1 reaction to a political concern. Is that correct?

2 A. Well, I don't think there is an  
3 educational policy decision as such, but there was  
4 an interest. At that time the legislators they  
5 wanted to keep the property tax down as much as  
6 they could. So the higher you raise the  
7 equalization, the lower you force the property tax  
8 down. So part of it was property tax driven and  
9 part of it was they chose, the legislators did, to  
10 try to equalize as high as they could go at that  
11 time, but 75 percent was in effect prior.

12 Q. And, that 75 percent threshold was found  
13 to be Constitutional as I understand it. Is that  
14 correct?

15 A. I'd want to go back and check the record  
16 on that because that goes back prior to 2004, and  
17 we got into a new law starting in 05-06 school  
18 year. So, there was challenges in that area, but  
19 I don't know if that was a part of it. I would  
20 just check the Court record and what have you.

21 Q. And, that's fair, cause I'm not for sure  
22 either and I would have to check, but my  
23 recollection was that 75 was okay and 81.2 was  
24 okay?

25 A. I can tell you, though, the reason was



1 property tax and increasing equity.

2 Q. And the property tax increase would have  
3 been about \$30,000,000 to get from 75 for 81.2  
4 percent. Is that right?

5 A. That would be pretty close.

6 MR. CROUSE: Mr. Dennis, I believe, that  
7 concludes my questions of you. Again, I would  
8 reiterate to the committee, Mr. Dennis was  
9 unbelievably gracious with his time and his  
10 patience. He helped me get up to speed more than  
11 I could ever repay. So thank you, sir.

12 MR. DENNIS: Thank you, sir.

13 CHAIRMAN RYCKMAN: Any questions from the  
14 committee. I don't see anyone. Representative  
15 Henry?

16 MR. HENRY: No.

17 CHAIRMAN RYCKMAN: I'm sorry. Anyone  
18 else?

19 CHAIRMAN MASTERSON: I was former  
20 Representative Masterson, so I'll take it.

21 QUESTIONS BY CHAIRMAN MASTERSON:

22 Q. I just want to clarify, as we are making  
23 these attempts to respond in a very calculated way  
24 to the courts, in their opinion there is one quote  
25 that jumped out to me is one obvious way the





1 legislature could comply with Article 6 would be  
2 to revive the relevant portions of the previous  
3 formula and fully fund them within the current  
4 block grant system. Do you agree that those two  
5 relevant portions are the two equalization  
6 accounts that they are referring to, the LOB and  
7 capital outlay portions?

8 A. In my opinion, they were capital outlay  
9 and LOB, yes, sir.

10 Q. Okay. And it's your understanding they  
11 used the term obvious, so for me that implies in  
12 layman's terms a no-brainer; that if we complied  
13 with those two pots of money within the current  
14 block grant system, that that would comply. Did  
15 you read that statement those two pots and obvious  
16 being a no-brainer.

17 A. I don't know about the no-brainer, sir,  
18 but I think those are the two programs that we are  
19 referring to.

20 CHAIRMAN MASTERSON: Thank you.

21 CHAIRMAN RYCKMAN: Representative Henry?

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

23 QUESTIONS BY REP. HENRY:

24 Q. Mr. Dennis, we had a little discussion  
25 about the equalization, the 81.2, it wasn't 75,



1 and I know probably when we move from 75 to 81  
2 there will be discussion, but let's talk about to  
3 move it from 81.2. Have you been involved with  
4 any legislative committee or has there been a  
5 study done to move away from that? Has there been  
6 any legislative votes to move away from that? Is  
7 there anything concrete that you can suggest that  
8 any legislature has done to move away from that?

9 A. Well, I never say ever, but most of the  
10 plans we have before us now are based on the 81.2  
11 and the capital outlay, as the senator mentioned,  
12 is the law prior to 14-15.

13 Q. We've had no testimonies from the public  
14 or any type of information brought to legislature,  
15 no votes to move away from the 81.2 percent?

16 A. Not that I'm aware of this year.

17 REP. HENRY: Thank you.

18 CHAIRMAN RYCKMAN: Senator Masterson.

19 CHAIRMAN MASTERSON: Thank you, Mr.

20 Chairman.

21 QUESTIONS BY CHAIRMAN MASTERSON:

22 Q. Lots of discussion about equalization and  
23 you hear in our debates about educational finance  
24 taking from one and giving to another or robbing  
25 Peter to pay Paul. Is that not a definition or by



1 definition equalization? Leveling out between the  
2 rich and the poor would require shifting resources  
3 between the rich and the poor?

4 A. That's what it amounts to in a sense, but  
5 if you do it too much I think there will be  
6 challenges.

7 Q. I'm not sure I'm following that answer,  
8 but equalization is, by definition, taking from  
9 some and giving to another?

10 A. Well, in a sense, yes, but what the  
11 legislature has done in the past, take a look at  
12 it, what they have done, they've tried to raise  
13 state aid enough so they didn't have to do a lot  
14 of that. They did some, but not a lot.

15 Q. But even that, by definition, by right  
16 you would be taking from the taxpayer to give to,  
17 from one district to give to another district?

18 A. We had -- but if you go back a few years,  
19 remember the 20 mill raised more in the budget?  
20 They submitted the difference and from two or  
21 three to four or five districts whose 20 mills was  
22 greater in the budget and they had the honor of  
23 submitting that's the difference. They only had  
24 four.

25 Q. I have one more question as it pertains



1 to timing simply just on a factual basis to have  
2 in the record the difficulties sometimes this  
3 branch of government has in determining this.

4 You recall the debates we had in, I may not  
5 get my timing right, 2015 over the legislature's  
6 -- in the spring of 2015 we received, we the  
7 legislature, received a run, if you will, from the  
8 department as to what those law changes would be  
9 moving into a block grant, the 130,000,000, if you  
10 will, in additional money to the legislature.  
11 When you calculated that from the department, what  
12 date in time was the data derived for the AVPP you  
13 used to determine that for us? What -- there is  
14 two variables, property value, which is assessed  
15 on a particular day, and then the denominator, the  
16 students, could you give me the dates of when  
17 those data points --

18 A. We requested to use the prior year. The  
19 request of the bill asked we use the prior year  
20 data, which we did.

21 Q. So that would be the 2014 date?

22 A. Yes, sir.

23 Q. In 2015 you would be using values  
24 determined in 2014. And then what enrollment  
25 number, did you use the prior year, as well, the



1     **2014 enrollment numbers?**

2           A.     That would be true. Mr. Chairman,  
3 enrollment don't change very much in our state on  
4 a statewide basis, it might individually but not  
5 on a statewide base, a half percent, but the 81st  
6 percentile can change substantially. For example,  
7 this year the 81st percentile dropped \$4,000, and  
8 in that year it went up a little bit more than  
9 that. So, yes, it goes -- the 81st percentile  
10 goes up and down based on our assessed value. And  
11 in time, in all likelihood, it will come back up,  
12 too, as oil comes up.

13           **Q.     I think you're helping me express the**  
14 **difficulties we had. So the legislature, in that**  
15 **year, then passed a bill with that fiscal data.**  
16 **Was the same AVPP dates used when calculated later**  
17 **that summer for the school districts or did that**  
18 **move to the 2015 year?**

19           A.     We completed all the audits and that  
20 moved to the next year.

21           **Q.     So there was a different AVPP formula**  
22 **used as it was presented to the legislature for**  
23 **them to make a voting decision in the session than**  
24 **was given to the school districts two months later**  
25 **in the summer?**



1           A.     Well, that's when they completed the  
2 audits and the data become available, you're  
3 correct.

4           Q.     So you have the potential for those to  
5 have radical changes around that number. For  
6 example, you could have a small district with high  
7 valuation in one formula become perceptively -- so  
8 perceptively rich that a large district with high  
9 wealth, like a Blue Valley, for example, could  
10 become comparatively poor and cause massive shifts  
11 between what the legislature believed they had  
12 voted on versus what was actually then prescribed  
13 by the formula?

14          A.     You talked about wealth and we measure  
15 wealth in the formulas in the assessed valuation  
16 per pupil. So when you take a look, you mentioned  
17 Blue Valley, you also have to consider the number  
18 of students they have and that makes a difference.  
19 And you're going to get some pops in valuation,  
20 there are no doubt about that. Good one we've got  
21 right now is the one we talked about the other  
22 day, Altoona-Midway. If you look, their valuation  
23 jumped 50 percent. Why? It's because the  
24 pipeline went across. The county appraisers say  
25 that's good for one year. So you will get pops



1 like that, and oil I think even surprised some  
2 folks in the last year, too.

3 Q. So that's a great example. So you have  
4 one instance like that pop a district up above the  
5 line and they lose their LOB, and comparatively  
6 you could have, well, for example, the richest  
7 district by total value, Shawnee Mission, for  
8 example, or Blue Valley in Johnson County, that  
9 can raise some millions of a mill be perceptively  
10 poor and begin to receive poverty aid?

11 A. Well, it's kind of in the eyes of the  
12 beholder perceptively poor because they would be  
13 around the 81st or just below the 81st percentile.

14 Q. We'll call it in the eyes of a formula.

15 A. I think if you talk to them, they  
16 wouldn't agree to that probably. But if they are  
17 in the 77th, 78th percentile --

18 Q. In the eyes of the formula, they would be  
19 poor?

20 A. They would be below the 81st percentile.  
21 They would still be in the upper 30 percent.

22 CHAIRMAN MASTERSON: Thank you, Dale.

23 CHAIRMAN RYCKMAN: Representative Henry.

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

25 QUESTIONS BY REP. HENRY:



1 Q. Mr. Dennis, just using the words in the  
2 context that we've heard here today, there is --  
3 you hear about rich versus poor. And some of the  
4 testimony we've heard this session we've had some  
5 talk about a rich district could be rich as -- as  
6 determined by Alvarez and Marsal by the fact of  
7 school board management. We heard that in the  
8 house education budget. Is that true, Mr. Dennis?

9 A. Well, in our law, and we have been to  
10 court on this, whatever you use to measure wealth  
11 you have to give access to levy. There is some  
12 history that I could share with you if you want to  
13 know about that, but the bottom line is that  
14 whatever you use to measure wealth, you have to  
15 give the taxing unit the authority to levy the  
16 tax.

17 Q. But from my understanding, I'm -- I have  
18 not completely read House Bill 512 -- or Senate  
19 Bill 512, but it talks about taking money from  
20 school boards that have, in the words of Alvarez  
21 and Marsal, a lot of money. But a lot of that, as  
22 we heard in testimony, is because of the school  
23 board management in the way of why they have  
24 ending balances. But my question here  
25 essentially, though, let me go back to 512 talks





1 about an equalization by taking from other school  
2 districts to another. Have we had -- has that  
3 ever been done in the past in that type of  
4 fashion?

5 A. I don't recall doing it uniformly. We've  
6 had some winners and some losers, but I don't  
7 recall doing it uniformly for all general state  
8 aid before.

9 Q. So this would be something that has the  
10 state board, your department or any department you  
11 know of done a study as to whether that's a proper  
12 way to do equalization?

13 A. No, not a study, but I just don't recall  
14 ever doing -- we've been taking money away from  
15 people and give it to others and all that, we  
16 talked about that, but doing uniformly cut like  
17 this to fund another piece of it, I don't recall  
18 that.

19 Q. So that's not an established formula that  
20 we've ever talked about?

21 A. Not that I recall, sir.

22 Q. Okay. So truthfully, what you're saying  
23 is probably the public hasn't had a great amount  
24 of interaction on how to use this formula that's  
25 in 412?



1 A. Not, well, since it hadn't passed yet.

2 REP. HENRY: Thank you, Mr. Dennis.

3 CHAIRMAN RYCKMAN: Just to clarify, SB --  
4 or, excuse me, SB 512 did not adjust cash  
5 balances. Representative -- excuse me, Senator  
6 Denning.

7 SENATOR DENNING: Thank you, Mr.  
8 Chairman. Most of us are house trained here, so I  
9 see the confusion.

10 QUESTIONS BY SENATOR DENNING:

11 Q. Dale, back on the conversation about the  
12 supplemental aid at 81.2 percent, the discussion  
13 about there has not been any legislation to change  
14 it or so forth. Senate Bill 7 with the 5  
15 quintiles, I thought, was the legislation to  
16 change that?

17 A. What they did -- you can -- you can make  
18 that case. You've got a good point, but what they  
19 did there you put it in quintiles and the poorer  
20 districts got 97 percent of that entitlement and  
21 the next got 95 and it scaled down. So that would  
22 be the case for this year, but evidently the Court  
23 didn't think that was the right way to do it.

24 Q. It appears so. The -- the 75 percent,  
25 when the legislators did the first ruler up the



1 page and stopped at 75 percent, how was it  
2 equalized before that and do you have any idea why  
3 they stopped at 75 percent?

4 A. What I recall is they wanted to increase  
5 equalization and they wanted lower property taxes.  
6 That's the two things I remember most about that.  
7 At that time property tax was extremely sensitive  
8 and they wanted to lower them and raise  
9 equalization, and that's what they chose to do.

10 SENATOR DENNING: Thank you. Thank you,  
11 Mr. Chairman.

12 CHAIRMAN RYCKMAN: Any other questions  
13 for Mr. Dennis? Thank you for being here. Mr.  
14 Crouse.

15 MR. CROUSE: Thank you, Mr. Chairman. I  
16 think I'd like to talk to Mr. Trabert at the  
17 moment so we can get him in and out. I appreciate  
18 you coming.

19 MR. TRABERT: Happy to be here.

20 EXAMINATION OF DAVE TRABERT

21 QUESTIONS BY MR. CROUSE:

22 Q. Mr. Trabert, I saw you testify in both  
23 the House bill and Senate bill and I don't believe  
24 you stood for any questions, so today would be  
25 your opportunity. Well, you stood for questions,



1 you just didn't have any propounded to you.

2 Please introduce yourself to the committee  
3 and for the record your name, employer, title?

4 A. My name is Dave Trabert. I'm president  
5 of Kansas Policy Institute. I've been with KPI  
6 since 2009. I have been the lead researcher on  
7 school funding during that period. I've also  
8 authored several papers on school finance for  
9 Kansas Policy Institute. I was also a member of  
10 the K-12 Commission on School Efficiency and  
11 Student Achievement in 2014 and have served the  
12 American Legislative Exchange Council as one of  
13 the co-chairs of the education finance joint  
14 working group.

15 Q. And so how long have you been involved in  
16 Kansas public education?

17 A. Since 2009.

18 Q. One of the purposes of this hearing today  
19 is to both formalize and memorialize the testimony  
20 that has been previously provided for the two  
21 bills that we talked about, as well as some of my  
22 fact finding. And I've gone out and talked to  
23 folks, including you, so as you will see we've got  
24 a transcriptionist here and we are trying to put -  
25 - make a record of all of those discussions for



1 the benefit of the legislature to help it decide  
2 how best to comply with the Gannon II decision.  
3 And so part of what I'm wanting to do is, first, I  
4 appreciate your willingness to come talk to the  
5 committee today, as well as to share some of the  
6 ideas that you have with regard to potential  
7 solutions to the Gannon decision so that the  
8 legislature can make an appropriate response.

9 You are familiar with Gannon II, are you not?

10 A. I am.

11 Q. And does your organization study it or  
12 publish any papers in response to it?

13 A. We've done several articles in -- when  
14 the decisions first came out and subsequent as  
15 legislative issues come up, such as SB 512 and so  
16 forth and how that might relate to Gannon.

17 Q. Would it be fair to say that you have  
18 studied the issue both to familiarize your  
19 understanding of it, as well as to inform  
20 policymakers and promote your policy ideas to the  
21 legislators?

22 A. Yes.

23 Q. And so what I want to do is I want to  
24 narrow our discussion, if I can, just a little  
25 bit. The Gannon II decision, while I and II



1 recognize Article 6 of the Kansas Constitution  
2 have two aspects, that being adequacy and equity,  
3 the legislature's current primary focus is on  
4 equity. So I'd like to focus primarily on equity,  
5 if we can.

6 My understanding, however, is that your  
7 entity is more concerned with adequacy, and so  
8 I'll probably bring concepts like that in to help  
9 you educate the legislature because while the  
10 Court said focus on adequacy -- or on equity, I'm  
11 sorry, don't forget about adequacy. So that's  
12 kind of where I'm going with our discussion today.

13 First, we'll talk a little bit about both of  
14 the two bills. I notice that you, like I think  
15 everyone else that testified, were neutral. In  
16 fact, there wasn't a single supporter of either  
17 bill. Can you tell me why your organization,  
18 briefly, because I think many of the members have  
19 heard your testimony before, but for the record  
20 could you indicate to us why you appear neutral  
21 and not in support of any particular bill?

22 A. We appear neutral because there are  
23 multiple ways that the legislature could respond,  
24 as we understand, to meet the Court's demand on  
25 equity without spending more money. And so at



1 that point it becomes an appropriations matter,  
2 and whether they should spend the same or a little  
3 more or a little less is a matter of legislative  
4 prerogative. And so we testified neutral, liking  
5 the fact that they did respond or make an attempt  
6 to respond in both bills. But because there are  
7 multiple ways to do it, in addition to the ways in  
8 both of those bills, there are other ways they  
9 could do it, such as we referenced last year there  
10 was a Senate Bill 71 that had a different method  
11 of calculating equalization. And so we testified  
12 neutral because there was just multiple ways to do  
13 it without spending more or much more money.

14 **Q. Would it be fair to say that your**  
15 **organization's position is, with regard to those**  
16 **two bills, yeah, we think your equalization**  
17 **formula is acceptable, however we think there are**  
18 **other ways you could do it, as well as we don't**  
19 **believe there should be as much or you shouldn't**  
20 **add anymore money to the equalization formula.**  
21 **Would that be fair?**

22 **A.** Well, except that we weren't, in our  
23 testimony in choosing to be neutral, we weren't  
24 casting judgment on whether that was an  
25 appropriate method of equalization using the



1 average valuation per pupil and the 81.2, we  
2 weren't addressing that, but we were saying that  
3 we did feel that either way would, as we  
4 understood it, would satisfy the Court.

5 Q. Okay. And my recollection of your  
6 testimony, as well as the others, is you would  
7 suggest that enough money is going in you should  
8 focus on efficiency, whereas others would say,  
9 yeah, the formulaic equalization structure you  
10 have is appropriate, however we think more money  
11 needs to be inputted into the process. Is that a  
12 fair characterization of your position and the  
13 position that you heard at those two hearings?

14 A. I think so. You know, as we look at it,  
15 as we look at school districts own practices, both  
16 in terms of how they spend and how they operate,  
17 how they don't spend in some cases the money that  
18 they've gotten in the past, we don't believe that  
19 more money is necessary from an adequacy  
20 standpoint, certainly not from a needs standpoint.  
21 And so that's why we said to try to find a way to  
22 resolve equity without spending more money because  
23 we didn't see that it was needed.

24 Q. And would you agree with me that the  
25 testimony at both of those hearings failed to





1 bring about any public support for either of those  
2 two bills?

3 A. It was -- yes, it was somewhat  
4 surprising, let's say, that particularly school  
5 districts that were getting more money, maybe not  
6 as much as they wanted, but they were getting more  
7 money and still didn't testify in support.

8 Q. And my understanding is Senate Bill 512  
9 has a similar equalization structure. Is that  
10 your understanding, as well?

11 A. Yes, it is.

12 Q. And likewise, there was no public support  
13 for that version, either the Senate or the House  
14 version, correct?

15 A. There was no support.

16 Q. And what was your reaction or do you  
17 recall the votes of the committees with regard to  
18 both of those bills?

19 A. The -- I wasn't present when the  
20 committee worked the bills.

21 Q. Okay. And my recollection of Gannon,  
22 tell me if it's yours, is that if some other plan  
23 is being pursued by the legislature, it needs two  
24 things: First demonstrated capable of meeting  
25 equity; and second, not running afoul of adequacy.



1 Is that your understanding, as well?

2 A. Yes, that is.

3 Q. Let's talk about those two concepts, if  
4 you would. Do you understand or can you remind me  
5 how many equalization strategies you are aware of  
6 in the education funding?

7 A. There is three that are in use. One is  
8 for the -- it's called the capital improvement or  
9 bond and interest, one is -- the second one is for  
10 the capital outlay, and the third is for the local  
11 option budget, which is also called supplemental  
12 general state aid.

13 Q. And are you aware of any educational  
14 policy basis for those differentiating formulas?

15 A. By -- if by policy basis you mean data-  
16 driven analysis that arrived at this is the way it  
17 should be done, no, I'm not aware of anything.

18 Q. What is your understanding of the basis  
19 for those differentiating equalization formulas?

20 A. I've inquired over the years of several  
21 legislators because I wasn't here when they were  
22 developed, but the anecdotal is that it was simply  
23 a matter of what we could get votes for. It was  
24 not driven, none of them were driven by data. It  
25 was with regard to the -- the biggest piece, the



1 local option budget, I have been told that it was  
2 simply a matter of we had this much money we  
3 wanted to spend and so we drew the line there, and  
4 these are inherently political decisions.

5 **Q. Let's move next to the adequacy portion.**  
6 **The Supreme Court said if you choose a different**  
7 **option for equalization, don't offend adequacy.**  
8 **Are you aware of any measurable metric for**  
9 **measuring adequacy across the school districts?**

10 A. Well, the Court said in Gannon, in March  
11 of 2014, that the first measure is whether  
12 students are meeting or exceeding the Rose  
13 capacities. And as we testified, school districts  
14 and the Department of Education are on record in  
15 testimony coming before the legislature and coming  
16 before the K-12 Commission that I sat on in saying  
17 that they don't know how to define and measure the  
18 Rose capacities. In fact, they recommended that  
19 the K-12 Commission recommend to the legislature  
20 that they help them determine it.

21 So looking at the fact that the Court says  
22 the first measure is are they achieving this? And  
23 when school districts say we don't know how to  
24 define or measure this, it seems to me to say they  
25 don't have a basis for saying they don't have



1 enough money or that they are inadequately funded.

2 Q. And my understanding, as well, is that  
3 K.S.A. 72-1127 reflects some of those similar  
4 goals that are set forth in the Rose standard,  
5 correct?

6 A. Yes.

7 Q. And let me first ask, the committee that  
8 you mentioned that you looked at for I think it  
9 was educational efficiency, was that committee  
10 able to come to a definition of adequacy?

11 A. No, we didn't -- well, we didn't -- it's  
12 not that we didn't come to it, we didn't look at  
13 it.

14 Q. Okay. I'm sorry. Okay. So with regard  
15 to both the Rose and the statutory standards, are  
16 you aware of any school district in the State of  
17 Kansas that has fallen below the standard and been  
18 decertified or any similar indication that they  
19 failed to satisfy the adequacy?

20 A. In terms of losing accreditation for Rose  
21 capacities, no, I'm not aware of any.

22 Q. Tell me -- my recollection, however, is  
23 and I talked to Mr. Tallman, and we'll talk to him  
24 later, my recollection is that your contention is  
25 that Kansas children aren't learning, however.



1 Tell me how -- those seem to be inconsistent to  
2 me, so help me understand what that inconsistency  
3 is?

4 A. Well, we've looked at and in fact the  
5 Department of Education, it was in 2014, I believe  
6 it was November of 2014, that we had some  
7 discussions in an interim committee or maybe it  
8 was -- it may have been the following legislative  
9 session, but I was -- I testified before a joint  
10 committee of House and Senate education, so that  
11 probably would have been in 2014. But where then  
12 Commissioner of Education Diane DeBacker  
13 acknowledged that the achievement gaps between low  
14 income and not low income kids have actually been  
15 getting wider. There was a point in time when the  
16 achievement gaps could be, in terms of closing the  
17 gaps, could be measured in terms of decades, which  
18 was the amount of time it would take at the  
19 current pace for the kids who are low income to  
20 get to the same achievement level on the National  
21 Assessment of Educational Progress as the kids who  
22 were not low income. That has now become a  
23 measure of centuries because the gaps have  
24 actually gotten wider. And so for some districts  
25 or for some categories, such as we are looking at



1 fourth grade and eighth grade reading and math,  
2 some of those gaps it would take centuries to  
3 close at the current tenure base. Others would  
4 never close because there has been no progress.  
5 And so -- and we've also looked at -- part of the  
6 rationale for that, we think, is that a lot of the  
7 money the legislature has allocated, specifically  
8 for its called at-risk funding, the Kansas Policy  
9 Institute did a study last year looking at how the  
10 at-risk money was actually being spent and found,  
11 according to school district documents and  
12 according to how we see their spending, that much  
13 of it is not being used for the direct benefit of  
14 the low income kids who are generating that aid.  
15 It's being -- it's being used in accordance with  
16 how they are allowed to do it, but they are not  
17 required to use it for the direct benefit of the  
18 low income kids. And so even though the funding  
19 has increased quite dramatically, the legislature  
20 increased -- I think the last time we looked at  
21 this from between 2005 and 2015, there was about a  
22 seven-fold increase in the amount of money that  
23 was allocated to at-risk funding, and yet we  
24 didn't see hardly any change in the National  
25 Assessment of Educational Progress and scores.



1 Q. Well, what I'm wondering is if the  
2 achievement is so low, wouldn't that suggest that  
3 the funding is inadequate, that the education is  
4 inadequate and more money should be --

5 A. You know, there are some people who  
6 contend that, and yet we find no correlation  
7 whatsoever between the amount of money spent and  
8 the outcomes that have been achieved. Not only in  
9 Kansas, but across the country.

10 Q. What do you mean you find no -- I don't  
11 follow you.

12 A. No correlation? There is a -- there are  
13 some people who believe that if you spend more  
14 that you will then improve outcomes. Many  
15 researchers across the country -- and there are a  
16 few who say that they believe there is a  
17 correlation, but not causation. Even the people  
18 who believe there is a correlation between  
19 spending more and achieving, having better  
20 achievement, even those people admit that spending  
21 more does not cause outcomes to improve. They  
22 even -- they go so far to say, with which we  
23 agree, it's not the amount of money that you  
24 spend, it's how you spend the money, which gets  
25 back to is the money being spent for the direct



1 benefit of students? Is it being spent in  
2 classrooms or is it being spent elsewhere? And so  
3 there is -- we've looked at -- we've provided much  
4 testimony to House and Senate committees showing  
5 that many states can achieve better results with  
6 less money, or you can look at a specific  
7 achievement level and find, for example, a  
8 percentage of students who are proficient, say, in  
9 fourth grade reading, the same students low income  
10 or not low income, and you can see a tremendous  
11 difference in the amount of per pupil spent.  
12 There simply is no relationship, data-driven  
13 relationship between the amount of money that is  
14 spent and the achievement of the students in that  
15 state or district.

16 **Q. One final question for you to consider,**  
17 **and I apologize, I don't believe I asked you this**  
18 **before, so I'm going to put you on the spot here.**

19 **Would you believe or have any of your studies**  
20 **suggested that changing the equalization structure**  
21 **for capital outlay and LOB, would that affect the**  
22 **adequacy, in your opinion, for the education**  
23 **that's offered the students?**

24 **A. If I'm understanding your question, if --**  
25 **if by, for example, Senate Bill 512 where it would**





1 slightly reduce the block grant funding in order  
2 to meet the equalization provisions, no, we don't  
3 believe that that would have any legal basis of  
4 adequacy issues for a number of reasons. First of  
5 all, we go back to districts can't identify, they  
6 can't measure and define the Rose capacities,  
7 which on its face should indicate that they don't  
8 have any legal basis for saying they don't have  
9 enough money to meet adequacy.

10 But beyond that, we found that districts  
11 aren't even spending all the money that they have  
12 been given over the last 10 years. And we looked  
13 at that by -- by studying their carryover cash  
14 reserves. So you have in 2005, July 1 of 2005,  
15 districts had collectively \$468,000,000 in  
16 operating reserves. That's not counting capital  
17 outlay or any bond indebtedness reserves, these  
18 are just operating funds. Over the next 10 years,  
19 by July 1 of 2015, those balances had gone to  
20 \$853,000,000. So there's a -- the difference  
21 represents \$385,000,000 of money that was given to  
22 schools to operate and for whatever reason they  
23 didn't spend it. They put it -- they used it to  
24 increase their cash reserves.

25 So again, if you're not getting all the money



1 you have been given, it seems hard to make a case  
2 that you don't have enough money when you aren't  
3 even spending everything that you are getting.

4 There is other indications. We've seen in  
5 testimony in committees -- I heard testimony  
6 before the K-12 Commission on efficiency and in  
7 our own studies in looking at payroll registers  
8 and check books that districts choose to spend  
9 more money than is necessary.

10 One of the metrics that we look at is how  
11 much money goes into instruction, which is a --  
12 and instruction is defined by the state's  
13 accounting manual, the Department of Education's  
14 accounting manual. And while funding has gone up  
15 quite significantly over the last 10 years, almost  
16 \$2,000,000,000, the percentage of money allocated  
17 to instruction has actually declined a little bit.  
18 If you -- we don't count any of the capital outlay  
19 in that measurement because capital can change and  
20 districts are allowed to allocate some of their  
21 capital to their current operating expenses.  
22 Factoring that out and just looking at what they  
23 are spending on current operating, the percentage  
24 allocated to instruction actually dipped below 53  
25 percent last year. I think it was 52.91 percent.



1 And so we are looking at choices that districts  
2 are making where they are choosing, and  
3 admittedly, choosing to spend more money than is  
4 necessary to provide the same or better quality  
5 service which would then make the savings  
6 available for instruction which seems to be the  
7 whole purpose of having a school finance formula  
8 is to educate kids and improve outcomes.

9 We see the practices with cash. We see the  
10 practices with choosing to spend more than is  
11 necessary. We see the fact that they can't define  
12 and measure the goal line. And so we collectively  
13 we look at that and think there is a very strong  
14 case that even if you were to spend down a little  
15 bit of block grant money as proposed in Senate  
16 Bill 512, it should not create an adequacy issue.

17 MR. CROUSE: Thank you, Mr. Trabert. I  
18 appreciate your willingness to be here. I will  
19 turn it over to the chairman.

20 CHAIRMAN RYCKMAN: Any questions from the  
21 committee? Representative Henry.

22 REP. HENRY: Thank you, Mr. Chairman.  
23 Mr. Chairman, I have a comment and I will have  
24 some questions, but I find it interesting that we  
25 are spending a lot of time on evidence-based



1 finding here. Mr. Chairman, did 2731 pass out  
2 House Appropriations Committee?

3 CHAIRMAN RYCKMAN: No.

4 REP. HENRY: No, did not pass. Did you  
5 take a vote, Mr. Chairman?

6 CHAIRMAN RYCKMAN: No, the bill -- we did  
7 not take a vote, but we still are working.

8 REP. HENRY: So we're -- 2731, 512  
9 neither one of those bills have passed either body  
10 at this point, but we are doing a tremendous  
11 amount of work on that issue, so I find that kind  
12 of interesting.

13 QUESTIONS BY REP. HENRY:

14 Q. But your question -- and, Mr. Trabert, I  
15 sit on the House Education Budget Committee and I  
16 will say I've missed some meetings. Have you been  
17 to a number of our House Education Budget  
18 Committee meetings this year?

19 A. No, I have not.

20 Q. Okay, thank you. In committee, Mr.  
21 Chairman, we hear a tremendous amount of testimony  
22 about increase in enrollment, increase of at-risk  
23 students, cost of operations are increasing, labor  
24 costs, increase in general supplies, health  
25 insurance, property and casualty insurance,



1 workers' comp, et cetera, et cetera. Mr. Trabert,  
2 have you ever done an in-depth study and could you  
3 identify any type of school district where the  
4 school board has said that they are experiencing a  
5 reduction in total operating costs? Do you have  
6 any school boards that have gave you testimony or  
7 any information about that they are experiencing a  
8 reduction in operating costs?

9 A. That their costs are going down?

10 Q. Yes. Do you have any evidence of that  
11 anywhere?

12 A. Oh, no, because districts spend more  
13 money. I can tell you, though, that districts  
14 decline opportunities to save money. For example,  
15 when you referenced insurance going up, we know  
16 that there are districts that are spending more  
17 money than is necessary to provide insurance. So  
18 rather than just say, well, the cost is going up,  
19 the position that seems to come forward from  
20 districts a lot is we can't help any of this, and  
21 that's just not true. Because having done those  
22 things for private companies for decades, I can  
23 assure you that there are many options, whether  
24 that be looking at how much we are charging  
25 employees, are we charging at the national average



1 or the state average for employees' contribution?  
2 What kind of insurance costs -- insurance are we  
3 buying? Are we taking advantage of pooling  
4 opportunities? Same thing with casualty. All of  
5 these things have options.

6 We've heard districts choose to spend more  
7 money. We've heard districts, we've heard school  
8 board associations testify against proposals on  
9 procurement, for example, where they could spend  
10 less money and get the same or better quality  
11 product which would make more money available,  
12 they don't want that because they want to be able  
13 to spend inefficiently if they so choose.

14 We've seen districts testify that they don't  
15 want to have services provided from regional  
16 service centers, outside the classroom things like  
17 transportation and maintenance and food service  
18 and accounting and payroll, so many things that  
19 could be provided regionally at lower prices.  
20 They don't want to do that. So they have many,  
21 many options.

22 By the way, I should mention that while the  
23 school districts oppose these things, Kansans  
24 overwhelmingly support and expect school districts  
25 to make efficient use of taxpayer money, including



1 using -- using these regional service centers that  
2 are school districts, by the way, to provide  
3 services at better costs so that more money is  
4 available for teacher pay, for instruction and so  
5 forth.

6 Q. In truth, I've read a lot of your stuff,  
7 so I do -- I want to say I've read everything.  
8 But I go to a lot of school board hearings and  
9 have you ever done a model of what a school board  
10 -- how a school should be operated? I know you  
11 have done some models of other things, but the  
12 last thing I hear from school boards is we don't  
13 want a template from Topeka on how to operate  
14 schools. Have you ever done a template or do you  
15 -- could you do a template how -- have you ever  
16 seen -- have you ever had a school board -- have  
17 you ever been to a school board that has said,  
18 hey, we are getting a lot more money than we need  
19 and we probably are rich and our costs are going  
20 down?

21 A. Well, no, they won't say that, but that  
22 does not mean -- but that does not mean that they  
23 -- just because they are choosing to operate the  
24 way they are choosing, that they have to do that.  
25 I'll give you a great example. We've talked a



1 little bit here about carryover cash. We find  
2 many districts, dozens of districts that have  
3 historically operated with very low carryover  
4 ratios, and that's a -- that's a measurement of a  
5 district's operating reserves at the beginning of  
6 the year as a percentage of that district's  
7 operating spending.

8 Now, there are -- first of all, let me back  
9 up. No one really had an issue with any kind of  
10 cash reserve matters until we discovered, until  
11 Kansas Policy Institute covered in 2010 that there  
12 was about \$700,000,000 at that point in reserve,  
13 and that prompted -- and since then there have  
14 been a lot of districts say, well, we just don't  
15 have enough. Interestingly, there is no  
16 legislative record of districts prior to that  
17 saying we don't have enough in cash reserves. But  
18 at that point that \$700,000,000, that was already  
19 200,000,000, maybe \$250,000,000 more than what it  
20 was just in 2005. What we have -- we've looked at  
21 every district's carryover ratio back in 2005, and  
22 we find that there are dozens of districts  
23 operating with less than 10 percent reserves  
24 consistently.

25 Now, other districts say we don't have





1 enough, we couldn't possibly do it, but here is  
2 documented evidence from school districts that are  
3 actually doing it on a consistent basis. It comes  
4 down to how you choose to operate your district,  
5 how you choose to manage cash. Every district  
6 gets their funding, different amounts, certainly,  
7 but they get it at the same time. They operate  
8 generally the same way. They pay their bills at  
9 generally the same time. The mere fact that some  
10 districts can do it and manage their cash so much  
11 more efficiently than others is another piece of  
12 circumstantial evidence, at least circumstantial,  
13 that others can do it as well. These are choices.

14 So while the fact that they are spending more  
15 money doesn't mean anything other than they are  
16 choosing to spend more money than they need to to  
17 provide the same or better quality. This isn't  
18 about cutting a service or cutting a program, it's  
19 about making common sense efficient decisions with  
20 other people's money of how to provide that same  
21 or better quality service so they have more money  
22 available. Don't spend extra on administration or  
23 maintenance or transportation, do it more  
24 efficiently so you have more money to educate  
25 kids.



1 REP. HENRY: Mr. Chairman, my last  
2 comment and I appreciate the time.

3 BY REP. HENRY:

4 Q. In the House Education Budget Committee,  
5 we talked about kind of in-depth about how we had  
6 some school districts that you walk through and  
7 they are beautiful and they have all the latest  
8 technology and they have a lot of bond  
9 indebtedness. And you go to some of our rural  
10 areas and the schools are so-so, little  
11 technology, but the school board has made a  
12 considered point to go out and accumulate cash  
13 because they don't like to do bonding, they don't  
14 like to fix things with bonds, they want to do it  
15 as they go. And so there is a huge difference in  
16 how we -- how different school districts manage  
17 their daily operations. So, you know, again, I  
18 think we've heard this over and over, so you can't  
19 just come in and say, hey, here is some schools,  
20 do this and that differently because these schools  
21 are not given a template and they don't want a  
22 template from Topeka on how to operate schools.

23 A. If I could, Representative, I'd have to  
24 beg to differ with that statement. First, yes,  
25 some districts do accumulate money in their



1 capital outlay fund rather than do bond and  
2 interest. We don't count that. All the  
3 measurements that we are doing looking at how they  
4 are spending money and how they are managing their  
5 cash are of their operating reserves. We are not  
6 looking at all at what's in their capital outlay.  
7 Okay? So, yes, there are some that do it, but  
8 that's an irrelevant point, with all due respect.

9 Now, they don't want a template from Topeka,  
10 and I get that. Nobody wants to be -- I worked in  
11 the corporate world and I didn't want -- but here  
12 is the difference: These districts are not just -  
13 - they can have all the local control they want if  
14 it was all their money. If all the money for  
15 their district was being raised by the citizens of  
16 that district, well, then, I suppose you should be  
17 entitled to have all the local control you want,  
18 but this is other people's money. I mean, think  
19 about it. We have districts, on the topic of  
20 equalization here, we have citizens in tiny  
21 districts where a mill raises less than \$50,000 or  
22 less than 100,000. There is dozens of districts  
23 like that where they really don't have much  
24 property value and they don't qualify for  
25 equalization, but some of their sales taxes and



1 some of their income tax is going to the wealthy  
2 districts in Johnson County, in Sedgwick County.  
3 They are supporting -- their money is going over  
4 here to support them. You know, it's just the  
5 whole equalization system -- in fact, there is a  
6 lot of people who don't understand that it's done  
7 on a per pupil valuation. They think -- in fact,  
8 I've heard it explained in legislative hearings  
9 that the purpose of equalization is to provide  
10 more money to the districts that have low property  
11 values. And what I've told them, for example,  
12 this was - I just made this note this morning -  
13 this was from the block grant spreadsheet, 2016  
14 supplemental general aid distribution, this was  
15 the estimate. Out of \$448,000,000 in equalization  
16 aid, Sedgwick County had the most. They got 20  
17 percent. The second highest amount went to  
18 Johnson County at 11 percent. The third highest  
19 went to Wyandotte County at 10 percent, and then  
20 Shawnee County at 6 percent. Four counties, four  
21 large urban counties accounted for 47 percent of  
22 the equalization money that's supposed to help  
23 poor districts.

24 CHAIRMAN RYCKMAN: Any other questions  
25 for Mr. Trabert? Thank you for being here. Mr.



1 Crouse.

2 MR. CROUSE: Mr. Chairman, I've asked Dr.  
3 Jim Hinson from the Shawnee Mission School  
4 District to appear, as well.

5 DR. HINSON: Good morning.

6 EXAMINATION OF DR. JIM HINSON

7 QUESTIONS BY MR. CROUSE:

8 Q. Good morning, Dr. Hinson. Thank you for  
9 coming over here. I know you weren't in school  
10 this morning and were at PromptCare. I'm deeply  
11 appreciative. Thank you very much.

12 Will you remind the committee your name and  
13 employer and title, your history with public  
14 education funding, Kansas in particular, please?

15 A. Jim Hinson, Superintendent of the Shawnee  
16 Mission School District. This is my third  
17 year --

18 Q. Hold on. I'm sorry, your court reporter  
19 is going to kill me, so if I could ask you to slow  
20 down just a tad, please.

21 A. Sorry, I'm trying to prepare my budget  
22 for next year and I'm not sure how to do that, so  
23 sorry --

24 Q. No, that's fine.

25 A. Jim Hinson, Superintendent of Shawnee



1 Mission School District. This is my third year as  
2 Superintendent of the Shawnee Mission School  
3 District, third year in the State of Kansas.  
4 Previously, I worked in the State of Missouri. I  
5 taught sixth grade for six years. I was an  
6 elementary principal for six years and a  
7 superintendent of schools there for 18 years prior  
8 to coming to Kansas. Interesting to note, I'm  
9 superintendent of school districts from 600  
10 students to 15,000 students, a wide range of  
11 demographics in those school districts in that  
12 state, and I think currently I'm under my sixth  
13 school finance formula as a superintendent. So  
14 I've been through this experience just a few  
15 times.

16 **Q. Thank you very much, Dr. Hinson. One of**  
17 **the reasons why I asked you to come over is**  
18 **because you are one of the individuals who**  
19 **testified for House Bill 2731, and I thought some**  
20 **of your comments were quite enlightening and so I**  
21 **wanted to talk to you about that. While you**  
22 **presented testimony to the committee, there was**  
23 **no, what I will call, a record of that testimony**  
24 **and so, therefore, I thought the legislative body**  
25 **would benefit both from a recitation, so to speak,**



1 of your prior testimony, as well as you were kind  
2 enough to make time for me on St. Patrick's Day, I  
3 believe, in your office to talk about some of the  
4 ideas that you had with regard to not only  
5 resolving equity as it currently faces the  
6 legislature, but also how that may or may not  
7 impact adequacy as well as this annual ritual of  
8 school funding and what that does to a school  
9 district such as yours, as well as the other  
10 school districts in the State of Kansas. So what  
11 I would like to do is kind of lead you through  
12 that discussion that you had first with the  
13 committee, as well as the one that you had  
14 privately with me, so that I can help the  
15 legislature put their arms around a small issue  
16 that we currently have, as well as the big issues  
17 going forward and what I found were some  
18 enlightening thoughts that you may have. So  
19 that's kind of my goal behind this and I do  
20 greatly appreciate it.

21 Let's start first with regard to your  
22 testimony in House Bill 2731. As I -- as I  
23 mentioned, you appeared before the committee to  
24 discuss some of the -- your reactions to that bill  
25 and what it would do, both acutely to your



1 district, as well as throughout the state. And my  
2 recollection is you appeared neutral and said it  
3 was, quote, the least detrimental solution that  
4 had been offered. Talk to me a little bit about  
5 why you thought that.

6 A. I did appear as neutral in relation to  
7 House Bill 2731. We did appreciate that House  
8 bill had been filed in relation to trying to  
9 address the issue that is before us. So our  
10 position, or my position as a superintendent, we  
11 are now in mid, maybe late March - there is  
12 certainly madness in March - and I am trying to  
13 prepare a budget of well over \$300,000,000 that  
14 starts July 1, and I don't really know how to  
15 prepare that budget to any type of predictability.  
16 Really, on two fronts for us. One is in relation  
17 to if the legislature tries to have some type of  
18 remedy to meet the demand of the Court, will there  
19 be a cost to the Shawnee Mission School District  
20 and what will that cost really be? That's one  
21 question we really don't know the answer,  
22 obviously.

23 The second component that I think all school  
24 districts are facing right now is in relation to  
25 our state budget will I have allotments in May and





1 June, how much will those allotments really mean  
2 to us fiscally? And that's something that is  
3 looming in front of all of us that are school  
4 district superintendents as we try to prepare for  
5 the future.

6 So in looking at the House bill that we  
7 appear neutral on, one of the things it allows us  
8 to do, if there is a shift in relation to the LOB  
9 equalization, then I can plan for that this next  
10 year in relation to my board of education will  
11 have an opportunity, if they so desire, to  
12 increase the local mill levy to offset the loss in  
13 relation to LOB equalization. I think we are  
14 probably clear you've had testimony a lot of that  
15 is shifting under the tax burden from one school  
16 district to another school district. So we appear  
17 neutral. We appreciate the discussion in relation  
18 to this House bill will have implication on us.  
19 It does put my board of education, if that type of  
20 a concept would pass, in the same position that  
21 you truly understand. They would have to decide  
22 will they try to recoup that amount of money? If  
23 they try to recoup it, it is a mill levy for each  
24 tax increase at the local levy -- local level.

25 **Q. And my understanding is that you are**



1 comfortable with the equalization strategy, but  
2 you do not appreciate the impact that it will have  
3 on your budget. Is that a fair summary of  
4 -- and again, your analysis of how the  
5 equalization strategies may look in Kansas, is  
6 that a fair overview of your view?

7 A. I don't know if I would describe it as  
8 comfortable, but I understand the situation that  
9 we are all in. And if it is -- if this is the  
10 remedy in order to try to meet the demand of the  
11 Court because like we are all hearing right now,  
12 will my school still be open July 1? And so if it  
13 takes this type of a shift in order for us to meet  
14 the demand of the Court, then I think that in the  
15 art of negotiation, everybody has to compromise.  
16 And if that's what is needed to get us a short-  
17 term fix so we can develop a long-term solution,  
18 then we are willing to be at the table to say we  
19 are willing to take that reduction or cut, if you  
20 will.

21 Q. And I appreciate that. I think that's  
22 the position of the legislator -- or legislature  
23 is we are seeking an opportunity to satisfy the  
24 Supreme Court's command so that the school bells  
25 ring come fall of 2016, so that's why I personally



1 appreciate your thoughts as to this process. One  
2 thing that I picked up out of your testimony, or  
3 at least your written testimony, is the concept of  
4 a hold harmless provision. Remind me again what  
5 that process is and your position with regard to  
6 whether it is necessary or not as to any  
7 legislative solution the legislature may consider?

8 A. Certainly our preference is a hold  
9 harmless solution. A hold harmless solution, in  
10 essence, means there aren't winners or losers. It  
11 means that no one is actually going to lose  
12 through the process.

13 You know, my belief is if you're going to  
14 have a hold harmless provision, you have to find  
15 some way to increase revenue or you are going to  
16 have to find some other place to take it from.  
17 But as we move forward in a new formula, one of  
18 the key components for a new formula is a hold  
19 harmless provision. And I believe if we can find  
20 a short-term fix that is hold harmless as well, I  
21 think that's very important in this process and it  
22 would be the ideal solution.

23 Q. In other words, it would aid your  
24 district, as well as others, who may lose funding  
25 under the re-implementation of the formula to what



1 I will call smooth out the budgetary process on a  
2 short-term basis, that being the school year for  
3 2016-17?

4 A. The answer is yes. The last run I saw  
5 there were about 79 school districts that would  
6 lose, if you will. You've heard testimony this  
7 morning in relation to fund balances, but please  
8 keep in mind I'm not sure that any of us are aware  
9 of what's going to happen in May or June. So I'm  
10 sitting there with about 11 percent fund balance  
11 in the Shawnee Mission School District. That's  
12 not a lot of money. Am I comfortable with the 11  
13 percent normally? Absolutely yes. Right now, I  
14 don't know. I don't know the answer to that  
15 question. So the hold harmless remedy I think is  
16 ideal, especially with the understanding we don't  
17 know in K-12 if we are going to have allotments in  
18 May or June and the amount of money that that  
19 would really equate.

20 Q. I'm going to challenge you just a little  
21 bit because the Court has said equalize. I want  
22 to know do you think that a hold harmless  
23 provision would equalize or would it alter the  
24 equipoise of the school district? And if it does  
25 alter that, does the legislature have a rational



1 basis for believing that the hold harmless  
2 provision is necessary for the operation of the  
3 schools, if you could talk about that.

4 A. From my perspective, the equalization is  
5 almost like, I'll use the expression of chasing  
6 your tail. You've heard testimony it changes  
7 every single year. And so the question becomes  
8 once you equalize, then immediately do you have  
9 inequity through that process? I don't see any  
10 scenario by holding harmless where you create  
11 additional inequity, and I'll give you an example:  
12 The block grant formula. The block grant formula  
13 held harmless school districts that were declining  
14 in enrollment. I think it worked really well; it  
15 was the right thing to do. And so we have  
16 precedent where we've held school districts  
17 harmless in that regard, and I think ideally that  
18 would occur again at this time. So, no, I do not  
19 believe that it would create additional inequity.

20 Q. And if the legislature chose to hold  
21 certain school districts harmless, you would see  
22 that as something consistent with the  
23 normalization and normal operations of the school  
24 district. Is that right?

25 A. Yes.



1 Q. You mentioned a couple of times about  
2 certainty, and one of the things that really  
3 caught my attention with your prior testimony is  
4 the certainty that would be provided to school  
5 districts by the block grant. I read  
6 contemporaneous press clippings to suggest the  
7 block grant was bad for education. I believe you  
8 have a different view and that it actually was  
9 good for education. Can you remind me why that  
10 is, please?

11 A. As you may or may not be aware, Shawnee  
12 Mission School District we supported the block  
13 grant for really a couple of reasons. One,  
14 without the intervention of the Court, and we are  
15 not a part of the Schools for Fair Funding in the  
16 Shawnee Mission School District, but without the  
17 Schools for Fair Funding litigation and the  
18 Court's intervention, I would have known how to  
19 budget for two years. Now, save allotments, I  
20 don't know what's going to happen there, but we  
21 have lobbied for a two-year budget cycle and  
22 that's what was granted through the block grant  
23 process so I would know how to budget. Now I'm in  
24 a situation because of the Court's demand,  
25 depending on how the legislature responds, I am



1 uncertain on really how to budget.

2 So we are in a process right now where  
3 normally, save for negotiations with employees, my  
4 budget is done for next year. Right now there is  
5 so much uncertainty, and this again is why we  
6 advocated for the block grant so we would have  
7 some certainty in relation to budgeting.

8 **Q. Would it also be beneficial from a block**  
9 **grant two-year budgeting cycle to help find what I**  
10 **will call an ultimate solution to school funding,**  
11 **for example, as opposed to reacting to remedial**  
12 **orders such as the like? Could you talk about**  
13 **that?**

14 A. I mentioned to you I've been through  
15 several formulas in my career. They were always  
16 challenging and they are always contentious, they  
17 always are. One of the goals from my perspective  
18 of the block grant was to say here is where we are  
19 going to be for two years, you know how to budget,  
20 so we'll lock that in. And at the same time it  
21 would give the legislature an opportunity to  
22 engage everyone in the process to thoughtfully  
23 create a new school finance formula going forward.  
24 It would give us the time in order for that to  
25 happen.



1 In looking at the I'm going to call it the  
2 old formula from 1992, Shawnee Mission School  
3 District has never supported that formula.  
4 Looking back at some information from a  
5 legislative research document that was presented  
6 on July 15th of 2015, the history of the current  
7 or the previous school finance formula, it was put  
8 in place in '92. We waited until '93 before we  
9 started amending that formula. The history of  
10 amending that formula, I'm going to call it  
11 bizarre because that has happened over and over  
12 and over again. Any time you have a formula that  
13 you continue to I'm going to call it tweak  
14 continually and add weightings continually, that's  
15 where you create inequity.

16 And so as we look back at the history of the  
17 formula, and I'll give you the exact date again  
18 because I brought it with me today, so July 15th  
19 of 2015, and so I'm going to give you an example.  
20 This is in relation to, and please give me some  
21 patience here, the at-risk pupil weighting, and  
22 this is from Kansas Legislative Research  
23 Department School Finance History July 15 of 2015,  
24 this is in relation to at-risk pupil weighting. A  
25 1997 amendment increased the at-risk pupil





1 weighting from .05 to .065 commencing with 97-98.  
2 A 1998 amendment increased the weighting to .08  
3 commencing with the 98-99 school year. A 1999  
4 amendment increased the weighting to .09  
5 commencing with 99-2000. And a 2001 amendment  
6 increased the weighting to .10 in '12 and  
7 thereafter. Sorry, I'm talking a little fast  
8 again. And then '06 -- and you can read it for  
9 yourself. We go back and so there is a history  
10 from 1992 where it was 5.0 to where it was in '08  
11 and '09 at 45.6. So any school finance formula,  
12 when you continually tweak and you continually add  
13 weightings, the best thing to do is for the block  
14 grant in place, call a time out and then go back  
15 and develop a comprehensive, very thoughtful new  
16 school finance formula.

17 **Q. Do I understand you that the repeated**  
18 **tweaking, as you say, of the school finance**  
19 **formulas undermines your ability to deliver**  
20 **education to students?**

21 A. The continual tweaking does a couple of  
22 things: One, it provides a moving target for you.  
23 It's a moving target from a budgetary fashion  
24 standpoint. It's a moving target for a school  
25 district, as well. And so in order for us to



1 develop our five-year budget, try to predict  
2 what's going to happen in the future, one,  
3 certainly we like the certainty of a budget cycle  
4 revenues are going to come in for the next X  
5 numbers of years. But at the same time in order  
6 for us to accurately and efficiently budget our  
7 tax dollars to have a continual tweaks, weightings  
8 or add or changes, it is very difficult for us to  
9 appropriately budget.

10 Q. And I'm going to ask you a question that  
11 just popped in my head as you are talking. Do you  
12 have any equalization strategies that you would  
13 recommend to the legislature for a remedial fix  
14 for this cycle that's different from, for example,  
15 the House bill you testified on and Senate Bill  
16 512? And if you don't, that's fine. It popped  
17 into my head as you were talking and I wanted to  
18 get it out.

19 A. Answering the question about what is  
20 equalization and if you try to create equity are  
21 you really creating inequity? It's a very  
22 difficult question to answer, but I'll try to  
23 answer it in this regard, and this was a question  
24 that was asked by representative Henry.

25 So in the Shawnee Mission School District, if



1 I move my salary schedule, if I -- that's not  
2 increasing my base, you work another year, you  
3 move a column, you go from a Bachelor's degree to  
4 a Master's degree, you move that step. And what I  
5 think is going to happen in health insurance, and  
6 we can talk about that, as well, because it was  
7 testified about today, that takes \$4,000,000 for  
8 me just to do that in the Shawnee Mission School  
9 District. Kansas City Power & Light increased  
10 their rates. That's \$750,000 for me in that rate  
11 hike increase, and certainly we are working to be  
12 more efficient through that process, but I already  
13 have a \$750,000 deficit in that regard. We  
14 contract for transportation. They are at a 27  
15 percent rate hike increase right now, their  
16 request, and our answer is no. And then the  
17 question becomes what happens if they walk away?

18 So absolutely our costs are increasing  
19 significantly. That is why if we could hold  
20 harmless now where everybody create a new formula  
21 through a very intricately-designed process, I  
22 think that benefits education, certainly, in the  
23 state and all of us in this process.

24 **Q. So would it be fair to say then that you,**  
25 **and I don't mean this in a you don't have an**



1 answer sort of way, but you're not here promoting  
2 a different equalization strategy other than the  
3 ones that are before the legislature currently.

4 Is that correct?

5 A. That is correct. I don't know if there  
6 is a right answer.

7 Q. Let me get back onto, I guess, my train  
8 of thought. Tell me a little bit about, in your  
9 testimony, with regard to shifting the tax burden.  
10 It requires members in your district to pay more,  
11 may require others to pay less. Tell me about  
12 your concerns with regard to adequacy, help me  
13 understand that, please.

14 A. As we get into the conversation of  
15 adequacy in the new formula, it is a difficult  
16 question to answer. I have not advocated for the  
17 Rose standards that were created in the 1980s in  
18 the state of Kentucky. I don't believe that is  
19 what is the very best for every student in the  
20 state of Kansas. If we want to lower our  
21 standards, from my perspective, to the 1980  
22 standards from Kentucky, I think that would be  
23 highly inappropriate. We have to determine, we  
24 have to determine what is the very best for every  
25 student that walks through the doors of any school



1 in the state of Kansas.

2 The adequacy question, you're going to have  
3 probably a lot of testimony about that in the  
4 future, but what is really adequate? There has to  
5 be a threshold of which you cannot provide an  
6 adequate education below this level. There is a  
7 threshold. Now, certainly we can argue if you  
8 continue to add money beyond that threshold, what  
9 is the return on your investment? And those  
10 arguments will probably occur. But there has to  
11 be a threshold. So a new school finance formula  
12 should have a threshold, this is the adequacy  
13 threshold. We can have other discussions what's  
14 beyond that, and I think those will be robust in  
15 that conversation, but I think that number can  
16 certainly be attained through adequacy.

17 But I want to make sure that in our race for  
18 equity, we don't harm the adequacy discussion.  
19 So, I'll use this example: So, in the Shawnee  
20 Mission School District we have the largest total  
21 assessed valuation. There are 14 cities in the  
22 Shawnee Mission School District. Our demographics  
23 in the Shawnee Mission School District, they are  
24 changing, but out of the general fund, operating  
25 fund, if you will, everything except for capital



1 outlay and bond and interest, prior to the block  
2 grant, out of the 286 school districts, our  
3 spending per pupil in Shawnee Mission was 268, 286  
4 being the last. That's because of two reasons:  
5 One, is a spending authority cap, the other is the  
6 formula and all the weightings in the formula.

7 And, so, when we talk about adequacy, is it  
8 equitable or is it adequate for us in Shawnee  
9 Mission to be 268 out of 286? So, what I would  
10 challenge is that all interested parties we have  
11 to have the conversation about adequacy and if we  
12 can please have a very defined plan going forward  
13 how we have those discussions. I'm going to get -  
14 - I'm getting off on a rant now, and I apologize  
15 for that, but we're all invested in this. We  
16 collectively have to have those conversations.

17 **Q. And I appreciate that. What I'm trying**  
18 **to get at is tell me what your thoughts are with**  
19 **regard to my understanding is if you are a what**  
20 **has been referred to in the testimony before a**  
21 **loser as a result of the formula, in other words,**  
22 **you lose money, my understanding is you have the**  
23 **options of cutting services, raising your mill**  
24 **levy or not performing those services -- or, I**  
25 **think, you had three options in your testimony,**



1 and one of the concerns that I heard in your  
2 testimony was that your taxpayers in your district  
3 were expected to bear more of a burden than  
4 others, and I wondered if you could comment as to  
5 the equity of that from your perspective, please?

6 A. The shifting of the tax burden, if you  
7 will, so my board will have to say we're going to  
8 cut certain services, depending on the solution or  
9 resolution, we're going to increase the mill level  
10 locally or we're going to try to eat away at some  
11 of those fund balances. Do we have the ability to  
12 eat away at fund balances? The answer is yes.  
13 However, I'm going to take you back to the  
14 argument in relation to allotments. I don't know  
15 what's going to happen in May and June. I'll stop  
16 there in relation to allotments.

17 But, I think, it's fair for me to say this,  
18 as well: The discussion for Shawnee Mission, one  
19 of the 79, honestly, it might be a little easier  
20 on how we're going to meet the shift than some of  
21 the other really small school districts in the  
22 state. And, so, as we look at the 79, honestly, I  
23 can find a way to do it. I might not like it, I  
24 don't like the shifting of the tax burden, I can  
25 find a way to do it within reason. A lot of those



1 other 78 school district in the state it's really  
2 going to be a challenge for them, and that's the  
3 part of this equity conversation in relation to  
4 the constant shifting of the tax burden which does  
5 impact adequacy.

6 **Q. What is that shifted tax burden? Can you**  
7 **explain that to me?**

8 A. So, the shifting of the tax burden is  
9 really the LOB equalization. So, the question is  
10 who is going to pay for the cost, whether it's  
11 going to be the local taxpayers or whether it's  
12 going to be the state. That's as simple as I can  
13 make it in that process.

14 **Q. Your mention of certainty for budgeting**  
15 **in favor of the predictability, is there an**  
16 **organization that you can tell the committee**  
17 **about, I think it's USAA, that may not support**  
18 **block grants but also recognizes the benefits of**  
19 **certainty to school districts? Does that ring a**  
20 **bell with our discussion?**

21 A. I'm not actively involved in that. I'm  
22 not involved with that organization.

23 **Q. Okay.**

24 A. And so occasionally I'll read some  
25 information they'll present, but I'm not actively





1 -- I'm not involved at all with their discussions.

2 Q. Okay. But my recollection is, even they  
3 recognize, to operate a school district or a  
4 school organization, you need certainty in funding  
5 on a longer term basis as opposed to a three-month  
6 budgeting process or a 12-month budgeting process?

7 A. Yes, sir. As school administrators of  
8 the state and certainly school boards, as well,  
9 we've advocated for a two-year budget cycle so we  
10 would have certainty and know how to predict the  
11 future.

12 Q. Without, I assume, interventions of any  
13 government bodies?

14 A. That's, again, why we lobbied for the  
15 block grant bill, that certainty, in very tenuous  
16 financial times that we could try to have that  
17 certainty in our process. So for me, I have 4,000  
18 employees. Their livelihood depends on how we  
19 make decisions in relation to our budget, not  
20 being able to predict what we can do for them. We  
21 are having all kinds of discussions right now, and  
22 I have some of my finance team here as well, all  
23 kinds of worst case scenarios. I don't like any  
24 of those scenarios. Some of those impact  
25 employees and they impact the lives of people in



1 the state, and that's why I really think when  
2 there is certainty with a hold harmless provision,  
3 it allows us to clear this hurdle and then really  
4 have those conversations that will allow us to  
5 have a new school finance formula in place which I  
6 believe needs to occur.

7 **Q. One thing I wanted to talk to you about**  
8 **is, and I'll do it briefly, is the variety of**  
9 **equalization strategies that are out there for**  
10 **capital outlay, LOB, as well as bond and interest.**  
11 **My recollection is you're unaware as to what, if**  
12 **any, educational policy would support the**  
13 **differing equalization strategies for the**  
14 **differing concepts. Is that right?**

15 **A. That's correct.**

16 **Q. And would you favor a single unified**  
17 **strategy and why?**

18 **A. Let me try to give you an example. In**  
19 **Shawnee Mission we're at eight mills, so we're at**  
20 **the ceiling. We don't receive any equalization**  
21 **for capital outlay. We have a significant debt in**  
22 **bond and interest. No equalization from the state**  
23 **for bond and interest. But we received**  
24 **equalization for LOB because we fell in that great**  
25 **category of the 81.2. Honestly, I'm not sure how**



1 that makes sense. We love the state relief, but  
2 does it really make sense. I don't know that  
3 that's equitable in the process because the  
4 formulas are different. And, so, we need a  
5 concept, we need an understanding in the state of  
6 what does equalization mean, not only for bond and  
7 interest and for capital outlay.

8 So, my eight mills in capital outlay, I can  
9 issue bonds through capital outlay for school  
10 construction; we're doing that. Other districts  
11 could also, if they were -- if they wanted to,  
12 they could issue bonds through capital outlay and  
13 receive state equalization, but a part of that  
14 expenditure could be through bond and interest and  
15 receive state equalization, as well. So, in  
16 essence, you could be paid twice for the same  
17 overall project. You would have to break down  
18 your bonds for maybe just your facility, your  
19 capital outlay for just your furnishings, but  
20 there is a way to do it. That doesn't make any  
21 sense. So, we have to determine educationally  
22 what is the appropriate equalization for those  
23 categories or reduce the equalization and there'd  
24 be fewer categories.

25 **Q. Just a few final questions, and I will**



1 warn you in advance so you can get ready, we  
2 didn't talk about this. These questions are  
3 coming from some readings that I did this weekend,  
4 so I just wanted to run the ideas by you and have  
5 you comment on them.

6 What if, for example, the legislature  
7 considered changing the mandatory 20 mill rate and  
8 suggested that we're going to raise the mill rate  
9 and you are going to have to ask your constituents  
10 to support equalization for capital outlay or LOB  
11 in other districts, how would that go over in your  
12 school district?

13 A. I don't think it would go over very well.  
14 Our constituents have been great about raising  
15 their mill levy to fund what goes on in their  
16 neighborhood and their school district, but to  
17 intentionally to increase that to equalizing other  
18 places, I think, there would be some consternation  
19 about that issue.

20 Q. Consternation is probably a good word for  
21 it.

22 Tell me, is there a way and would you support  
23 taking all of the mill and local option that you  
24 give and send it into the state and then have them  
25 equalize it from there? And, I think, that's kind



1 of a similar concept to what I just mentioned, but  
2 I assume your reaction is the same?

3 A. It goes back to the discussion, I'm going  
4 to call it local authority, which you can get into  
5 eventually the equity and adequacy conversation  
6 about what does local authority really mean. The  
7 mind-set that -- I'll try to simplify it -- the  
8 more money that comes into the state, the state  
9 probably is going to have the feeling that they  
10 should have more control over how that money is  
11 spent; that would be reasonable. The more money  
12 that's raised locally where you have locally  
13 elected officials and how those monies are spent,  
14 I think you have more local authority, but you  
15 also have greater accountability at the local  
16 level, as well.

17 So, I would certainly advocate -- I don't  
18 disagree with the 20 mills, but if we're going to  
19 have additional revenue, I think locally we have  
20 to have investment buy-in ownership in that  
21 process.

22 Q. One of the things I talked to Mr. Dennis  
23 about was Supreme Court seemed to suggest that it  
24 wants a reasonably similar educational  
25 opportunity. And as I mentioned to him, my wife



1 went to your school district, I went to U.S.D.  
2 419. I asked him whether he has any metric to  
3 measure whether my educational opportunity was  
4 similar to my wife's. His answer, I think, was  
5 no, and my recollection is your answer was  
6 similarly there is no way you can measure it?

7 A. That is correct.

8 MR. CROUSE: Doctor Hinson, you have been  
9 amazing with your time. I can't tell you how much  
10 I appreciate it. Thank you.

11 CHAIRMAN RYCKMAN: Does the committee  
12 have questions of Doctor Hinson? Senator  
13 Masterson.

14 CHAIRMAN MASTERSON: Thank you, Mr.  
15 Chairman.

16 QUESTIONS BY CHAIRMAN MASTERSON:

17 Q. I actually find it refreshing somebody  
18 inside the system, if you will, creates that  
19 stability the way we do for those of us who  
20 produce the budget on an annual basis, just having  
21 that predictability is such a huge factor in that  
22 and I appreciate your comments on that.

23 As it comes to hold harmless that we are  
24 calling it, do you -- do you believe there should  
25 be some look at or correlation with the local



1 effort? I am and you ask this of you because you  
2 are in one of the largest districts by population,  
3 clearly are the wealthiest by property value and  
4 so you have an effect, so obviously you would be  
5 someone that has a role in that. As it strikes  
6 me, even in Johnson County, as I look through even  
7 like the Olathe district, for example, has a  
8 significantly higher total mill, but when it comes  
9 down to like LOB, capital outlay, there is subsets  
10 of mills, let me formulate a question. Do you  
11 think there should be a correlation between a hold  
12 harmless on a local effort, i.e., if the formula  
13 said to hold you harmless it was X amount of money  
14 and your district is taxing your population higher  
15 than the average district is taxing, you would be  
16 due the hold harmless. But if you were in a  
17 district where you do a hold harmless through  
18 whatever formula but your district is taxing lower  
19 than that state average, because there has been a  
20 lot of comments about equal taxing effort, then  
21 your local district would have to come up in some  
22 level to that average local effort before a hold  
23 harmless would kick in. I would be interested in  
24 your comments on that.

25 A. I think the question or the premise has



1 merit, but without looking at runs on how that  
2 would really impact, I would really like to see  
3 those. The equity of taxation -- I'm not quite  
4 sure I totally understand the equity of taxation.  
5 So, I live in the city of -- my wife and I live  
6 in the city of Shawnee, and so the home in which  
7 we live -- and our assessed valuation on our home  
8 jumped five percent for this next year. I'm not  
9 sure that the home that we live in now in Johnson  
10 County that if I lived in Wyandotte County, which  
11 is a few miles away from me, that the home would  
12 be assessed at the same value. So if it were not  
13 assessed at the same value even though it's the  
14 same home, depending on the zip code in which I  
15 live, then, we look at the mill levy or property  
16 rates, I'm a little confused on how you can  
17 measure those two. So, I think that becomes real  
18 complicated.

19 So, to answer your question, I think that  
20 premise has merit, but I'd really like to see the  
21 runs on that.

22 CHAIRMAN MASTERSON: Just a follow up.  
23 Obviously, as you understood there are subsets of  
24 the mill, do you think it would be most  
25 appropriate to correlate to the overall number or





1 just simply to those buckets, if you will, that  
2 receive a mill of capital outlay and LOB as they  
3 relate to the others and that gets you the total,  
4 or should you look at those equalized pots of  
5 money, if you will, how the mill is assessed at  
6 the value?

7 A. That's a great question. So, we're  
8 across the street, you mentioned, from Olathe.  
9 So, Olathe is not at eight mills. Because they  
10 receive equalization, they don't have to be at  
11 eight mills. We're at eight mills because I don't  
12 receive any equalization. So looking at the  
13 disparity of equalization, if you take out -- I  
14 think you take out capital outlay, I think you  
15 take out bond and interest.

16 CHAIRMAN MASTERSON: Thank you.

17 CHAIRMAN RYCKMAN: Representative Kleeb.

18 MR. KLEEB: Thank you, Mr. Chairman.

19 QUESTIONS BY REP. KLEEB:

20 Q. This whole discussion of what is equity  
21 and equitable and everything, it gets kind of  
22 interesting. But in the last seven, eight years,  
23 since 2008 or so, have you had -- has Shawnee  
24 Mission had to close schools?

25 A. Yes.



1 Q. Has that been due to funding or  
2 efficiencies or --

3 A. It was due to two factors: One, the  
4 primary was in relation to funding. Again, this  
5 was prior to my tenure, but funding and then was  
6 at that time declining enrollment. Now that trend  
7 has reversed, now we are increasing enrollment,  
8 but significant financial issues due to funding.

9 Q. And, even with the funding aspect, do  
10 your citizens, if they could have, would they have  
11 supported higher levies to keep their schools  
12 open?

13 A. I believe the answer is absolutely yes,  
14 and I'll give you an example. So we had a mail-in  
15 ballot in January of a year ago, so January of  
16 '15. Over 80 percent of our voters said yes, we  
17 want to pay for that in relation to some school  
18 construction. So the level of support is  
19 phenomenal, but obviously it's capped on the  
20 operation of our general funds, so they did not  
21 have the opportunity for that to occur.

22 Q. And yet, you said your spending per  
23 student is at the lower end of the scale?

24 A. Yes.

25 Q. What was it again?



1 A. So we were 268 out of 286. So there are  
2 districts in the state that are spending more than  
3 twice, more than double the amount per pupil out  
4 of the general fund than what we are allowed to  
5 spend in Shawnee Mission.

6 Q. So that would seem not particularly  
7 equitable?

8 A. I think it's inequitable.

9 MR. KLEEB: Thank you, Mr. Chairman.

10 CHAIRMAN RYCKMAN: Any others?  
11 Representative Henry.

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

13 QUESTIONS BY REP. HENRY:

14 Q. Mr. Hinson, I really appreciate you  
15 coming today and you have been in front of  
16 Appropriations and I really do respect that you  
17 have taken the time to do this because I know it's  
18 very difficult. And we talked about Senate Bill  
19 512. Are you real familiar with that yet?

20 A. Yes.

21 Q. I think it calls for 1.45 percent across  
22 the board allotment. You call that allotment?

23 A. We are just going to call that a cut.  
24 With Governor allotments, we'll just take that as  
25 a cut.



1 Q. Very good. I appreciate that. That's  
2 exactly how I would say that. So it's a 1.45  
3 percent across the board cut for every school  
4 district, and do you become a winner or loser in  
5 512?

6 A. We're a loser.

7 Q. Loser? And I'm going to ask these  
8 questions, and I've had some frustration when we  
9 debated the House Bill 2731. How long do you  
10 think you could go with this block grant program?

11 A. I think the block grant is scheduled to  
12 expire at the end of next year.

13 Q. I know there is a sunset.

14 A. We would totally expect to have a new  
15 formula by the end of the next legislative  
16 session.

17 Q. Okay. So, I mean, I've expressed this  
18 frustration in Appropriations last week in that  
19 are you seeing any type of start of a new formula  
20 discussion? Are you a part of that? Have you  
21 seen -- is there anybody that you can concretely  
22 say started the process of a discussion of a new  
23 school funding formula?

24 A. I'm aware that I think there is at least  
25 one representative and one senator that are



1 putting together the formulas, but if I might  
2 answer your question with a little longer answer,  
3 here is what I'm really going to advocate that  
4 occurs. And I've said this before publicly. All  
5 of us, I'm guilty in education, I think we're all  
6 in the same boat, we've become so polarized in  
7 this conversation, it has become so political,  
8 and, again, we're all at fault. We in leadership  
9 have to all get in the same room and we have to  
10 put aside our differences and we have to solve in  
11 what's in the best interest for all of our  
12 children in the state of Kansas, and we need that  
13 in a very defined time frame and plan. I am not  
14 aware that that exists.

15 And, so, from my perspective, that plan needs  
16 to be rolled out. We need to involve all of the  
17 stakeholders, whether we agree with each other or  
18 not. This is really out on the limb, but my  
19 concern is the message that we're sending, because  
20 I represent children, the message we're sending to  
21 our children is inappropriate. We as adults, we  
22 have to get in this room together, hash out our  
23 differences and make sense of this and move  
24 forward collectively as a state. I am not aware  
25 that that plan exists, and I would strongly



1 advocate that that plan needs to exist very  
2 quickly.

3 REP. HENRY: Thank you very much for your  
4 time. I do appreciate you coming here and doing  
5 this. I know it's very difficult. Thank you.

6 CHAIRMAN RYCKMAN: Any questions for  
7 Doctor Hinson? I'll just make a comment that --  
8 the same comments that Representative Henry and I  
9 had in the Appropriations, is that we were moving  
10 towards a full finance solution and then the Court  
11 decision that threatened to make it so schools  
12 couldn't open put a halt to that and we shifted  
13 our focus to equity. And, again, I appreciate you  
14 being here and a chance to clarifying that. Mr.  
15 Crouse.

16 MR. CROUSE: Thank you, Mr. Chairman,  
17 it's 11:45. Mr. Tallman has graciously awaited  
18 us. I think I'm ready for him, but I believe he  
19 has an engagement and we are getting close to the  
20 noon hour and I'm happy to --

21 MR. TALLMAN: I can go till 12:15.

22 CHAIRMAN RYCKMAN: Let's proceed, if  
23 that's okay.

24 MR. CROUSE: Thank you, Mr. Chairman.

25 EXAMINATION OF MARK TALLMAN



1 QUESTIONS BY MR. CROUSE:

2 Q. Good morning, Mr. Tallman. Thank you  
3 again for coming here today.

4 A. You're welcome.

5 Q. As I have done with the others as you  
6 have listened to, would you briefly provide your  
7 name, employer, title, those you represent, your  
8 involvement with Kansas school education funding?

9 A. Mark Tallman. I am the Associate  
10 Executive Director for the Kansas Association of  
11 School Boards, which I guess essentially means I'm  
12 the chief lobbyist. And so for the past 25 years  
13 I have worked on behalf of school districts here  
14 in the legislature. We are a membership  
15 organization of the school districts. Currently,  
16 all but two of the school districts are members of  
17 our association, and so my job is to try to  
18 collectively represent their interests and  
19 concerns.

20 Q. Okay. And just -- I wasn't aware that  
21 there were two that were missing. I'm curious  
22 which of those two that are not within your  
23 organization?

24 A. DeSoto and Hamilton.

25 Q. Okay. I learned something new today.



1 Thank you.

2 And you are -- and I'll go through, the  
3 purpose is I'm new to the education funding world.  
4 I heard your testimony on I believe it was the  
5 15th and 16th. I was intrigued by some of your  
6 comments, some of your ideas. You were kind  
7 enough to meet with me privately, as well, to talk  
8 about some of those as potential solutions to the  
9 equalization matter that we have currently before  
10 us, as well as the larger picture going forward.  
11 And, so, I would let the committee know Mr.  
12 Tallman was unbelievably gracious again with his  
13 time, just like everyone has been, and I  
14 appreciate you coming forward.

15 So, kind of what I'm doing today is to  
16 briefly summarize your prior testimony that you  
17 provided in both 2731, as well as House Bill 512,  
18 I think it is, as well as some of the ideas and  
19 concepts that you and I discussed so that the  
20 legislature has a more full picture of potential  
21 options and solutions from, I think it was Doctor  
22 Hinson had just mentioned that all of the  
23 stakeholders. That was part of my goal was to get  
24 all of the stakeholders. And one of the things  
25 that I appreciated about your position is I





1 figured you and Mr. Trabert would be different,  
2 you are, yet you have some similarities. And so  
3 part of what I'd like to do is for the benefit of  
4 the legislature is to draw some of those out and  
5 talk about those concepts. And there is a  
6 transcriptionist, so the body in this building  
7 will have it, as well as the one across the  
8 street. So that's kind of the concept.

9 Remind me again, has your organization  
10 responded to and analyzed the Gannon II decision?

11 A. Well, I have certainly studied it and  
12 members of our legal staff have looked at it and  
13 reported on it. I don't know as we prepared a  
14 formal legal brief for it, but.

15 Q. But you put together some testimony that  
16 was the basis of your testimony to on both of the  
17 bills. It was the Gannon decision and your  
18 thoughts as to how or how the bills did not comply  
19 with the Gannon II equity decision, correct?

20 A. Yes.

21 Q. Okay. And, so, that's what I'd like to  
22 do today is I'd like to talk to you briefly about  
23 those discussions, your thoughts and input on them  
24 and to help the legislature form new ideas.

25 First of all, with regard to House Bill 2731,



1 my recollection is that you and your organization  
2 supported equity and the equitable strategies that  
3 House Bill 2731 employed. Your concern, however,  
4 was that it may not provide enough money to the  
5 school districts. And, so, with that  
6 characterization, I'll let you respond, if you  
7 would, for the record?

8 A. Certainly. Well, I think our position  
9 was the Court itself had indicated that going back  
10 to those formulas would satisfy, at least, the  
11 indication was for next year that that was one  
12 route the schools could take or that the  
13 legislature could take to do that. But we were  
14 concerned about the part of the decision that  
15 cautioned against doing something that would  
16 jeopardize the adequacy portion. And because of  
17 our kind of larger concerns about adequacy, we  
18 brought that to the attention of the legislature.

19 Q. And, so, would it be fair to say that you  
20 were supportive of the formulas cautioning the  
21 legislature about anything that may or may not  
22 affect adequacy?

23 A. Yes, sir.

24 Q. And my recollection of your testimony to  
25 the both bodies was that you had no metric for



1 measuring adequacy, although you felt the schools  
2 were satisfying the educational needs of the  
3 students. Is that fair?

4 A. I think I just would want that a little  
5 bit differently and take a little different  
6 response. Certainly as to your earlier testimony  
7 from Mr. Trabert, because he and I appeared on a  
8 number of forums together and can perhaps draw  
9 those distinctions.

10 Q. And that's what I'm trying to get to is  
11 the different concepts. So if you'll -- you can  
12 address Mr. Trabert, as well as my clients as  
13 well. Thank you.

14 A. Here's where I think we acknowledge that  
15 the Gannon decision regarding the Rose standards  
16 have said that's what the legislature should look  
17 at. And we have further said and testified that  
18 we don't think we fully understand how to measure  
19 those. There is not a -- the legislature has not  
20 come in and specifically said or the State Board  
21 or the Court, here are those seven standards, here  
22 is exactly what it would take to look at it. But  
23 we do think that in those seven standards there  
24 are several things that stand out. One is clearly  
25 a mastery of basic skills, particularly



1 communication skills. We test that by both state  
2 standards and NAEP standards.

3 **Q. I'm sorry --**

4 A. Slow --

5 **Q. Slow down. State standards and NAEP?**

6 A. I'm sorry, the National Assessment of  
7 Educational Progress is a national test that we  
8 sample.

9 **Q. Thank you.**

10 A. I'll go slower. Certainly, the  
11 implication of being prepared beyond high school  
12 looks at things like graduation rates, test  
13 scores, college completion, some of those issues.  
14 We believe that those are relevant things to look  
15 at, and in our opinion that is a way of measuring  
16 how close we are to compliance.

17 In our view, we are not where we need to be.  
18 We don't believe we are fully satisfying those  
19 standards. And our analysis is that if you both  
20 look at previous cost studies, if you look at the  
21 experience of other states, and I think we would  
22 even say if you look at things like common sense,  
23 it will indicate that resources are a part of  
24 that. And so that's why in -- while we would say  
25 we don't fully know how to define those, we



1 believe there is enough there to say we are not  
2 meeting the expectations that we set for ourselves  
3 or certainly the legislature has set, and we do  
4 think that resources are a part of that, funding  
5 is a part of that.

6 **Q. And would you respond to Mr. Trabert's**  
7 **distinction between correlation and causation,**  
8 **because I suspect I know you have different views,**  
9 **so please share with the legislature, please.**

10 A. What we have said is we believe there is  
11 a correlation. We acknowledge it is -- I guess  
12 what I would say it is almost impossible in a  
13 social science setting to prove causation. So we  
14 believe the correlation is strong enough that we  
15 believe there is a causation, we believe there is  
16 a causal link, we would simply acknowledge we  
17 can't prove that. You can't really do an  
18 experiment to prove that. But to us, if you look  
19 at, for example, the states that consistently  
20 outperform Kansas are states which consistently  
21 provide more resources than Kansas.

22 **Q. And, you mentioned that the metrics that**  
23 **you would measure student success are not at the**  
24 **level that you would hope for. Are there any**  
25 **particular districts, whether within your**



1 organization or the other two, that the  
2 legislature should focus upon or I will say back a  
3 formula into direct more funds, you know,  
4 particularly with regard to -- I think that's  
5 what, at the end of the day, I think we are  
6 wanting education to be the primary focus. So are  
7 there school districts that you have recognized  
8 that are failing to meet that, but the legislature  
9 should look at as to how to fund, if you believe  
10 funding is the right metric?

11 A. I would say that in two ways. The  
12 legislature itself has responded to gaps in  
13 performance. I would not say so much by district,  
14 but by the students you serve and has tried to  
15 address that by weighting is the primary way we do  
16 it in Kansas, either specific weightings like at-  
17 risk, providing dollars for special education, et  
18 cetera. You know, because our belief that  
19 generally speaking a district -- how successful a  
20 district is and how much it costs, is tremendously  
21 influenced by the student population that they  
22 have to educate.

23 The differences in spending that Dr. Hinson  
24 talked about, you know, are partly reflective of  
25 studies that have shown the difference it costs to



1 operate in smaller schools, the difference it  
2 costs to have kids with a lot of poverty, special  
3 education, English language learners, all of those  
4 things. But, I think, what we have seen is we  
5 know that's a part of it. If we try to take that  
6 a step farther and say if in general across the  
7 state we are going to get more kids college ready  
8 or we're going to raise the graduation rate, in  
9 general, in our view we can both look at models  
10 of, again, other states where there tend to be  
11 more resources provided and then ask ourselves how  
12 do you help students succeed. I think the  
13 experience, again from other states and ourselves,  
14 is you do that by bringing more resources to bear:  
15 Special programs, smaller class sizes, more  
16 individualized programs to help students that tend  
17 to have higher costs.

18 **Q. Is it your belief or does your research**  
19 **support that the -- there may not be a school**  
20 **district that is failing to meet the standards you**  
21 **would like, but there is a segment of the student**  
22 **population, such as ESL, low income and things**  
23 **like that, and so I guess the nut of my question**  
24 **is, are we looking at the wrong thing for**  
25 **equalization? Should we, instead of looking on a**



1 by district basis, should we be looking at a type  
2 of student basis? Please discuss.

3 A. Well, that's -- I hadn't thought of it  
4 exactly that way, but I guess I would say we  
5 essentially equalize by students through  
6 weightings. We equalize on the differences of  
7 ability to raise revenue where you give choices by  
8 equalization. The legislature has made the  
9 decision to say the bulk of the dollars that go to  
10 education are directly controlled and appropriated  
11 by the state prior to the block grants. Of  
12 course, that's what went into them on a per pupil  
13 amount adjusted by weights. The local option  
14 budget and capital outlay are, as you've heard,  
15 and bond and interest are local choices. Now,  
16 many districts would say no one is operating  
17 without I think at least 20 percent LOB or more.  
18 They would argue that a lot of local option budget  
19 really is isn't an option any more. There are  
20 districts that have no capital outlay. Again, all  
21 kinds of reasons why.

22 But, I think, the point is, we've used  
23 weightings to try to say for all kids and those  
24 groups of kids, we equalize that way and then we  
25 give districts choices. And what the Court has





1 said, Kansas Supreme Court has said repeatedly, is  
2 it is acceptable to give choices. But if you do,  
3 then you have to give districts the ability to  
4 raise a comparable amount of money with a  
5 comparable tax effort.

6 Q. And, so, I guess what I'm getting at then  
7 is the difference on the polls. Is there a metric  
8 by which of the school districts, I understand the  
9 financial difference, is there a difference of  
10 results that you are able to either causally or  
11 correlatively connect?

12 A. I think that is very difficult now  
13 because we've reached a point in Kansas where so  
14 many of our districts are so close to their  
15 optional spending in the LOB that it's very hard  
16 to kind of pull back and make that distinction.  
17 We don't have a range of some districts are  
18 spending 30 percent more than others, yet we  
19 basically have a range from again the low to mid  
20 20s to 33 percent.

21 And, I think, that many districts would say  
22 when you look at capital outlay and you look at  
23 the bond side of things, your needs there are  
24 going to be more determined by other factors, like  
25 the age of the building, are you growing in



1 enrollment. And, so, it's, again, harder there to  
2 say you're not being -- you know, to draw results  
3 out of that, but I certainly think our members  
4 would say that at some point the inability to pay  
5 for facilities, to have adequate equipment, those  
6 sorts of things, would be affected if you have  
7 wide disparities in how much you have to raise  
8 locally to do that. Disparities would range, you  
9 know, by a factor of 10, I think is what -- with  
10 no equalization, that's the difference it really  
11 takes to fund comparable amounts of dollars.  
12 Now, no one's talking about that now, but I think  
13 what the Court has been sensitive to is what is  
14 enough to narrow those polls. We don't do it  
15 completely. What is allowable? That's really the  
16 question they presented.

17 **Q. And questions are presented, but admit no**  
18 **easy answers. So that's what I'm getting at. The**  
19 **different -- the metrics of educational**  
20 **opportunities, which I think you then talked about**  
21 **results, that's on the weighting side in the**  
22 **general state aid and it doesn't necessarily**  
23 **transfer to the equalization for capital outlay**  
24 **and LOB. Isn't that right?**

25 **A. Yeah, I would say LOB is different**



1 because we've really, we believe, folded LOB into  
2 general operations. We don't -- I don't think any  
3 district would really say the local option budget  
4 is now just used for extras. And, so, in that  
5 sense, what we -- what we really have is every  
6 district has to levy 20 mills, and, then, every  
7 district has to levy some other mill rate to fund  
8 that 25 to 30 percent of their budget. So, the  
9 problem with equalization on the LOB side is if we  
10 are looking to LOB to be whatever that math is, a  
11 substantial part of that operating budget, then,  
12 why do we allow or how much variation can we  
13 allow. The reason I'm not sure we at this time  
14 can talk too much about the result difference is  
15 because up until this point, you know, we have  
16 done a pretty good job equalizing those points.

17 **Q. And, so, is a potential solution not**  
18 **necessarily the formulaic exercise, but more a**  
19 **better definition as to what those funds could be**  
20 **attributable for? Or I'm sorry, expended for?**

21 **A.** But, I think, that could be part of it.  
22 I would just say, as we may have discussed, I  
23 think, one of the challenges we see is that the  
24 more local funding you allow, the greater your  
25 challenge is to equalize it because there is such



1 a range of local sources.

2 **Q. So, would your organization support**  
3 **removing the option to raise funds locally?**

4 A. No. We have always had a position and  
5 continue to do so that there should be some local,  
6 local choices, local flexibility. I think, what  
7 we would hope is we could get to a point where  
8 sort of that base state commitment, what you might  
9 call the fully equalized side, would be a larger  
10 part of the budget.

11 **Q. So, on the LOB and capital outlay and a**  
12 **broader definition of what those funds could be**  
13 **used for?**

14 A. Well, you're asking me some things I'm  
15 trying to be very thoughtful on just because there  
16 is some nuances to the question that my  
17 association hasn't necessarily talked about.

18 **Q. And I'll just be fair to you and the**  
19 **committee, you and I didn't talk about this before**  
20 **and I don't have it in my outline of questions to**  
21 **ask you. Your responses are interesting and I'm**  
22 **trying to follow-up and I want to be sensitive to**  
23 **your time.**

24 A. One of the challenges, I think, maybe  
25 challenge is isn't the right word, the history is



1 such that in 1992 when the main new formula was  
2 put into effect, at that time the legislature  
3 felt, in response to the Court's response, that  
4 they needed to equalize bond and interest aid. As  
5 you may remember, it wasn't until the mid 2000s,  
6 after more litigation, that the Court said you  
7 also have to equalize capital outlay. We've kind  
8 of allowed capital outlay to just kind of sit over  
9 here separately for a long time, and now we're  
10 dealing with that. And one of the differences is  
11 that the legislature caps the amount of LOB you  
12 can spend. But with capital outlay, the spending  
13 isn't capped, the mill levy is capped. You can't  
14 go below eight mills, but there are some very  
15 wealthy districts who can raise a tremendous  
16 amount of money with eight mills. They're not  
17 limited in what they can spend there.

18 So, you have been talking this morning about  
19 the distinction between those two buckets of  
20 money. There is a distinction in how they're  
21 equalized, there is a distinction in how you can  
22 use the money and then there is a distinction  
23 really in how they are capped, if you will, what  
24 limitations are put on them.

25 Q. Would you sup -- or would your



1 organization then suggest then instead of capping  
2 at a particular mill rate, it would be capped at a  
3 mill rate and, then, not to exceed per a dollar  
4 value? Would that help in the equalization  
5 formula?

6 A. It would help the equalization, but just  
7 like everything else we've talked about, that  
8 would be a cut to some districts that are enjoying  
9 that. They want to be held harmless, and we  
10 understand that.

11 So, I mean, one way you might be able to look  
12 at that would be to try and find a way to perhaps  
13 better equalize a portion of dollars within the  
14 general operating that could be used for these  
15 purposes and then continue to allow some local  
16 options outside of that.

17 Q. Which would go more to the general state  
18 aid and the weightings on a per pupil basis?

19 A. At least, I guess, I'm just saying if go  
20 back to '92, and really even before that, the  
21 state -- the pre 1992 law, the state was really  
22 mostly concerned about equalizing the operating  
23 side and not really worried about the capital  
24 side. But, I think, school districts could  
25 certainly say that those capital costs are a part



1 of delivering education, and that's what the Court  
2 said when it's made these decisions.

3 MR. CROUSE: And, again, I'm going to be  
4 sensitive, you have six minutes, so we may carry  
5 over, if that's okay, Mr. Chairman, or --

6 CHAIRMAN RYCKMAN: When would you be able  
7 to return?

8 MR. TALLMAN: 2:00. I think you were  
9 coming back at 2:00. I'll be back at 2:00, no  
10 problem.

11 MR. CROUSE: You tell me. I'll do  
12 whatever.

13 CHAIRMAN RYCKMAN: Let's go up until the  
14 time that Mr. Tallman has available.

15 BY MR. CROUSE:

16 Q. All right. And, so, once you equalize  
17 under that question, part of the thing that's  
18 interesting to me is once you equalize, I think  
19 you were asked a question from a representative on  
20 your right, then, the school board raises the  
21 local mill levy, that throws the equalization off  
22 after the legislature's equalization activity.  
23 And, so, I guess, A, isn't that right? And, B,  
24 how is that fair?

25 A. Well, I guess, I don't understand that



1 that is the way it happens. The problem with  
2 analyzing is because we are sort of setting  
3 valuation off an old, you know, a year-long, the -  
4 - that means you never in the actual year have  
5 full equalization, but the next year those changes  
6 are corrected. And, so, while it's true that  
7 every year you then probably have to make  
8 adjustments, I guess, I wouldn't see that that  
9 makes it unequal because those changes do catch  
10 up. So, I think, in my view, at least, I think my  
11 association's view, if you -- if you were to fully  
12 fund these for a year, while you won't have  
13 complete purity within that given year, that is  
14 -- that has been the -- you know, that's been the  
15 way we've done it since 1992, '93 when it was  
16 implemented, and that issue has never raised  
17 concerns.

18 **Q. And, I think, the point of the question**  
19 **was once the equalization happens at the state**  
20 **level, then the budgets may be set by the local**  
21 **school districts and then, hey, we are going to be**  
22 **short of money, let's raise a little more money in**  
23 **local options and so --**

24 **A. I see.**

25 **Q. -- so that's the inequity that I'm trying**





1 to help the legislature understand. And I don't  
2 know if you agree or disagree with that comment.  
3 That's kind of what I was trying to --

4 A. Well, I guess, I'll respond in two ways.  
5 Some, I think, the discussions of school leaders  
6 is they have a -- they do have an understanding of  
7 the legislature's desire for more certainty of  
8 planning. And, so, one -- some options to this  
9 could be to have some limits or notice or  
10 something like that as to how districts might make  
11 those local choices. I think, that's something  
12 districts might consider. But, as I said in one  
13 of the committees, maybe both, the schools would  
14 also note that there are things that they can't  
15 get certainty on. And, so, while understanding  
16 the legislature's desire when you go back to the  
17 issue of block grants, if a block grant could have  
18 frozen everyone's enrollment, frozen everyone's  
19 student population they have to serve and frozen  
20 everyone's assessed valuation, then I don't think  
21 schools would be concerned about it. I think  
22 their concern was it does provide legislative  
23 certainty to a greater degree, but there is still  
24 uncertainty that districts have to respond to.

25 Q. And the last question before I let you



1 go. Your commentary, like Dr. Hinson's, was that  
2 the block grants provide appropriate certainty,  
3 and which is beneficial to your constituents, but  
4 the problem that you had with it is that it didn't  
5 cap LOB, as well? Is that fair or --

6 A. No. Our concern about the block grants,  
7 I think, comes down to there are certainly some of  
8 our members that benefitted and would say they  
9 would benefit if your enrollment is stable or your  
10 enrollment is going down, but I think the concern  
11 that we've heard from members is a greater fear  
12 that you'll be on the other side of the situation;  
13 that you'll have more students to educate with no  
14 resources; that your valuation will drop and you  
15 will have to raise your mill levy to make it up.

16 The block grant very clearly it's impact,  
17 just in terms of the immediacy, vary by district.  
18 And for districts that were -- felt, at least,  
19 they were in a position to benefit from that  
20 stability, certainly did.

21 MR. CROUSE: And, Mr. Chairman, if it's  
22 okay, I'd like Mr. Tallman to be able to make his  
23 next meeting and I'll follow-up with him when he's  
24 done, if that's okay.

25 CHAIRMAN RYCKMAN: That would be great.



1 Mr. Tallman, thanks for being here. Committee, we  
2 have, I think, a few more folks to hear from and  
3 we do need to vacate this room at one o'clock for  
4 a Ways and Means meeting, so if we could go a  
5 little longer or we could come back at 2:00,  
6 what's the deal? I'd ask Mr. Crouse, as well.

7 MR. CROUSE: I serve at your pleasure. I  
8 was going to talk to Mr. Tallman, Mr. Watson, who  
9 I see is here, and I don't know if he's ready to  
10 go now or if he may want to be the last person --  
11 or I don't know what his schedule is. And I think  
12 Mr. O'Neal was going to speak, as well. So, I'm  
13 okay, I'll do whatever you ask.

14 CHAIRMAN RYCKMAN: Then please continue.

15 MR. CROUSE: Mr. Watson or Mr. O'Neal, go  
16 ahead.

17 EXAMINATION OF RANDALL WATSON

18 QUESTIONS BY MR. CROUSE:

19 Q. Mr. Watson, thank you again for coming.  
20 You walked in in the middle of this, and so this  
21 whole room and the process may be unfamiliar. So,  
22 what I'd like to do now is give you a preview of  
23 what I have been doing this morning and I would  
24 like to ask of you.

25 As I mentioned to you when we met last



1 Friday, I have been hired as legislative counsel  
2 to create, I hope, a legislative record that will  
3 support whatever decision the legislature chooses  
4 to respond to the Supreme Court and hopefully have  
5 some evidence of it, and so that's why the  
6 transcriptionist is here. And it's my desire to  
7 ask you the questions and talk about the concepts  
8 that you and I shared privately for the  
9 legislature's benefit, both this committee as well  
10 as the body as a whole. So, I think I'm going to  
11 ask you much of the same questions that we talked  
12 about in your office.

13 Before I do so, I will again tell the  
14 committee that Mr. Watson was unbelievably  
15 gracious with his time, very friendly and very  
16 helpful.

17 So, with that, I'll ask you to kind of make a  
18 record of your name, your employer, your title and  
19 briefly tell me about your involvement with the  
20 Kansas public education system?

21 A. Randy Watson, Kansas Commissioner of  
22 Education. I held that position since July 1 of  
23 '16. Prior to that, I served school districts in  
24 Kansas in a multitude of ways.

25 Q. And tell me some of those school



1 districts that you served and whether you have  
2 been an educator or just an administrator, as  
3 well?

4 A. I served as a teacher/coach, assistant  
5 principal, principal, assistant superintendent,  
6 superintendent. Most recently superintendent to  
7 McPherson, Kansas, for the last decade. I've been  
8 in McPherson or was in McPherson since 1993.  
9 Prior to that, I was a high school principal in  
10 Kansas. Prior to that, assistant  
11 principal/athletic director, and, then, I was a  
12 teacher, high school teacher and a coach prior to  
13 that. All in Kansas.

14 Q. And, I believe, you said you're the  
15 Commissioner of the Department of Education?

16 A. That is correct.

17 Q. I didn't write it down. I want to make  
18 sure I got that.

19 So, Dr. Watson, one of the things I want to  
20 talk to you about today is the Gannon II equity  
21 decision and helping to advise the legislature as  
22 to how best to respond. I suspect you are  
23 familiar that the Kansas Supreme Court has  
24 indicated Article 6 has two components, one being  
25 adequacy, the other being equity. I will



1 primarily be focused on equity, without losing  
2 sight of the adequacy comment. So that's kind of  
3 where I'm going to direct our conversation, as  
4 much as we did last week.

5 Plans for equalization. I think at the time  
6 you and I spoke there had been House Bill 2731 and  
7 Senate Bill 512. I get my numbers mixed up, which  
8 is why I had to look there. So I want to talk to  
9 you a little bit about those. My recollection,  
10 and for the committee's benefit, is you are  
11 familiar with both of those legislative options,  
12 are you not?

13 A. Generally, that's correct.

14 Q. Okay. And, as to the formula and the  
15 equalization strategy that both of them employ, my  
16 recollection is you agree that both of them, from  
17 a formulaic perspective, seem to satisfy what the  
18 Supreme Court was requesting of the legislature.  
19 Is that fair?

20 A. I believe that's fair.

21 Q. Okay. And my recollection is that your  
22 concern was with the amount of money and whether  
23 or not that would be adequate to support the  
24 education. Is that correct?

25 A. Yes.



1 Q. Okay. And so there are two, my  
2 recollection is, you have two financial concerns I  
3 think, at least one. One of them being a hold  
4 harmless provision and you may have also mentioned  
5 the emergency funds as well, I'll call them. So,  
6 if you could tell the committee what your concerns  
7 are in that regard?

8 A. I'd be happy to. I think whenever I  
9 remember looking at the adjustment in school  
10 finance, it's generally met with two things.  
11 There is generally an increase in funds, and the  
12 reason for that is because you're shifting funds  
13 and any formula when you do it, generally those  
14 funds sometimes will go -- there is extra funds  
15 that are going to the formula, but there is also  
16 usually funds to hold people harmless in that  
17 transition so there may be winners but there is  
18 not really losers. There is kind of a balance in  
19 that.

20 And, so, one of my concerns would be,  
21 especially with the Senate bill, that -- well,  
22 with both, that there doesn't seem to be finances  
23 there to hold that harmless. It's really shifting  
24 that to accomplish the equity piece. So while I  
25 do think it may solve the equity piece, it's going



1 to do so at creating winners and losers. And  
2 typically, I don't know if anything is typical in  
3 the last 20 years, but there has been some  
4 additional resources put in generally when there  
5 has been a change to hold that harmless.

6 Q. And let me break that down just a little  
7 bit if I can. So my understanding is that your  
8 position as to the formulaic issues of the House  
9 and Senate version, as a matter of formula, they  
10 are sufficient. As a matter of funding, the  
11 adequacy piece you would favor the House aspect  
12 over the Senate, and then your consistent  
13 criticism of both is that neither have hold  
14 harmless provisions?

15 A. I don't think I would use the word  
16 sufficient. I think that's, I think what we  
17 talked about is it equitable. Those are two  
18 different terms. And as I look at both versions,  
19 I think that they are trying to achieve equity. I  
20 think both are in good faith are trying to achieve  
21 equity. And, you know, there is many factors to  
22 that. You were discussing with Mr. Tallmam, you  
23 know, it seems it's volatile from one year to the  
24 other. I think -- I think that the legislature is  
25 very concerned about that, how do you, how do you





1 get some idea of what we allocate in the spring  
2 becomes a true allocation in the fall and with all  
3 the factors that take place.

4 So there are ways to do that, but it would  
5 seem to me that while it may be equal, those --  
6 both bills may be equal, that they're going to  
7 create some real hardships with the number of  
8 districts that will lose funding, especially in  
9 the Senate bill.

10 Q. And, so, as the Commissioner of the  
11 Kansas Department of Education and in your  
12 historical administrative and educational role in  
13 the state of Kansas, you would therefore suggest  
14 that on top of that amount there would be  
15 additional hold harmless funds?

16 A. Yes, that is correct.

17 Q. If I'm doing the math, and I'm -- I don't  
18 want to get into much like Mr. Dennis today  
19 indicated, I don't want to get into politics, but  
20 if I'm doing the math, that looks like I think the  
21 House bill would add 40,000,000, and I think you  
22 and I talked about you may need 12 to 15  
23 additional million in hold harmless funds. Do you  
24 get the sense that there is a political appetite  
25 for the financial wherewithal for the state to get



1     **there? And I'm not asking you to comment as to**  
2     **the wisdom of the politics, I'm asking you to get**  
3     **to -- do you get the sense that this body can get**  
4     **to that point?**

5           A.     That's a real difficult question to ask  
6     me. I guess it's difficult to ask of these people  
7     too, just watching this legislative session. I do  
8     believe if there is a will that there could be a  
9     way. Is that collectively the will right now? I  
10    don't know. I think they would have to answer  
11    that. It -- if we looked in a normal year, again,  
12    I don't know what normal is, but if you look back,  
13    you would say 12 to \$15,000,000 isn't a very big  
14    amount. In this legislative session it probably  
15    is a big amount. So, when you look at just  
16    historically that's a minor adjustment that we  
17    probably could make to hold people harmless. If  
18    that indeed is the dollar amount, and I'm not an  
19    expert in the dollar amounts, I'm giving you some  
20    broad numbers.

21           I couldn't answer the question whether there  
22    is a political will to do that or not. I -- I'm  
23    trying to give you an answer of what I think would  
24    solve the equity portion of the Court case and  
25    also what has tended to be done historically to



1 make sure that school districts do not lose money  
2 in any transition when the legislature's responded  
3 to a Court decision.

4 Q. And you may or may not have been here  
5 when Dr. Hinson was testifying about the impact  
6 that a hold harmless would have upon the budgeting  
7 process, but if you could just briefly reiterate  
8 your experience with why a hold harmless would be  
9 supportive or helpful to a school district  
10 operating on, you know, going forward basis.

11 A. Well, you have staff -- you're  
12 determining all of your requirements for next  
13 year. You've been working on that this spring.  
14 So, you've got to set schedules and you've got --  
15 you're predicting enrollment, you're trying to  
16 hire staff and get all that ready and you don't  
17 know what your budget is going to be because it  
18 has to be decided. And if it's going to be less  
19 and your enrollment is increasing, you've got a  
20 real dilemma there. So by holding -- again, in  
21 any transition if you hold people harmless, while  
22 there still may be winners, you're, at least, not  
23 losing any money over what you had last year and  
24 there is a little bit of stability to that versus  
25 I've got to go into next year with less money than



1 I have this year and I'm not going to find that  
2 out until April or May and I've got to set a  
3 budget by July 1. And I will applaud the  
4 legislature and the Governor, they've tried to  
5 establish a two-year budget to get through that  
6 and to give some of that, but this is putting us  
7 right back in that uncertainty. That's why -- one  
8 of the reasons why I think that hold harmless  
9 makes a lot of sense if you can do it -- if you  
10 can do it politically.

11 **Q. And, so, maybe the hold harmless and the**  
12 **two-year budgeting cycle are two sides of the same**  
13 **coin. They both promote the certainty of school**  
14 **districts.**

15 A. Correct. The difficulty, if I may, in  
16 2014, when the Court ruled and the legislature  
17 responded, that was -- and the school districts  
18 set their budget. What happened in the fall is,  
19 as they know, that dollar amount moved for the  
20 factors I think you have been discussing today.  
21 And so, therefore, budgets have to be readjusted.  
22 That's terribly hard on school districts. And, I  
23 think, we got into semantics about whether it was  
24 a raise or a raise is a raise. But from a school  
25 district standpoint, you set a budget and now



1 you're altering that budget after you set that,  
2 and that's extremely difficult, especially because  
3 -- I know there is lots of conversations about  
4 cash balances at times, but we have a lot of  
5 school districts that have no cash balance. I  
6 mean, so, when you alter that in midstream or you  
7 lower that with a short turnaround time and no  
8 opportunity to adjust that, you create really  
9 undue hardships on school districts in trying to  
10 make arrangements for that next school year or in  
11 some cases you are already into the school year.

12 **Q. Something you said triggered a question,**  
13 **which is my warning for I'm going to ask you a**  
14 **question I have not previously asked you so you**  
15 **can start thinking about how you're going to**  
16 **deftly answer this.**

17 I'm new to the process of education funding  
18 and I keep repeatedly hearing the legislature does  
19 something in the spring, the school districts do  
20 something in May, and, then, something happens in  
21 July. Would your organization be a better  
22 solution organization than the legislature for how  
23 to distribute funds or equal -- I'm just -- I'm  
24 struggling. I'm hearing the timing never works  
25 out.



1           A.     Well, we are the distribution of funds.  
2     The legislature appropriates the funds and we  
3     distribute those funds based upon the formula that  
4     the legislature has approved. I think, there is  
5     an easier solution to that and --

6           **Q.     Talk about that. Talk about that, if you**  
7     **will.**

8           A.     And that is, I think, you can set those  
9     to be a look-back a year in arrears so that you  
10    always know what's going to happen the following  
11    year. So, you could say I'm going to appropriate  
12    the money and we are going to base it upon that  
13    year's area assessed value, whatever we're looking  
14    at, and that then becomes what happens for that  
15    year. And, then, as things adjust the next year  
16    basing the finances, you're predicating on the  
17    upcoming year, so you don't get the surprise from  
18    spring to fall. You would see it from spring to  
19    spring, but you wouldn't see it from spring to  
20    fall. And, there's some examples that we use now.  
21    We use like a three-year average or, you know, you  
22    can use this year for the previous year or the  
23    three-year average, and that's done on an  
24    enrollment basis to try to buffer those up and  
25    downs and give some stability.



1           You could look at something like that, I  
2 think, in this equity area that maybe would be  
3 better to do from a monetary standpoint. It's  
4 still would come down to each spring, though, if  
5 more money was required to equalize, that there is  
6 going to have to be more money allocated to  
7 equalize. Or what happens is, my opinion, you end  
8 up in a litigation cycle again, not a  
9 distribution. It's not a distribution issue at  
10 that point. So, did that answer your question.

11           **Q. Well, kind of. What -- I read an article**  
12 **this weekend about a concept and then your**  
13 **question, so I'm trying to marry them together,**  
14 **and that being is the legislature the proper body**  
15 **to set educational policies or would your**  
16 **organization be better suited, given your**  
17 **educational background, annual staff? It would**  
18 **seem that your organization may be an option to**  
19 **move the legislature or to move the educational**  
20 **policy choices and --**

21           A. Well, I think, there are certain items  
22 outside of funding that we definitely would agree  
23 with that on; that we think that certainly Article  
24 6 gives the State Board of Education general  
25 oversight of schools, and the two primary



1 oversights would be the accreditation of schools,  
2 the standards that kids learn by and licensure of  
3 teachers.

4 I've not, in the short time that I have been  
5 at the department, I have not had any  
6 conversations relative to what you're discussing,  
7 so it would be speculative on my part. It's an  
8 intriguing conversation, I think. I would  
9 certainly have to study whether or not that would  
10 require additional staff to do that, you know,  
11 other than just distribution of --

12 Q. What are you doing on nights and weekend?

13 A. Yeah.

14 Q. No, I'm kidding. Those jokes never  
15 translate very well on a recorder, so I have to  
16 mention that I was joking.

17 Okay. I'm sorry, I got off track there. I  
18 think we have talked about that you and I agree  
19 that the proposed formulas for equalization for  
20 all three buckets of funds appear to be equal.  
21 The question is whether or not the output is  
22 sufficient funding, in your opinion, for the  
23 operation of schools. Is that fair?

24 A. Yes.

25 Q. Doctor Hinson seemed to think that





1 applying a single equalization strategy for all  
2 three buckets would be preferable. Do you agree  
3 or disagree with him?

4 A. Philosophically, you may say that is --  
5 that is easier, but, I think, adequate in terms of  
6 dollars, and politically it may be more difficult,  
7 because of the difference between LOB and capital  
8 outlay equalization. You have your cap at eight  
9 mills in capital outlay and you're capped at a  
10 percent in LOB. In many cases your mill levy for  
11 LOB is 20 mills or greater and you're capped at  
12 eight mills. So, if you go to equalize those the  
13 same, you're going to have some huge gaps. If you  
14 don't hold people harmless, you're going to have  
15 some huge dollar amount swing in that scenario.

16 Q. Another one of the things that we talked  
17 about is using different metrics to equalize. And  
18 what if, for example, instead of property value  
19 you look at the number of students, you looked at  
20 the number of teachers. What if you distributed  
21 funds based upon some mix of student to teacher  
22 ratio? Are there ways that the legislature could  
23 -- and I'll back up. I'm trying to explore  
24 thoughts and ideas with thought leaders like  
25 yourself so the legislature can find ways to



1 equalize as they choose. So, I guess, I'm  
2 wondering what would be your thoughts as to  
3 spreading out any funding gaps based upon a per  
4 teacher or per pupil basis among the various  
5 districts in Kansas?

6 A. Well, in general, state aid you have that  
7 now. In the special education formula you have  
8 that now. So, you generate categorically, which  
9 is by teacher on the special ed side, and you're  
10 generating base state aid, is the old term, by the  
11 number of students. So, you're allocating those  
12 terms. I hadn't given much thought to that as a  
13 concept. We hadn't discussed that.

14 You know, sometimes when you're looking at a  
15 formula, in essence, until the block grant, that's  
16 20 years old, you start to operate as that's the  
17 way that operates. So, I had not -- I have not  
18 given that much thought as to whether or not that  
19 could be done or what the issues would be with  
20 that.

21 Q. So, what I want to tie it to is our  
22 discussion. What if, for example, you would  
23 prefer a hold harmless method that would only be  
24 given to the losers. What if those hold harmless  
25 funds were divided among all of the school



1 district on a per teacher basis, how would your  
2 thoughts as to the equalization of funds that way  
3 be?

4 A. So, the hold harmless, instead of going  
5 to the school district, would go directly to  
6 teachers?

7 Q. Yeah. And, just to jog your memory, you  
8 mentioned that there may be some managerial --

9 A. Well, there is -- I can -- yeah, that's  
10 an easy answer. I'm trying to think of the  
11 broader answer to that in terms of other  
12 operations that has an impact on, specifically  
13 within capital outlay and how LOB.

14 You know, LOB originally -- and I apologize,  
15 I haven't been here all day, you know, it's intent  
16 was for those extras, but I think everyone has  
17 probably testified it's used for base state aid.  
18 So, there maybe some issues with that I'm just not  
19 thinking of right now if you move it to the  
20 teacher side. My understanding the way that that  
21 was originally proposed, and I may be wrong so I  
22 apologize if I am, was if you go just to classroom  
23 teachers you're foregoing groups of people that  
24 work in schools that have direct access to  
25 students in a support -- maybe direct and



1 supportive role: Librarians, counselors, reading  
2 specialists, audiologists, we could go on and on  
3 that seem to not be a part of that. So that's, to  
4 me, your question that's an issue, but that's a  
5 minor issue if you think about it as a  
6 superintendent. I don't want to -- I say it's a  
7 minor issue in comparison to the bigger issue of  
8 what that may do to your budget and where you may  
9 need to allocate resources. So, it would create  
10 you some problems in distribution automatically  
11 within your negotiated agreement, but you may have  
12 larger problems, and this is an if, I don't know,  
13 if that causes -- where you're spending that money  
14 currently causes that shift and then you don't  
15 have any other resources to move toward it.

16 **Q. Okay. Assuming that you're not going to**  
17 **allocate the money to the teacher and then take**  
18 **away the same amount of money and move it over to**  
19 **some other budget. That's an assumption I make.**  
20 **I guess, what if the, instead of by way of a hold**  
21 **harmless amount to the school for -- you received**  
22 **this last year so you're going to receive it**  
23 **again, is it true this school looks at that, what**  
24 **if the funds were distributed to the school**  
25 **district on a per capita teacher basis?**



1           A.     Again, I hadn't thought about that.  
2     That's something I have to study. We have  
3     generally been, you know, very supportive in  
4     allowing local school boards to make decisions on  
5     where to place the funds, and, then, having those  
6     local school boards be -- have to be responsible  
7     to local taxpayers for how that money is spent.  
8     And, it seems that we like to swing that pendulum  
9     back and forth of local control, let's spend it,  
10    and I think Mr. O'Neal, when he was Speaker, gave  
11    more flexibility to do that. And this, of course,  
12    would swing it a little bit the other way: You  
13    have to spend these funds for this specific  
14    purpose.

15           **Q.     I have looked at a variety of**  
16    **distribution options and equalization options. Do**  
17    **you believe that it will be advisable or**  
18    **permissible from the perspective of the Department**  
19    **of Education or in your former role as a**  
20    **superintendent to have all the districts send**  
21    **their local money into the state, Department of**  
22    **Education, and have the state redistribute all of**  
23    **that wealth or you're shaking your head?**

24           A.     No.

25           **Q.     Tell me -- tell me why.**



1 A. I think that would be less efficient than  
2 the way it's done now.

3 Q. Less efficient for school operations  
4 or --

5 A. Yes, for school operations. I'm talking  
6 more now as a former superintendent and looking at  
7 the budget that way.

8 Q. Assuming it's less efficient for a local  
9 school operation, would it help the legislature to  
10 satisfy its obligation to equalize funds across  
11 the state with varying student rates and locations  
12 and their relations to the varying property  
13 values?

14 A. Well, I think, the answer to that is what  
15 happens to it when it comes to Topeka? Because  
16 oftentimes it just doesn't come here and get  
17 redistributed the same way. Oftentimes it gets  
18 changed. So, I think, the answer to that is what  
19 would be the -- what would be the change that  
20 would happen once it came to Topeka and was  
21 redistributed, and, then, the Court would have to  
22 look at that. So I don't know if that's an easy  
23 answer yes or no.

24 Q. So, would it be fair to say that you  
25 would not support the remittance of local funds to



1 the state for state distribution?

2 A. It would not be my preference.

3 Q. Okay. And, what about completely  
4 eliminating local options to raise funds? In  
5 other words, forcing a statewide mill levy,  
6 sending it back to Topeka again and, then, to be  
7 distributed?

8 A. I think, I think in a pure world that's  
9 really nice, but I don't think that will ever --  
10 that would ever be -- that would ever work in the  
11 real world. So, I certainly like raising the base  
12 state aid that goes out and possibly lowering that  
13 LOB. I would be in favor of looking at that.  
14 Because I think if you look, and I don't know the  
15 numbers, I'm sure other people study those numbers  
16 more than I do in terms of how many are at the  
17 maximum of 30 to 33 percent, but the vast majority  
18 are. And, so, lowering that amount, you know, and  
19 taking on a state role, I think, you has some  
20 appeal. I don't think, though, that it ever would  
21 be practical to not have some way to raise money  
22 locally.

23 Q. Why is that?

24 A. Well, because some school districts may  
25 want to have certain programming that would be



1 above and beyond the things called for in the Rose  
2 capacity. That's what the original intent of the  
3 LOB was. I don't know the state would want to  
4 deny them that opportunity.

5 However, that being said, I think the Court's  
6 been pretty consistent of saying if you're going  
7 to do that, you have to have some equalization as  
8 that goes forward based upon the wealth of  
9 district. But, I don't think -- I would be in  
10 favor of moving more to base state aid and  
11 lowering that amount that everyone's paying  
12 because that's generated a lot of local property  
13 tax locally, but I don't think you should do away  
14 with the bill. We need to raise some amount of  
15 funds. What that is I think that would be  
16 legislative locally because I think there is just  
17 too much of a difference of what, you know,  
18 Concordia, Kansas, may want to offer their  
19 students that would be above and beyond, say, to  
20 Cherryvale. And, I think -- I think that would be  
21 good to have some ability to do that locally.

22 **Q. And, the cost of giving that local option**  
23 **is that you're going to have inequities, both in**  
24 **students having access to them based upon where**  
25 **they happen to live, as well as the property**





1 values in which the folks are able to fund at the  
2 varying rates?

3 A. Yes. And, again, if we go back to the  
4 92-93 law, and you could go back into the start of  
5 school finance litigation, as I'm sure you've  
6 looked at. Everything at some point comes down to  
7 whatever the formula was at the time wasn't funded  
8 because of whatever reason, a recession or, you  
9 know, a lowering of taxes or choices or a variety  
10 of things and, then, ends up in litigation at some  
11 point and there is a new formula that comes about.

12 So, lowering, if you go back again previous  
13 to '92, most school districts saw a lowering of  
14 their mill levy, not all. I remember when that  
15 happened, those -- you know, Southwest Kansas was  
16 going to secede from the state because their mill  
17 levies were going to go up. So, but, the overall  
18 mill levies went down significantly. So, I think,  
19 there is some appeal in lowering that LOB amount  
20 and putting it in the general state aid. I still  
21 think there ought to be some ability to raise that  
22 locally, especially if the legislature said we  
23 have no money this year to keep up with that  
24 formula, otherwise you're going to be back in  
25 litigation probably very quickly on the base state



1 aid.

2 Q. And I would assume that your position is  
3 that litigation is not conducive to furthering  
4 education?

5 A. No. I think, we all would agree with  
6 that.

7 Q. One of the questions that I have is what  
8 the Supreme Court meant by substantially similar  
9 access to or reasonable educational opportunities  
10 or substantially similar educational  
11 opportunities, and I've asked the folks that have  
12 talked before us today how would the legislature  
13 measure substantially similar educational  
14 opportunities? And, I think, I gave Dr. Hinson,  
15 I'm not sure if you were aware, a McPherson County  
16 versus Johnson County example. Are you aware of a  
17 metric by which we could measure a substantially  
18 similar educational opportunity across the 105  
19 counties, whatever they may be?

20 A. No, not a specific metric on that. You  
21 know, it wasn't until the late eighties, early  
22 nineties that we even asked schools to kind of  
23 look at a measure of what you're producing, and  
24 that was revolutionary when we went through that.  
25 And, so, what we are trying to measure at the



1 state level now are the outcomes by which we see  
2 some correlation, at least, to future success of  
3 students. And, we're trying to move -- the  
4 Board's vision is trying to move then of holding  
5 schools accountable through an accreditation model  
6 of very broad outcomes that we think, at least,  
7 the best research state lead to that success when  
8 people graduate high school and college. But, I  
9 don't know of any metrics that would say let's  
10 measure McPherson County, Johnson County as to the  
11 adequacy, I guess, of equalization of programming  
12 or offerings.

13 Q. And, so, I'm looking at for one maybe  
14 like advanced placement or things like that. We  
15 certainly didn't have that in McPherson County,  
16 or, at least, at my small school. You guys  
17 probably had it.

18 A. We did. We would have welcomed you over  
19 there.

20 Q. I wouldn't have qualified for it. Okay.  
21 And, then, I touched briefly on this, and I don't  
22 think you seemed overly enthused about it, but is  
23 taking the role of equalization in-house, removing  
24 it from the legislature, is that something you  
25 would want to do or would you have the capacity to



1 do it?

2 A. I would say we have not studied that, to  
3 my knowledge. And Dale may know in previous  
4 years. In the short time that I've been there, I  
5 have not been a part of any conversations about  
6 that. So, I could not give an opinion one way or  
7 the other on that.

8 MR. CROUSE: Dr. Watson, I appreciate  
9 your time. I thank you very much. Again, you  
10 were great on Friday and I appreciate your  
11 McPherson county thoughts. Thank you very much.

12 CHAIRMAN RYCKMAN: Thank you for being  
13 here, Mr. Watson. Questions from Senator  
14 Masterson.

15 CHAIRMAN MASTERSON: Thank you, Mr.  
16 Chair.

17 I have some follow-up on some of the  
18 questions that he asked because I think there is  
19 some general population confusion.

20 QUESTIONS BY CHAIRMAN MASTERSON:

21 Q. You, as the Commissioner of Education,  
22 answer to the State School Board, correct?

23 A. That is correct.

24 Q. Which is a separate Constitutional entity  
25 elected by the population of Kansas?



1 A. That is correct.

2 Q. With the sole function of interest in  
3 education?

4 A. That is correct.

5 Q. So, following up to a very interesting  
6 line of thought, the Constitution gives the  
7 legislature the task of a suitable provision for  
8 finance. There is all these questions and then  
9 the case law has determined that that has two  
10 aspects, adequacy and equity. With the vast  
11 experience and expertise of your organization, Mr.  
12 Dennis being an example of the years he has been  
13 there participated in that, would you not be a  
14 better entity to determine -- to be arbiter of  
15 distribution, i.e. the equalization side of things  
16 as it pertains to the districts versus the  
17 legislature?

18 A. And, again, Senator, I appreciate that  
19 question. I just haven't looked at it before that  
20 question came up today, so I really couldn't give  
21 you an answer without studying it.

22 Certainly, we take our role, the education  
23 role very seriously as it relates to the  
24 operations that we do now. So, I would just have  
25 to look at it and say, first of all, to say is



1 that -- is that a better choice? And if it is, do  
2 we have the capacity with the existing staff to do  
3 that? I just don't have an answer for you today.

4 Q. I'm not asking you necessarily in the  
5 sense of capacity versus expertise because we're  
6 being asked to develop a formula, quote-unquote  
7 formula which we may not have the expertise to  
8 develop that formula internally and here is where  
9 I'm getting at. It seems to me that during the  
10 decades of litigation Kansas has undertaken to  
11 make the question of distribution potentially more  
12 of an administrative function or appeal, if you  
13 will, to the State School Board through your  
14 organization, i.e. we're leaving adequacy with the  
15 legislature but if a local district believes  
16 they're not getting an equitable portion, that  
17 would be a more administrative function within  
18 your organization because you are a year-round  
19 entity versus a citizen legislature that meets 90  
20 days, give or take, in a given year. It seems you  
21 would be more nimble and responsive to the  
22 districts. Your thoughts.

23 A. I think the word we would be nimble and  
24 quick to respond, so I appreciate that. I think  
25 -- I think that's worth looking at, but I want to



1 come back to that even the cases of equitable  
2 distribution can come into the term adequacy. If  
3 the funds haven't been allocated to equally  
4 distribute whatever the formula is, then it  
5 doesn't matter who does the distribution.

6 And I will go back to '14. The Court found  
7 -- the Court gave away control and said that the  
8 legislature had met its mandate to be equitable;  
9 we distributed that. So, given today, we can  
10 distribute that. But if the Court would say it's  
11 still not equitable because there has been money  
12 that's been taken from that equality, so I think  
13 they are tied. And, so, I don't think that we  
14 just get by the Court of saying who distributes it  
15 or who would be better to distribute it, we may or  
16 may not. We certainly have some expertise to do  
17 that. But, if the -- if the dollar amount changes  
18 or the formula changes or whatever happens is  
19 certainly within the legislative control, we can  
20 distribute that and still may not, in my opinion,  
21 still may not meet the Court's intent.

22 **Q. I may have found a disconnect in the**  
23 **logic. Do you see adequacy as an aggregate**  
24 **number, the billions taken from the taxpayers of**  
25 **Kansas for this purpose, do you see adequacy as at**



1 some level that aggregate amount or are you seeing  
2 that as an individual, constantly fluid number to  
3 each district?

4 A. That's a good question. I was looking at  
5 the equity only, thinking of that and saying,  
6 okay, when there was a formula for equity and the  
7 Court said it had not been funded in '14, the  
8 Court said that the legislature met that mandate.  
9 And, then, the Court now is saying but in the  
10 intervening years it has not met that. So, have  
11 -- had the block grant not gone into effect in  
12 terms of a distribute -- that's the money that was  
13 to be distributed, we distributed that money based  
14 upon the block grant. Had that -- had the old  
15 formula stayed in effect and the way that it was  
16 funded in 2014 went forward and we distributed it,  
17 I think we would be okay. The problem was it  
18 changed, and so the amount of money put into that  
19 equity part changed. And I think that's not a  
20 distribution issue, it's an adequacy not overall  
21 within the equity part of it.

22 Q. I'm not so sure -- I think going back, is  
23 there an overall number, whatever billions that  
24 is, that you think you could be deemed adequate to  
25 fund the educational system of Kansas, or is that





1 a constantly by-district fluid number? That's a  
2 by-district fluid number to me is 100 percent  
3 equity, where adequacy is 100 percent how much do  
4 you draw in total volume from your taxpayers for  
5 this purpose. Would you disagree with that?

6 A. I think it is going to be different. The  
7 kids in Bird City, with the cost of doing that, is  
8 going to be different than the cost of doing  
9 business in Wichita for a variety of reasons.

10 Q. They're not equity.

11 A. That is both, adequacy and equity. It's  
12 both, because in some cases it may take more money  
13 to educate a kid in certain parts of the state.  
14 And, then, where equity comes in is when you look  
15 at the -- the assessed value, the current way we  
16 look at it, of that district to provide those  
17 resources. So, it's a combination of both.

18 Q. I think I need to be back into my  
19 question.

20 A. I'm sorry.

21 Q. Assuming, then, I give -- I, the  
22 legislature, appropriates. Assuming the district  
23 receives adequate and equitable funding and I add  
24 those numbers up to 286 districts and I have this  
25 number. That could be deemed adequate funding for



1 the system, that single number could be an  
2 adequate draw from the population for the system  
3 because every district, there is some number at  
4 which it's adequate at the total aggregate?

5 A. I think that that would be correct for  
6 that year and then does that change in the future.

7 Q. I understand that. Thank you.

8 A. I think. I think we got close on the  
9 same page. Thank you.

10 CHAIRMAN RYCKMAN: Any further questions  
11 or omissions again, Mr. -- Dr. Watson? Thank you  
12 so much for being here and answering questions  
13 today. The committee will take a recess until two  
14 o'clock.

15 (THEREUPON, a recess was taken.)

16 CHAIRMAN RYCKMAN: We will reconvene.  
17 It's a little after two o'clock. I believe we had  
18 some follow-up questions for Mr. Tallman.

19 CONTINUED EXAMINATION OF MARK TALLMAN

20 QUESTIONS BY MR. CROUSE:

21 Q. All right. Thank you, Mr. Tallman. We  
22 will continue the discussion we were having. I  
23 was about getting ready to ask you a question with  
24 regard to Senate Bill 512 and the testimony that  
25 you previously provided to the committee. Much



1 like the House bill we previously discussed, my  
2 notes reflect that you again supported equity but  
3 had concerns for adequacy. Is that fair?

4 A. Yes.

5 Q. And I have in my notes is, this may or  
6 may not be a direct quote, but I have quotes  
7 around we don't have a metric to measure  
8 educational opportunity and also the question is,  
9 quote, much more complex than dollars per pupil.  
10 Is that a fair assessment of your testimony?

11 A. Well, I don't think my written testimony  
12 would have included the part about the metrics. I  
13 don't think that's in there. I think in the  
14 discussion I certainly may have acknowledged that  
15 we don't have a completely agreed-upon definition.  
16 And I think the other thing that makes that very  
17 complicated in my time here is a lot of people  
18 tend to view education, what we are doing, in two  
19 ways: One, is outcomes, which has been the  
20 movement we have been trying to get to. And the  
21 other is inputs. So you then sometimes get the  
22 discussion, well, is it an equal educational  
23 opportunity if you don't have the range of  
24 curriculum or you don't have the services?

25 The second way of looking at it is, you know,



1 are kids graduating? Are they prepared for  
2 college careers? Those kinds of things, and I  
3 think what I would say is we have some measures,  
4 but I don't think we have complete agreement on  
5 what they are or should be going forward.

6 Q. And so two points on that. One, is my  
7 next note from the testimony is that you mentioned  
8 even within the members within your delegation,  
9 you have varying views on what are educational  
10 opportunities throughout the district, I think is  
11 one point that you would agree with?

12 A. I think that's probably true because I  
13 think within, and I think it's fair to say that  
14 within school districts across Kansas, you  
15 probably have a mixture of those who are pretty  
16 comfortable with where they are, strong public  
17 support, that sort of thing, field days where they  
18 maybe gone to excellence and what they are most  
19 worried about is losing it, and I think you have  
20 another set of districts that basically feel their  
21 challenges are such that they really feel they are  
22 not where they need to be. And, of course, the  
23 challenge then is how do you come up with a  
24 formula.

25 Dr. Hinson talked about kind of getting



1 everyone together in the room. I think we all  
2 agree with that, it's just the challenge of doing  
3 that when you have such different perspectives of  
4 even where you are at a given point.

5 Q. And so you mentioned something else just  
6 moments ago, and I'm sorry I met you in the  
7 hallway and I'm sorry I'm springing things on you,  
8 but you said some things which caused me to react  
9 and I've thought some more on this continuum of  
10 education here.

11 You mentioned that I think your organization  
12 is trying to get more to an output based metric  
13 system instead of input based metric system. Is  
14 that fair?

15 A. Yes, I -- we, as an association, have  
16 specifically adopted the Rose standards as, as the  
17 goals. And perhaps to reflect a little bit on  
18 what Dr. Hinson said, certainly we have had even  
19 discussions internally. These are 1980s. I think  
20 our view is the next step is defining so what  
21 does, and I'm trying off the top of my head,  
22 sufficient communication skills or sufficient  
23 preparation for further study. Those things have  
24 certainly changed, but that idea that students  
25 should have kind of a basic foundation, be able to



1 function as a citizen, be reasonably healthy, be  
2 able to function in a democracy and in an economy  
3 and then be prepared for life after high school,  
4 that's really what they are. Because I think what  
5 we are all saying, yes, that's what we need to  
6 aspire to to every child. Where there is still  
7 some disagreement is how, in 2016 and beyond, do  
8 we measure what that would look like.

9 **Q. And I may have asked you or one of the**  
10 **other witnesses we've talked to today, do you have**  
11 **particular school districts that are failing to**  
12 **meet those standards today?**

13 A. Well, I think that, yes, I think we would  
14 say that without -- and you'll pardon me if I  
15 don't identify my members specifically, but to  
16 simply say I think if we look at the collective  
17 results of the state -- again, I would put it this  
18 way, and you again in your conversation with Mr.  
19 Trabert today which talked about, well, are we  
20 doing good? Are we doing bad? You know, a phrase  
21 that is often used is only, say, 30-some percent  
22 of Kansas students are ready for college. Well,  
23 you know, we would point out by all measures  
24 that's higher than it's ever been. It's basically  
25 where the adult population is today. So on the



1 one hand we can say, oh, we have come a long way  
2 and we are good. Statistics would tell us that  
3 probably 40 to 50 percent of kids, though, in  
4 future jobs will need an academic background  
5 beyond high school. So we are not there.

6 So I think, in our view, is more we've made a  
7 lot of progress; we are not satisfied with where  
8 we are going. We don't think the legislature is  
9 either. On the other hand, we -- we do believe  
10 that over the past 25 or so years we have made  
11 great strides with the resources that have been  
12 provided.

13 **Q. Well, and for the committee's benefit,**  
14 **that's why I think -- or I found your testimony**  
15 **and Mr. Trabert's testimony, one would**  
16 **automatically assume may be diametrically**  
17 **opposite, I think you guys have common ground**  
18 **among you and can enunciate that and that's why I**  
19 **think it's helpful for the committee to hear.**

20 One other thing or a couple other things that  
21 we discussed, and I suspect that this was in our  
22 private discussion when I met with you, just about  
23 ideas as to how we -- what resolutions can we  
24 find. Tell me a little bit about the hold  
25 harmless and your perspective as to hold harmless,



1    **how it may impact equalization or how it may**  
2    **impact the administration of schools?**

3           A.    Well, I think I will start by saying that  
4    our association has always had a position  
5    supporting the concept of hold harmless, the idea  
6    that you don't want to go in and remove resources.  
7    And as I listened to discussion this morning, I  
8    think the one point I would say is if we had been  
9    able to hold people harmless over the last several  
10   years we probably wouldn't be here.  I mean, it  
11   has been the fact that we weren't able to meet the  
12   budget set in 2015 that kind of -- the legislature  
13   reacted, ultimately we did the block grants.  I  
14   think at the time our position was we don't want  
15   to see districts lose dollars.  Now we are just  
16   kind of a different set.

17           So philosophically we think it's an important  
18   idea, but I think we have to acknowledge that  
19   perpetual hold harmless then you don't -- again,  
20   you don't respond over the long term to perhaps to  
21   changes in the district's situations that you need  
22   to do.  So, for example, if we are going to say  
23   that there is a rational reason for what a  
24   district gets for its kids, if you simply say  
25   forever you're going to get the same amount of





1 money no matter what happens, I think you at some  
2 point get to a situation where I think the Court  
3 would look -- would look afoul of that. But at  
4 least historically I think the idea of saying we  
5 are not going to have to take away while we try to  
6 help a different set, at least I'm not aware of  
7 any time in Kansas where the courts have found a  
8 problem with that.

9 Q. Okay. Would it, and again this is I  
10 guess on-the-fly thinking outside the box  
11 scenarios, would it be more beneficial for the  
12 legislature to say here is your box of funds,  
13 Department of Education, I think that's what we  
14 talked about before lunch, here is your box of  
15 funds, you figure out how to spend it. Is that a  
16 concept or a model that makes sense if the -- in  
17 other words, what I'm wondering is does their  
18 year-round staff and educational background  
19 suggest they would be a better body in which to  
20 make those educational decisions or would you  
21 prefer they remain with the legislature?

22 A. You know, honestly, that's not something  
23 that we've talked about within our association. I  
24 think there is a great deal of trust in the  
25 department and how they do administer the programs



1 that they are given.

2 It's still going to come down to, number one,  
3 what are the dollars available to make that  
4 distribution? And I suspect that no matter who  
5 makes the decision, whoever is perceived to be  
6 disadvantaged by it will probably be no happier if  
7 the State Board has done it than if the  
8 legislature has. But if the idea is that you can  
9 somehow bring a -- a -- I hate to use the term  
10 political, it's a political environment, but just  
11 a more rational reason for those decisions.

12 Q. Well, that's what I'm wondering is, is  
13 there a way in which the legislature can say, and  
14 I'll just pick \$100 for education, but here is  
15 \$100, you figure out how to divide it up. Then it  
16 would seem that the Department of Education may be  
17 more responsive to or cognizant of the emergent  
18 needs. And then we can argue about whether the  
19 \$100 allocation was appropriate. You know, and I  
20 realize that tug-of-war is always going to be  
21 there, and so I come at this, as we talked about  
22 in an ideal world, all politics would be removed.  
23 And I realize that's an imperfect world that would  
24 never be there, but I wonder if that would get  
25 closer to that purity of example that we



1 **discussed?**

2 A. Well, I guess I would just say that I  
3 think the politics would be removed until the next  
4 session. Because every change that has been made  
5 in the formula has been a political decision that  
6 the legislature has made because some legislators  
7 felt that the formula wasn't working right and  
8 were able to convince enough of their colleagues  
9 and a Governor to make that change.

10 **Q. Do you think that that would be more or**  
11 **less if that decision was moved to the Department**  
12 **of Education, for example?**

13 A. It's hard -- again, it's a little hard  
14 for me to see it in the long run that it would  
15 make a vast difference. It might be a better  
16 starting point, but I think from the State Board's  
17 viewpoint, you know, it's the amount of money to  
18 work with would then have been a political  
19 decision and then how you would allocate that will  
20 probably create a set of political reactions.

21 **Q. And I appreciate that. I'm just trying**  
22 **to get our discussion going.**

23 A. Sure.

24 **Q. Excuse me. Another concept that we had**  
25 **talked about that came up in a committee hearing**



1 was eligibility for equalization aid, and I think  
2 you and I talked about, for example, if my home  
3 school district were to receive aid and made the  
4 decision to increase or decrease their mill levy,  
5 should -- should educational policy require them  
6 to max out, so to speak, in their mill levy before  
7 they are entitled to any equalization funds? I  
8 was looking at it in a is that a good policy? And  
9 I think you may or may not have espoused, A,  
10 whether it was a good policy, but, B, you found  
11 some problems with that. Could you tell the  
12 committee what your thoughts were as to the  
13 eligibility issue that we talked about?

14 A. Well, I think one thing you would  
15 certainly do is incentivize more spending. I  
16 mean, I think historically that has somewhat been  
17 the case that if you -- if you have to spend to a  
18 certain level to get more, you have created an  
19 incentive to do that. As I understand the, the  
20 LOB formula, and remember what the formula does is  
21 say what share of whatever budget amount you're  
22 doing, the state is allowing you to achieve that  
23 level of spending at a comparable tax rate to  
24 everyone below the 89.2 percent. What you  
25 basically do in that case is say, okay, if we



1 think we can be more efficient and be relatively  
2 low spending, then, yes, we are relatively low  
3 taxing, but we are also not taking as much from  
4 the state as we could.

5 And so while on the other hand I do  
6 understand the frustration, I think in some  
7 quarters they are saying, well, we are taxing  
8 ourselves to the max and if you're not yet, it  
9 must not be as -- to me, that is a political  
10 argument. But under the way the LOB system really  
11 works, it seems to me you still create an  
12 incentive for districts to be efficient if they  
13 want to be because they do have that control over  
14 their mill levy still.

15 **Q. But then if they choose not to go to the**  
16 **top rate, I understand that some of them may still**  
17 **receive equalization funds and so --**

18 **A.** But only, but only proportionate. So if  
19 you're saying instead of being a 25 percent LOB  
20 I'm going to be a 20 percent LOB, if you are to  
21 throw more percentages around, if you're a  
22 district where 30 percent of your LOB is funded by  
23 the state, you're only going to get 30 percent of  
24 whatever you choose to set your LOB at and you  
25 choose to participate. So a district that is not



1 fully using its LOB authority and is not fully  
2 taxing itself is also saving the state money.

3 **Q. Which is the point I was trying to -- I**  
4 **know we had talked about that you think it would**  
5 **both encourage more spending, as well as encourage**  
6 **everyone to go to the top, so to speak?**

7 **A.** Well, the example I think we did talk  
8 about was in the -- the old formula had a feature  
9 that to get, and the legislators will remember new  
10 facilities weighting, you had to be at 25 percent  
11 LOB. And I know because I lived in a community  
12 where part of the discussion was, you know, to get  
13 more state aid, we need to raise our LOB to 25  
14 percent because then the taxpayers are saying,  
15 well, yeah, we are going to put in another mill or  
16 two effort, we'll bring more state money in. Now,  
17 that additional state dollars is also more  
18 spending. It wasn't, though, by doing that they  
19 would then turn around and lower their property  
20 taxes, but it did meant that they would bring more  
21 resources to the district to help open new  
22 schools. And I'm just saying I think you always  
23 have to be -- there will always be an unintended  
24 consequence to anything you do.

25 **Q. And I can appreciate that. One of the**



1 things I talked to someone, and I don't remember  
2 who it was so I'm not going to attribute it to  
3 them because I raised the same question with them,  
4 and their suspicion was that, you know, in the  
5 communities in which they weren't already at the  
6 max, that it would be politically unpopular  
7 locally to ask for even more. And so I wonder,  
8 again, I don't want to assert that -- attribute it  
9 to somebody, but in your experience working with a  
10 variety of school districts across the state, can  
11 you see that?

12 A. I, I absolutely can, and it may well be  
13 that those districts are so sensitive to the  
14 property tax for whatever reason, that even in  
15 this case they wouldn't do it. But I'm only  
16 saying that there would be an additional fact now  
17 for those voters in that community to consider.

18 Q. Talk to me a little bit about the LOB  
19 budget, now 81.2 percent. I think I talked to Mr.  
20 Dennis earlier today about that going from 75 to  
21 81.2 percent, and my understanding from him and  
22 others is that there is no basis in educational  
23 policy, but rather that was a property tax value.  
24 Is that consistent with your opinion?

25 A. That is my -- consistent with my memory



1 of that special session.

2 Q. So the other thing that I thought was  
3 interesting in your discussion at one of the  
4 hearings, and I forget which one, is that you also  
5 were supportive of the block grant concept. I  
6 believe it was either you or Dr. Hinson mentioned  
7 the word pause button so we could take a look at  
8 how to solve this educational problem. A, did I  
9 correctly capture? And, B, would you like to talk  
10 about it?

11 A. You did not. We are not supportive of  
12 that. Now, I think we did say we understood the  
13 growing legislative frustration with the system,  
14 and we're certainly not advocating that there  
15 should be no changes or study to the system. I  
16 think the choice was only do you potentially look  
17 at developing a new system? Do you pause while  
18 doing it, is that more helpful, or could you start  
19 working on a new formula without that? That was  
20 our major point of the debate.

21 Q. And so your, your organization's position  
22 would be not to do a block grant but to work in  
23 two tracks, so to speak?

24 A. Well, I think that's the position we  
25 have. I mean, I don't really -- now I think we





1 have -- I wouldn't say we've learned to love the  
2 block grant, but I think we basically accepted  
3 it's going to be there and so let's, let's work  
4 toward whatever the better next step would be.

5 **Q. You can see the benefit to pausing so**  
6 **that the legislature's position isn't reacting to**  
7 **remedial orders, it's looking progressively at new**  
8 **ideas, I assume?**

9 A. I can, although I think in reality the  
10 way it has turned out is it didn't work precisely  
11 because, since the block grant wasn't acceptable  
12 to the Court, you know, that didn't happen. And I  
13 guess my argument is, just as I think I said this  
14 morning or just another time repeating myself, is  
15 that I think perhaps maybe the Court would look at  
16 it in the same way we did if you could truly  
17 freeze everything, then it might make sense. I  
18 think the frustration of our members who were not  
19 supportive and I think, not, I'm no attorney,  
20 obviously, that part of what the Court reacted to  
21 is that you were freezing the state side, you  
22 weren't freezing the local side. And, you know,  
23 in my testimony to both committees, I presented a  
24 study that we did which kind of showed those very  
25 differing impact on mill levies across different



1 districts. And I think that was some of what the  
2 Court was saying that part of the situation was  
3 frozen, but part of it wasn't.

4 Q. And so that's what I was trying to get  
5 with you this morning about. My recollection is  
6 that it was you thought the freezing aspect of  
7 part of it on the state level was fine, you were  
8 concerned about the local issues and it was the  
9 mill levy. In other words, it may have been on a  
10 more palatable option if the legislature had said  
11 we will freeze your mill levy rates, is that --

12 A. I think it would have been more popular.  
13 I also want to indicate that, you know, at least  
14 for some of our members that where they are  
15 particularly sensitive to, you know, special needs  
16 kids, for example, they also have those same kind  
17 of concerns. If you have a significant increase  
18 in your at-risk population or bilingual or  
19 something like that. Now, I think as Mr. Dennis  
20 indicated, enrollment and student characteristics  
21 don't change as fast as mill levies sometimes do,  
22 but I would not want to say that there weren't  
23 also concerns relative to the block grant about  
24 the changes in student population.

25 Q. So that was my next question is, if you



1 could cap that, you still have to deal with the  
2 emergent needs of the student population?

3 A. And in fairness to the legislature, I  
4 think that was the point of the extraordinary  
5 needs fund. I think there is certainly a debate  
6 among our members about whether that was adequate,  
7 but we would certainly acknowledge that's what its  
8 point was.

9 Q. I think one of the final things that you  
10 and I talked about in -- is potential other  
11 equalization strategy solutions. Part of my role,  
12 I think, is to share with the committee what I  
13 have found in my fact-finding of potential  
14 solutions, so I would invite you to share other  
15 potential solutions that either you have worked  
16 with some legislators on or you would propose that  
17 the legislature consider and talk about them and  
18 you'll probably get asked questions about them.

19 A. Well, I was going to say, unless I told  
20 you something the other day, I don't know as I or  
21 we have any. I think we understand what the Court  
22 has said that there may be other ways to do it.  
23 And I will tell you that over the summer and fall,  
24 as part of our research, we've started looking at  
25 other states to try to see whether we could find



1 other good ideas. We certainly didn't get to  
2 anything definitive before the session started and  
3 we kind of put those, those things on pause.

4 As I've said, one of the things I think is an  
5 issue is, in general, the more -- the more local  
6 you are the more challenges you have in  
7 equalizing. And yet, as we know, as I tried to  
8 talk about with legislatures, Kansas is a  
9 relatively high state proportion within our  
10 system. So, you know, I don't know what other  
11 states and their courts -- I mean, equalization,  
12 of course, you know has been the principle in  
13 school finance litigation since the '70s, so  
14 clearly many states have done this. I don't know  
15 how -- my sense is from some states is that they  
16 find a way to have a -- a perhaps less range of  
17 budget. And whether that is done by having larger  
18 minimum requirements, I mean, whatever their  
19 equivalent to 20 mills would be higher, I don't  
20 know, but --

21 **Q. So in other words, you mentioned that**  
22 **Kansas was high in something and so I want to make**  
23 **sure that you inform the committee what high in**  
24 **regard to?**

25 **A. We, as a share of total funding by**



1 revenue source, we are higher than average, higher  
2 than many states in terms of the share that is  
3 directly appropriated by the state.

4 **Q. In other words, the state money is a**  
5 **higher proportion of public education spending**  
6 **than other states?**

7 A. The state paid -- the state  
8 appropriations pay a bigger percentage of the bill  
9 than local or federal, whereas in other states,  
10 regardless of whether they spend more or less than  
11 Kansas, the average is that local resources play a  
12 larger role than state and federal also than  
13 Kansas. But what I don't know is the various  
14 makeup or structure that might affect that. I did  
15 a project for one legislator that came to no  
16 conclusions whatsoever that I could tell about how  
17 states -- how they do it, you know. I think that  
18 will take more research and we are certainly  
19 interested in trying to do that if we can.

20 **Q. One of the things that I'm interested in**  
21 **is does -- are there other metrics or variables**  
22 **that this legislature should consider that may**  
23 **reduce the polarization of rich to poor, high**  
24 **income to low income, such as number of teachers,**  
25 **number of schools, number of -- is there another**



1 metric that we could use besides such varying  
2 property? And so I don't know if you tax just  
3 something else other than property because it  
4 seems -- that seems to be the real problem is the  
5 property valuations are so greatly in divergence.

6 A. That is correct. Now, and I guess what  
7 the principal has always been that you -- you  
8 should only measure for wealth for -- for local  
9 option what the district can access. And since  
10 the only thing the district can tax is property,  
11 at least under the system, then it seems  
12 appropriate to use that as the measure. And I  
13 don't know, I've not been able to locate any state  
14 which would -- which doesn't have either some kind  
15 of per pupil or per capita or some measure of  
16 dividing wealth by the number of people you have  
17 to serve. So that's why I think it's difficult to  
18 come up with a different concept, unless we  
19 perhaps looked at some other things, as well.

20 MR. CROUSE: Mr. Tallman, you were  
21 unbelievably patient with me throughout this whole  
22 process. I appreciate it. I'm sorry we had to  
23 split your lunch hour. I can't thank you enough  
24 for the help you provided. Thank you.

25 CHAIRMAN RYCKMAN: Representative Henry.



1 QUESTIONS BY REP. HENRY:

2 Q. You talked about student achievement and  
3 funding. Have you done some look at student  
4 achievement in learning compared to other states?  
5 What we do really well? Are we not teaching  
6 children better in this state than many other  
7 states? What have you found out on that?

8 A. Well, we believe we are. And to shadow  
9 debate with Mr. Trabert, because I know what he'll  
10 say and I understand where he comes from, KPI  
11 really tends to focus pretty exclusively on NAEP  
12 scores. And I understand that that is one uniform  
13 measure, although it is only a sampling of  
14 students.

15 When we have talked about achievement, we  
16 also look at graduation rates. We look at things  
17 like ACT, SAT scores. We look at percent of the  
18 population with advanced degrees. We try to look  
19 at multiple, multiple metrics, freely  
20 acknowledging there are problems with any one of  
21 them. I don't want to speak for KPI. I think  
22 their views. They kind of settle on one that  
23 perhaps they think is the best. We tend to think  
24 that because there are limitations in all of them,  
25 the more you look at the better. And I will tell



1 you, because I just -- in fact, it may have been  
2 attached to one of my testimonies but you probably  
3 all didn't get to it because it was on page 20 or  
4 something like that, that if you really rank  
5 ironically we probably do worse on fourth grade  
6 NAEP reading. I mean, we are right about in the  
7 middle of the country there. Other NAEP scores,  
8 other rates, we tend to do better. If you average  
9 them all out, we tend to come somewhere in the top  
10 10 of all states.

11 And one thing about that that I find  
12 interesting is we tend to be higher if you average  
13 everything than if you look at anything  
14 individually because for some reason we do pretty  
15 well on almost everything, where there are some  
16 states that maybe they've got great graduation  
17 results, but not very good NAEP scores, or really  
18 good NAEP scores but not many kids go on to  
19 college, you know, factors like that. And so  
20 while we are not spectacular on anything, when you  
21 average them all together, we tend to run very  
22 high. So in terms of those comparisons, that's  
23 how we justify when we say we think we are a  
24 pretty high-achieving state.

25 And I will say one other thing, and I'll





1 give, I'll give my friend Dave Trabert credit for  
2 making us look at this. You know, we don't just  
3 look, where possible, at overall scores. We  
4 include how do we do with free lunch kids and how  
5 do we do with non free lunch kids. So we try to,  
6 where we can, even out some of those differences  
7 in student populations.

8 **Q. Have you been involved at all in**  
9 **discussions in development of a new school funding**  
10 **formula? You or your organization have been**  
11 **approached by the legislature to start the process**  
12 **of developing a new school funding formula?**

13 A. We, well, trying to be proactive. We  
14 have had some meetings and done some research that  
15 we have invited legislators to, and we have had  
16 some comments, some conversations simply on  
17 individual bases with some legislators. I, at  
18 least, have not been kind of privy to any planning  
19 of a comprehensive plan.

20 We have worked some with the group, the  
21 United School Administrators and Superintendents  
22 Association, they have put together a group where  
23 they are kind of trying to get into more of the  
24 details, and we've kind of taken the position we  
25 try to give them research and support. But



1 because they are really the practitioners, we have  
2 not yet weighed in on what they have done. We are  
3 trying to support that and we've just tried to  
4 share information with legislators.

5 MR. HENRY: Thank you.

6 QUESTIONS BY CHAIRMAN RYCKMAN:

7 Q. I'd like to follow up on that. I'm not  
8 sure if you can answer this, but I'm speaking for  
9 myself personally and for you. How many times do  
10 you think we've talked about this subject since  
11 the passing of the block grant, either on a one-  
12 on-one meeting or a small group meeting or in a  
13 forum you sponsored?

14 A. A number, many.

15 CHAIRMAN RYCKMAN: Okay, thank you.  
16 Senator Masterson.

17 QUESTIONS BY SENATOR MASTERSON:

18 Q. I echo that same question to you. I  
19 believe that every formula that I have been  
20 involved with or opinion has in some way involved  
21 discussions with you or around your material.  
22 Would you agree with that?

23 A. Yes. I think you and the legislature  
24 have been very good to listen. We haven't always  
25 agreed, but we understand that.



1 Q. Fair. My question, what do you think is  
2 -- your comments about NAEP scores being utilized  
3 by KPI, what do you think the best indicator is?  
4 Is it the state assessments that would indicate  
5 that a school is meeting the Rose standards or  
6 providing a suitable access to an educational  
7 opportunity? What do you think our best  
8 measurement is?

9 A. Well, there are two ways of looking at  
10 that. Probably the best measures are, I think the  
11 things the K-12 interim committee kind of  
12 identified: State assessments, because they  
13 really look at every child; graduation rates, some  
14 type of college participation rate. I would say I  
15 think it's fair to look at remediation rates, but  
16 I think there has to be a big caveat because we  
17 don't require -- to graduate from high school, you  
18 don't you have to take a college prep curriculum,  
19 and I've always thought it was unfair to sort of  
20 blame schools of kids that graduate and chose not  
21 to take college prep courses and then decide to go  
22 to college, and you wouldn't expect them to be  
23 prepared.

24 And then I think we need to look for ways  
25 where perhaps those could be supplemented somewhat



1 for other NAEP factors, but I think what the State  
2 Board said and our members tend to say is things  
3 like citizenship and some of those issues would  
4 best -- may best be done just by letting the local  
5 boards figure out a measure that the state would  
6 approve so there were some parameters around that.  
7 Those would be harder to be uniform. That's what  
8 I think you can look at as sort of a state and  
9 kind of a baseline.

10 Then on the -- on -- if you are looking to  
11 compare Kansas, because I think context is always  
12 important, while there are problems with NAEP,  
13 we've used NAEP when Kansas looked really good and  
14 we are still using NAEP when we don't look as  
15 good. But we would add there are probably three  
16 different recognized national graduation rates.  
17 We include all those in our rankings. We look at  
18 ACT and SATs, knowing you have to make some  
19 adjustments because different states use them  
20 differently. And we look at things like the  
21 percent -- census data that looks at the percent  
22 of kids that have either gone -- have any type of  
23 post secondary experience, have they completed a  
24 one or two-year degree? Have they completed a  
25 four-year degree? Those are all things that there



1 is comparable national data around, as well as  
2 Kansas, and we think those -- you know, that fills  
3 a fair amount of what we think you would need to  
4 look at the Rose standards, but it certainly  
5 doesn't do everything.

6 Q. And my second question was I think you  
7 had an earlier statement that the Supreme Court  
8 had not accepted the block grant with the -- I  
9 read the quote from their opinion earlier that one  
10 obvious way the legislature could comply with  
11 Article 6 would be to revive the relevant portions  
12 of the previous school funding system and fully  
13 fund that within the current block grant system.  
14 That would indicate to me, would you agree, that  
15 it was the freezing of those two relevant portions  
16 that was the disagreement with the system, not the  
17 system in and of itself?

18 A. I would say, based on their ruling to  
19 this point, absolutely. And if I misspoke, I  
20 don't think the Court has opined on the whole  
21 system.

22 Q. I just wanted to -- I think I agree. I  
23 just wanted to make sure I didn't misunderstand  
24 your characterization.

25 And then the final comment I want to make



1 sure I understand is you made the statement if we  
2 would have held harmless prior to now, we probably  
3 wouldn't be here, something like that. And I'd  
4 like you to -- I'm not sure what you mean by that  
5 in the context of -- in my tenure here since the  
6 collapse of '08, the national collapse of '08 and  
7 the 20 percent into the state's funds and under  
8 Governor Parkinson there was adjustments there, as  
9 well. But there has not been a year in which we  
10 didn't appropriate additional money every single  
11 year consecutively, so I just want to make sure I  
12 understand what you mean by loss of money. Are we  
13 in the realm of disagreeing on the rate of the  
14 increase? Is it a reduction in the increase of  
15 loss? Is that what you are talking about here?  
16 What do you mean  
17 by --

18 A. Well, Senator, I want you to know that  
19 your comments are ever in my mind when I talk to  
20 my members about how they need to characterize  
21 these issues and explain to them that, in fact,  
22 that you are correct. The fateful year of, I  
23 guess it was 2014-15, that from the state's  
24 perspective the dollars appropriated in LOB  
25 capital outlay and other things were higher than



1 the year before and remain so.

2 From the school district perspective, the  
3 budgets that were adopted based on the formulas  
4 were not funded. And so just as we may now be  
5 talking about the educational consequences of next  
6 year, if there is winners and losers, in that year  
7 we had people that lost from what they were  
8 expecting to spend, and then those things again  
9 kind of froze in place for the next two years. I  
10 don't know how the Court necessarily would agree.  
11 I guess I'm trying to make the point that this --  
12 now looking at hold harmless, which again we  
13 support, we're just trying to make a point we have  
14 -- we have had years where individual districts  
15 may have lost or just under the working of the  
16 81.2, there are districts every year that may lose  
17 state aid that they have -- that's been common,  
18 but it's just this year there are 79 of them and  
19 it's very clear that a single state action of  
20 whether you fund this formula or not will have  
21 consequences.

22 **Q. So you just reminded me of one final. On**  
23 **the hold harmless, which I agree with, your**  
24 **comments on whether or not that hold harmless**  
25 **should have some factor as it pertains to local**



1 participation, I don't know if you were here when  
2 I asked that question earlier, if we decided to  
3 hold harmless the amount was X, you would look at  
4 the local district and look at their local  
5 participation and make some calculation by which  
6 you would require at least an average local effort  
7 before harmless was put in place?

8 A. Well, I think the discussion I had with  
9 that, and may not have been clear, just to say,  
10 one, we really haven't discussed that. So I don't  
11 know as I can give you a KASB position on that.

12 What I can say, though, is I think at least  
13 the caution is if you do that, you really are, I  
14 think, kind of creating an incentive for those  
15 districts to -- to spend more because, and I want  
16 to make sure I understand you and we are on the  
17 same page. I think there is something I think you  
18 or some of the others may have talked about this  
19 morning is should equalization or equity take into  
20 account local efforts or local mill rates? And  
21 when you -- what I thought of I think the answer  
22 to that is equal mill rates should be the  
23 consequence of equalization. I mean, and that's  
24 where I go back to saying we have long said  
25 districts don't all have to spend at the same





1 level. The idea is to say whatever level you  
2 choose to spend, we are going to give you the same  
3 -- the same share or the -- you know, so the  
4 policy has always been you don't have to maximize  
5 your spending to get something, we'll participate  
6 with you at whatever level it is. So what you're  
7 talking about I think would be a pretty big change  
8 in policy.

9 Q. I think you might be going beyond what  
10 I'm referring to and I'm not sure we are on the  
11 same page. My example is if we are doing a  
12 stopgap, if you will, this one year and so as you  
13 equalize, equalization by definition, has winners  
14 and losers or givers and receivers, or however you  
15 characterize this or shifts. So for those who  
16 would be receiving less, the loser, if you will,  
17 would be due -- the way I envision after the  
18 stopgap maybe X amount of dollars to fill that  
19 gap. That would be a hold harmless so they didn't  
20 have a reduction. All I'm saying is if that  
21 number was calculated, whether you were in a  
22 district, for example, that was taxing  
23 significantly under the average, they would have  
24 an opportunity to bring that up to average,  
25 compared to this hold harmless. So it would be



1 doing exactly what you're characterizing,  
2 compressing the poles. So those that are -- those  
3 that were above would get the hold harmless and  
4 reduce and those below would have to come up to  
5 some level before the hold harmless came into  
6 effect so if it would be bringing those equal  
7 taxations closer together.

8 A. I hate to quote someone from earlier this  
9 morning and say I would want to see a run. I'm  
10 not -- again, I think what you're asking I'm a  
11 little reluctant to weigh on too much because I'm  
12 not sure I completely understand, and I'm pretty  
13 sure my membership does not fully understand it  
14 yet. But if you propose it, we will share the  
15 information.

16 CHAIRMAN RYCKMAN: Anyone else have  
17 questions for Mr. Trabert?

18 MR. TALLMAN: Morphing together.

19 CHAIRMAN RYCKMAN: For the record, Mr.  
20 Tallman. Mr. Crouse.

21 MR. CROUSE: Thank you, Mr. Speaker. I  
22 think the final person that we have is former  
23 Speaker O'Neal. I called you, Mr. Speaker, so I  
24 apologize. It's been a long day.

25 EXAMINATION OF MIKE O'NEAL



1 QUESTIONS BY MR. CROUSE:

2 Q. Good morning -- or good afternoon. I'm  
3 ready to give up and go home.

4 I'm sorry. Mr. O'Neal, everyone in the room  
5 knows who you are and your relationship, but just  
6 so we can have a record would you please state  
7 your name, your kind of background and your unique  
8 relationship and perspective with regard to the  
9 school financing in Kansas?

10 A. Very well. My name is Mike O'Neal.  
11 Currently I serve as the President and CEO of the  
12 Kansas Chamber. But probably for purposes of  
13 relevance to this particular hearing, I served in  
14 the legislature for 28 years, retiring in 2012. I  
15 did serve as Chairman of the Education Committee  
16 approximately 20 years ago. I served as judiciary  
17 chairman for 16 years and I did serve as Speaker  
18 for two terms. I did serve on the Special  
19 Committee on School Finance back in the Montoy  
20 2005 special session year. And most recently,  
21 have served on the K-12 efficiency special  
22 committee that met in the summer. And even more  
23 recently than that, have been somebody who has  
24 opined and done responses to the most recent  
25 Gannon decision on equity and have offered a



1 handful of suggestions.

2 Q. Well, it seems to me we should have had  
3 you in here earlier and you could have solved this  
4 for us. That's kind, that's kind of what I'm  
5 looking for. What types of solutions have you  
6 seen the legislature consider over your tenure and  
7 what, aside from the equalization plans that are  
8 in the two current bills, what are the  
9 equalization strategies that you would suggest  
10 considering or resolving this current issue?

11 A. Well, I'll try to answer that this way in  
12 terms of just what I have witnessed. Keep in mind  
13 that I was here during the time that we were still  
14 operating under the SDEA, the School District  
15 Equalization Act, which was repealed in favor of  
16 the QPA School Finance Act, the QPA Act in 1992.

17 I would confirm what Dr. Hinson has indicated  
18 and what the Kansas Legislative Research  
19 Department can confirm is that every year  
20 subsequent to the passage of a school finance  
21 formula we've had a new formula or an amendment to  
22 -- and as you know, when you amend an Act, you  
23 repeal the prior Act and you have a new Act even  
24 though it's maybe a minor amendment. So we've had  
25 amendments ever since.



1           Some of those have addressed overall funding.  
2           Some of them have addressed weightings. Some of  
3           them have addressed, if you will, equalization.  
4           And I think you have already heard some testimony  
5           today about the old 75 percent, the 82.1 percent.  
6           So there have been a variety of efforts to, to  
7           address equity over the years, but those have --  
8           and I would -- again I would agree with Assistant  
9           Commissioner Dennis that in large part decisions  
10          like hold harmless from year to year and changes  
11          from year to year have been uniquely political.  
12          And I don't mean that in the term of -- I mean  
13          that in the literal term of the politics that  
14          creates legislation. It's the give and take  
15          between and among members of the legislature that  
16          arrives at a solution and passes the House and  
17          Senate and is signed by the Governor.

18          So inherently over the last 30 years, the  
19          exercise of creating a mechanism by which we  
20          finance -- creating a measure of finance for the  
21          educational interest of the state has been  
22          inherently a political process that literally  
23          changes from year to year based upon circumstances  
24          that are brought to the attention of the  
25          legislature.



1           You've asked -- I think the second part of  
2 your question was what recommendations I may have  
3 on equity. I have obviously opined about the  
4 Court's involvement in school finance litigation,  
5 but the new normal, the reality of it is, is the  
6 Court is very much involved in school finance, and  
7 that is something that we need to respect. Some  
8 states the courts will determine that because it's  
9 so inherently a part of the political process they  
10 will decline jurisdiction on a political question  
11 doctrine. This Court, and a number of other  
12 states, have found that this question is  
13 justiciable and they will hear school finance  
14 cases in which equity and/or adequacy are  
15 involved.

16           It has come to -- I have come to the  
17 realization, I guess is what I'm trying to say,  
18 that in view of that, in view of the fact that the  
19 Court will continue to look at this as a  
20 justiciable issue, that perhaps we are not doing  
21 ourselves or the districts any favors by  
22 continuing to try to operate in a political  
23 environment, knowing that the Court is not going  
24 to look at it as a political decision; they are  
25 going to look at it as a legal decision.



1 My experience over those years, and I think  
2 staff would agree, is that when you have a school  
3 finance question asked in the -- under this dome,  
4 if staff does not have an immediate off-the-top-  
5 of-their-head answer, and many times they will  
6 because they are that experienced, the next phone  
7 call goes to the Kansas State Department of  
8 Education because that's where the expertise  
9 resides in terms of doing the necessary  
10 calculations and knowing what those specific  
11 districts are doing, whether they have a bond  
12 issue that they are -- that they are about to  
13 propose or they are in the middle of, of what  
14 their enrollments are, of what their at-risk, of  
15 what their -- population is, what their free and  
16 reduced lunch populations are. Those are not  
17 questions or answers that the legislators have,  
18 those are answers that are uniquely within the  
19 purview of the Kansas State Department of  
20 Education.

21 One of the questions I find ironic that has  
22 not been asked, the Court has indicated, based  
23 upon their limited understanding of school finance  
24 law, a preference for a particular way of  
25 addressing equity. The legislature has had a



1 variety of different ways of addressing equity.  
2 No one has ever asked the Department of Education  
3 whether they think that that is the correct way of  
4 doing equity or questioned if the Court is asking  
5 us to reinstate the old formula, is this something  
6 that if the legislature were asked the Department  
7 of Education to do, would the Edu -- would the  
8 Department of Education come up with that formula  
9 on their own? Would that be the way they would do  
10 it, understanding the 286 school districts better  
11 than us. Maybe, maybe not. But perhaps the best  
12 answer would indeed come from those who know the  
13 286 school districts.

14 **Q. If I could interrupt you. Let me play**  
15 **devil's advocate and suggest there may be a**  
16 **mindset that the control would be more appropriate**  
17 **in this building, as opposed to the Department of**  
18 **Education. I mean, I think that's a concept that**  
19 **has prevailed and is currently the mechanism. How**  
20 **would that help -- how would that help this body**  
21 **satisfy equalization, I guess is what I'm**  
22 **wondering?**

23 A. Well, the current law has been called the  
24 block grant, school finance block grant law or  
25 class, but it's essentially been referred to as a





1 block grant. Frankly, mind you, that's a misnomer  
2 because it is not a grant, it is a block  
3 appropriation. In other words, an amount of money  
4 has been determined that will be appropriated for  
5 the purpose of education.

6 My concept of a block grant would be a grant,  
7 and that is a promise to provide a certain level  
8 of funding in exchange for a promise to allocate  
9 those funds in a legal way. And so to a large  
10 extent I think the legislature could satisfy its  
11 obligations and relieve itself of a lot of the  
12 political pressures that have, frankly, led to  
13 self-inflicted formulaic rules that have come back  
14 to bite them. You've heard the expression I think  
15 a couple times we continue to chase our tail from  
16 year to year, and that certainly has been my  
17 experience for almost three decades.

18 **Q. So in your --**

19 **A.** So you would literally -- we have two  
20 things the Court is looking at right now, and that  
21 is equity, and there is a definition of equity  
22 that they took from Texas: School districts must  
23 have reasonably equal access to substantially  
24 similar educational opportunity through a similar  
25 tax effort. What I would do, it sounds



1     simplistic, but I would say, Department of  
2     Education, you are going to get a grant of funds  
3     in exchange for a promise that you will distribute  
4     those funds in such a way that each school  
5     district has -- each student has reasonably equal  
6     access to a substantially similar educational  
7     opportunity through similar tax efforts. So if  
8     you want to do it very simplistically, that would  
9     be promise number one.

10            Promise number two we are not here to talk  
11     about, but the new definition of adequacy is a --  
12     develop a -- a method which in structure and in  
13     allocation is reasonably calculated to lead to the  
14     outcomes set forth in the statute of the Rose  
15     standards. There isn't a single person in the  
16     legislature, unless they are currently teaching,  
17     and I will -- I will give them that, who is in a  
18     position to deliver the outcomes that we now  
19     expect, the Court now expects. Those are uniquely  
20     a part of the mission of the Department of  
21     Education to deliver the promise of an education  
22     that meets those criteria. So under no  
23     circumstances could the legislature really be a  
24     player in making that happen, other than to  
25     provide the resources to make it happen.



1           So again, the second part of that grant would  
2 be to say and we are going to grant you this lump  
3 sum of money in exchange for a promise that you  
4 will allocate those resources in such a way as  
5 reasonably calculated to have 286 school districts  
6 get our kids to meet the outcomes set forth in the  
7 statute. And that would then assist the  
8 legislature in getting to a situation where they  
9 do what they do best, and that is appropriate.  
10 They take into account all sorts of input from the  
11 Department of the Education, and even school  
12 districts, and arrive at an amount that they are  
13 going to spend this year, next year, the year  
14 after that.

15           I love the idea of two-year, of at least two-  
16 year budgeting to give some certainty. But then  
17 you are talking about numbers of, say, statewide  
18 enrollment, not the enrollment change from this  
19 district to this district, this district lost  
20 enrollment, this district gained enrollment. You  
21 are talking about the entire enrollment for the  
22 statewide.

23           As Assistant Commissioner Dennis indicated,  
24 when you look at it statewide, enrollment is  
25 changing very minutely. So in terms of the



1 overall numbers that you would look at to  
2 determine whether you increase funding or decrease  
3 funding, frankly I don't think you can do the  
4 latter, it has not been the history at least over  
5 the last eight or nine years or 10 years.

6 But you would have things like enrollment,  
7 you would look at costs. We saw that -- we heard  
8 testimony that their insurance costs are going up  
9 or certain things that affect school districts.  
10 Take a look at how that is affecting the education  
11 system statewide and make an adjustment based upon  
12 those factors and then make a block grant to the  
13 Department of Education who is -- because I think  
14 they were very modest today, particularly Randy  
15 Watson. I'm thrilled that he's the Commissioner  
16 of Education right now. He's got a great vision  
17 and I think -- I couldn't imagine anybody any  
18 better to oversee the development of a formula, if  
19 you will, for allocating resources, which he  
20 indicated was his job. I can't think of a better  
21 person to, to have that discussion.

22 I also agree with I think it was  
23 Superintendent Hinson who said the time has come  
24 we've got to get people in the room and get this  
25 hashed out. And with all due respect, the people



1 in this room who get together and hash it out are  
2 going to be affected by political pressures, and  
3 ultimately the decision will be a political  
4 decision. Every time you do -- you vote for hold  
5 harmless, according to Dale Dennis, it's done  
6 because you've got to get votes. You're literally  
7 buying votes. You're promising a district that's  
8 going to lose money that they are going to get  
9 more money in exchange for that elected  
10 representative to say, yes, I will vote for it.  
11 And to the extent that you do that, you then  
12 create almost automatically a disequalization  
13 situation that you then have to chase. You get  
14 the number right one day and literally almost the  
15 next day you're disequalized because of the  
16 decision that was made, either a hold harmless or  
17 a, or an LOB passes over here and all of a sudden  
18 you're chasing your tail again. And with all due  
19 respect, I think the legislature needs to get out  
20 of that business, as long as there is a litigation  
21 environment and you've got a separate legislative  
22 entity, the State Board of Education, who is very  
23 capable of handling these, these equity decisions.

24 That, that piece of advice doesn't come  
25 easily because I have been one who has been all



1 too willing to really get involved and get into  
2 the weeds on education funding, education policy  
3 and whatever, but to what end? We keep finding  
4 ourselves in a litigation environment that is  
5 unnecessary.

6 And if you look at the Court's -- if you look  
7 at what the Court has said, the test of the  
8 funding scheme becomes a consideration whether it  
9 sufficiently reduces the unreasonable wealth-based  
10 disparity so the disparity then becomes  
11 Constitutionally acceptable, not whether the cure  
12 necessarily restores the funding to prior levels.  
13 The Court is not telling you that you have to add  
14 more money, the Court is not telling you that you  
15 have to -- every district has to be equal. You  
16 can do this within the confines of the block  
17 grant.

18 It's not needs-based. The Court has  
19 indicated it's not needs-based. It -- literally,  
20 equity is not a needs-based determination.  
21 Rather, equity is triggered when the legislature  
22 bestows revenue-raising authority on school  
23 districts to restore so values vary widely from  
24 district to district such as the local option,  
25 mill levy on property.



1 Q. And would you agree that the two  
2 equalization strategies set forth in the bills  
3 that are currently before this legislature satisfy  
4 that command?

5 A. Absolutely, they do. Not that that  
6 necessarily would be my preference, but without  
7 question the Court made it very clear that doing  
8 it under this old formulaic process, even though  
9 the legislature actually spent more time on coming  
10 up with the equalization percentiles in the most  
11 recent block grants than they did under the 81.2,  
12 the Court seems to like the 81.2 and so it would  
13 be foolish not to at least try to address what the  
14 Court has articulated in its opinion.

15 My point is, is that, is that the extent that  
16 you have a legal issue right now that's self-  
17 inflicted. As soon as you have -- as soon as you  
18 have a formula and as soon as it's perceived that  
19 you have not funded a particular formula or that a  
20 formula suggests a different amount, you're also  
21 going to be behind the eight ball. When a formula  
22 is not necessary. Equity does not require. It is  
23 not a math calculation. Equity is equity.

24 I'm disturbed that we are dealing with equity  
25 before adequacy because you actually have to look



1 at adequacy first before you get to equity.  
2 Equity has nothing to do with the amount, it has  
3 to do with what you do with the amount. And so  
4 you start out with an amount that's adequate and  
5 then the obligation is to equalize, to make sure  
6 that that equal opportunity is there with the  
7 amount that has been allocated. So some of the  
8 things that I have come up with, some of them  
9 would not be popular, but the LOB seems to be the  
10 prime problem. It's less bond and interest, it's  
11 less capital outlay. That bond and interest  
12 really doesn't play a role here. Capital outlay  
13 is not a big issue, but it's the fact that we have  
14 been very, very generous with allowing local  
15 districts to pass LOBs, but those LOBs have caused  
16 the need for equalization.

17 You could have a provision that says if you  
18 are going to raise your LOB, and you can, and you  
19 can even make that amount higher, but within that  
20 LOB you have to capture an amount that would be  
21 necessary to equalize as a consequence of your  
22 raising the LOB. Because you know when you raise  
23 the LOB, you're getting the money you want  
24 locally, but as a consequence you're creating an  
25 unexpected entitlement someplace else through





1 equalization. You could actually force the LOB to  
2 capture an amount that could be set aside for  
3 equalization. Not very popular. I think you had  
4 a couple witnesses -- you floated that out with a  
5 couple of witnesses and you got the expected  
6 result.

7 Another way of doing it would be to create an  
8 equalization fund within your 20 mills, so you've  
9 got -- it's still property tax related, but you  
10 capture an amount within your 20 mills to take  
11 care of equalization.

12 Another way would be to go back to the old 35  
13 mills. I think you floated out that the idea of  
14 let's do away with the LOBs, go back to the old  
15 law where you have 35 mills statewide and you take  
16 care of equalization within that. I don't know  
17 how popular that would be, but if you're looking  
18 for ways and the Court said any number of ways  
19 would satisfy them.

20 We did, I will mention one other thing, and  
21 that is if you would increase the amount that's  
22 coming from the locals, and as Mr. Tallman  
23 correctly pointed out, Kansas is high on the  
24 percentage of SGF that is used compared with other  
25 states, and --



1 Q. I'm going to interrupt you. SGF?

2 A. State general fund, I'm sorry. So you  
3 could -- you could go to a situation where you  
4 have a little bit more capacity on the local side,  
5 local option or -- or the property tax mill levy.

6 We flirted a number of years on what we call  
7 LABs, instead of a local option budget; that we've  
8 learned over time have caused districts to,  
9 instead of using it on tax rates, it just builds  
10 right into their operating budgets. You create a  
11 local activities budget, which is outside the  
12 equalization requirements. It's for if you want a  
13 facility that's better than the neighbor down the  
14 road, if you want astro turf, if you want certain  
15 bells and whistles that are extra, give them a  
16 limited authority to pass a local activities  
17 budget that is uniquely within the control of the  
18 locals who want it, but does not trigger  
19 equalization someplace else. That's another way  
20 of doing it. But then I sort of started with my  
21 last one, and that is it has to be something that  
22 the Kansas State Department of Education figures  
23 out, and you're in the business of making a block  
24 grant in exchange for promises to allocate it in a  
25 Constitutional manner.



1 MR. CROUSE: Thank you, Mr. Speaker. Mr.  
2 Chairman, I have no further questions.

3 CHAIRMAN RYCKMAN: Any questions for Mr.  
4 O'Neal? Not seeing any, thank you so much for  
5 being here.

6 MR. O'NEAL: Thank you.

7 MR. CROUSE: If I may, just Mr. Chairman,  
8 and respected members of the legislature, thank  
9 you again for the opportunity to serve by making a  
10 record of this proceeding. I deeply appreciate  
11 it.

12 CHAIRMAN RYCKMAN: Thank you today for  
13 your patience and your attendance. I do thank all  
14 the folks who came in and gave testimony to assist  
15 us today. The Supreme Court held that school  
16 districts must have reasonable equal access to  
17 substantially similar educational opportunity  
18 through similar tax effort. This standard, the  
19 Court, recognized can be met in a variety of ways.  
20 One of those, of course, is to revive the relevant  
21 portions of the previous school funding system and  
22 totally fund them within the current block grant  
23 system.

24 HB 2731 did just that. But as you have  
25 heard, there does not appear to be public or



1 political support for this plan. Fortunately, the  
2 Court allowed this body the discretion to choose  
3 other options to satisfy the Constitutional  
4 standard of equity, but it warned that any other  
5 funding system this body enacts must be  
6 demonstrated to be capable of meeting the equity  
7 requirements of Article 6, while not running afoul  
8 of the adequacy requirement. If other options are  
9 considered and ultimately adopted, the Court  
10 respectfully requests some evidence of why this  
11 body chose a particular option and the basis for  
12 its belief that the options chosen satisfies the  
13 Constitutional standard. The state would help its  
14 case by showing its work and how it determined  
15 that any other proposed solution complies with  
16 Gannon I.

17 The testimony that you heard today is the  
18 first step in helping establish this body's  
19 rational basis for whatever legislation solution  
20 may follow. In particular, you undoubtedly  
21 noticed that a transcriptionist has been recording  
22 the events of today's committee hearing. That is  
23 unusual for this body, but a necessary step to  
24 adequately respond to the Supreme Court's order,  
25 and it's anticipated that the transcriptionist



1 will memorialize all subsequent hearings that this  
 2 body has concerning our efforts to comply with the  
 3 Supreme Court's remedial order and will reflect  
 4 the competing interests, conflicting positions and  
 5 the difficult policy choices that this body must  
 6 resolve as it discharges its Constitutional duty.

7 The specific steps we have taken demonstrate  
 8 our commitment to a single goal: Satisfy the  
 9 Supreme Court directive so that public education  
 10 is not disrupted by litigation.

11 Committee, we are adjourned.

12 (THEREUPON, the hearing concluded at 3:10  
 13 p.m.)

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800 E. 1<sup>st</sup> Street, Suite 305  
 Wichita, KS 67202  
 316-291-1612

5111 SW 21<sup>st</sup> Street  
 Topeka, KS 66604  
 785-273-3063  
[www.appinobiggs.com](http://www.appinobiggs.com)

6420 W. 95<sup>th</sup> Street, Suite 101  
 Overland Park, KS 66212  
 913-383-1131

**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  
22nd day of March, 2016.

*Lora J Appino*

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



USD#	County Name	USD Name	2015-16	2013-14		2016-17	2016-17 Est.	Difference	
			Est.	AVPP	AVPP	Block Grant	HB 2731		
			Rank	Rank	Rank	LOB	Est LOB		
			SY 16-17	SY 14-16	Rank Trend	State Aid	State Aid		
244	Coffey	Burlington	1	1	-	0	0	0	0
332	Kingman	Cunningham	2	4	↑	2	0	0	0
275	Logan	Triplains	3	9	↑	6	0	0	0
106	Ness	Western Plains	4	5	↑	1	0	0	0
255	Barber	South Barber	5	3	↓	(2)	0	0	0
321	Pottawatomie	Kaw Valley	6	10	↑	4	0	0	0
291	Gove	Grinnell Public Schools	7	27	↑	20	0	0	0
209	Stevens	Moscow Public Schools	8	8	-	0	0	0	0
507	Haskell	Satanta	9	2	↓	(7)	0	0	0
251	Lyon	North Lyon County	10	40	↑	30	0	0	0
269	Rooks	Palco	11	6	↓	(5)	0	0	0
217	Morton	Rolla	12	7	↓	(5)	0	0	0
103	Cheyenne	Cheylin	13	37	↑	24	0	0	0
476	Gray	Copeland	14	38	↑	24	0	0	0
399	Russell	Paradise	15	11	↓	(4)	0	0	0
387	Wilson	Altoona-Midway	16	68	↑	52	39,888	0	(39,888)
241	Wallace	Wallace County Schools	17	42	↑	25	0	0	0
362	Linn	Prairie View	18	29	↑	11	0	0	0
474	Kiowa	Haviland	19	23	↑	4	0	0	0
111	Doniphan	Doniphan West Schools	20	32	↑	12	0	0	0
351	Stafford	Macksville	21	43	↑	22	0	0	0
112	Ellsworth	Central Plains	22	16	↓	(6)	0	0	0
482	Lane	Dighton	23	15	↓	(8)	0	0	0
502	Edwards	Lewis	24	31	↑	7	0	0	0
468	Lane	Healy Public Schools	25	14	↓	(11)	0	0	0
374	Haskell	Sublette	26	13	↓	(13)	0	0	0
292	Gove	Wheatland	27	34	↑	7	0	0	0
216	Kearny	Deerfield	28	20	↓	(8)	0	0	0
226	Meade	Meade	29	47	↑	18	0	0	0
444	Rice	Little River	30	54	↑	24	0	0	0
215	Kearny	Lakin	31	19	↓	(12)	0	0	0
452	Stanton	Stanton County	32	21	↓	(11)	0	0	0
300	Comanche	Comanche County	33	12	↓	(21)	0	0	0
107	Jewell	Rock Hills	34	60	↑	26	21,459	0	(21,459)
310	Reno	Fairfield	35	44	↑	9	0	0	0
294	Decatur	Oberlin	36	66	↑	30	49,926	0	(49,926)
422	Kiowa	Kiowa County	37	24	↓	(13)	0	0	0
303	Ness	Ness City	38	18	↓	(20)	0	0	0
227	Hodgeman	Hodgeman County Schools	39	28	↓	(11)	0	0	0
254	Barber	Barber County North	40	46	↑	6	0	0	0
284	Chase	Chase County	41	55	↑	14	4,647	0	(4,647)
363	Finney	Holcomb	42	22	↓	(20)	0	0	0
274	Logan	Oakley	43	25	↓	(18)	0	0	0
459	Ford	Bucklin	44	30	↓	(14)	0	0	0
361	Harper	Anthony-Harper	45	61	↑	16	80,374	0	(80,374)
314	Thomas	Brewster	46	52	↑	6	0	0	0
299	Lincoln	Sylvan Grove	47	81	↑	34	72,558	0	(72,558)
401	Rice	Chase-Raymond	48	39	↓	(9)	0	0	0
200	Greeley	Greeley County Schools	49	41	↓	(8)	0	0	0
229	Johnson	Blue Valley	50	62	↑	12	2,407,372	0	(2,407,372)
281	Graham	Graham County	51	35	↓	(16)	0	0	0
256	Allen	Marmaton Valley	52	175	↑	123	400,146	0	(400,146)
115	Nemaha	Nemaha Central	53	57	↑	4	15,619	0	(15,619)
208	Trego	Wakeeney	54	49	↓	(5)	0	0	0
210	Stevens	Hugoton Public Schools	55	26	↓	(29)	0	1,168	1,168
220	Clark	Ashland	56	36	↓	(20)	0	1,352	1,352
423	McPherson	Moundridge	57	76	↑	19	121,534	12,765	(108,769)
390	Greenwood	Hamilton	58	58	-	0	7,136	4,239	(2,897)
225	Meade	Fowler	59	87	↑	28	89,000	12,572	(76,428)
512	Johnson	Shawnee Mission Pub Sch	60	63	↑	3	3,040,285	1,302,779	(1,737,506)
364	Marshall	Marysville	61	73	↑	12	173,754	41,506	(132,249)
283	Elk	Elk Valley	62	122	↑	60	156,179	14,466	(141,713)
223	Washington	Barnes	63	92	↑	29	175,837	35,584	(140,253)
412	Sheridan	Hoxie Community Schools	64	69	↑	5	64,249	52,652	(11,597)
245	Coffey	LeRoy-Gridley	65	53	↓	(12)	0	44,381	44,381
415	Brown	Hiawatha	66	71	↑	5	197,162	138,248	(58,914)
467	Wichita	Leoti	67	83	↑	16	157,678	88,016	(69,661)
242	Wallace	Weskan	68	64	↓	(4)	17,107	28,613	11,506





USD#	County Name	USD Name	Est.			2016-17	2016-17 Est.	Difference
			AVPP Rank	AVPP Rank	Rank Trend	Block Grant LOB	HB 2731 Est LOB	
			SY 16-17	SY 14-16		State Aid	State Aid	
492	Butler	Flinthills	139	170	↑ 31	344,947	280,851	(64,096)
456	Osage	Marais Des Cygnes Valley	140	181	↑ 41	316,679	252,085	(64,595)
311	Reno	Pretty Prairie	141	171	↑ 30	347,846	288,137	(59,709)
355	Barton	Ellinwood Public Schools	142	67	↓ (75)	71,263	414,719	343,455
322	Pottawatomie	Onaga-Havensville-Wheaton	143	152	↑ 9	346,894	319,664	(27,230)
388	Ellis	Ellis	144	79	↓ (65)	128,881	330,090	201,209
381	Ford	Spearville	145	151	↑ 6	362,981	345,555	(17,426)
473	Dickinson	Chapman	146	140	↓ (6)	870,302	967,837	97,535
386	Greenwood	Madison-Virgil	147	144	↓ (3)	259,297	262,673	3,376
287	Franklin	West Franklin	148	145	↓ (3)	604,893	674,676	69,784
365	Anderson	Garnett	149	167	↑ 18	1,100,708	999,065	(101,643)
313	Reno	Buhler	150	138	↓ (12)	1,578,518	1,858,180	279,662
436	Montgomery	Caney Valley	151	241	↑ 90	718,988	694,695	(24,293)
380	Marshall	Vermillion	152	186	↑ 34	641,680	552,851	(88,829)
243	Coffey	Lebo-Waverly	153	193	↑ 40	641,490	540,541	(100,949)
378	Riley	Riley County	154	176	↑ 22	779,615	709,147	(70,468)
233	Johnson	Olathe	155	163	↑ 8	28,170,395	27,114,485	(1,055,910)
410	Marion	Durham-Hillsboro-Lehigh	156	148	↓ (8)	655,635	662,050	6,415
205	Butler	Bluestem	157	137	↓ (20)	490,267	614,435	124,168
331	Kingman	Kingman - Norwich	158	124	↓ (34)	740,864	1,010,889	270,026
429	Doniphan	Troy Public Schools	159	174	↑ 15	390,485	364,116	(26,369)
368	Miami	Paola	160	141	↓ (19)	1,383,034	1,861,779	478,744
416	Miami	Louisburg	161	147	↓ (14)	1,266,668	1,530,426	263,758
366	Woodson	Woodson	162	133	↓ (29)	424,763	547,224	122,461
211	Norton	Norton Community Schools	163	173	↑ 10	799,165	763,962	(35,203)
463	Cowley	Udall	164	198	↑ 34	494,127	403,255	(90,872)
101	Neosho	Erie-Galesburg	165	153	↓ (12)	642,776	668,953	26,178
369	Harvey	Burrton	166	103	↓ (63)	164,402	303,622	139,219
342	Jefferson	McLouth	167	172	↑ 5	609,626	585,082	(24,544)
493	Cherokee	Columbus	168	177	↑ 9	1,161,058	1,092,744	(68,315)
400	McPherson	Smoky Valley	169	156	↓ (13)	995,360	1,033,703	38,343
263	Sedgwick	Mulvane	170	132	↓ (38)	1,147,063	1,516,794	369,731
495	Pawnee	Ft Larned	171	188	↑ 17	1,128,043	1,033,231	(94,812)
289	Franklin	Wellsville	172	166	↓ (6)	811,863	827,179	15,316
232	Johnson	De Soto	173	180	↑ 7	6,580,982	6,249,687	(331,295)
484	Wilson	Fredonia	174	154	↓ (20)	725,091	786,036	60,945
309	Reno	Nickerson	175	165	↓ (10)	1,214,420	1,267,342	52,922
258	Allen	Humboldt	176	256	↑ 80	1,001,045	693,681	(307,364)
408	Marion	Marion-Florence	177	164	↓ (13)	593,090	619,732	26,642
204	Wyandotte	Bonner Springs	178	157	↓ (21)	2,272,857	2,504,267	231,411
345	Shawnee	Seaman	179	168	↓ (11)	3,330,695	3,496,998	166,303
267	Sedgwick	Renwick	180	179	↓ (1)	1,851,535	1,839,244	(12,291)
305	Saline	Salina	181	160	↓ (21)	6,499,785	7,087,583	587,798
379	Clay	Clay Center	182	187	↑ 5	1,406,655	1,364,986	(41,669)
239	Ottawa	North Ottawa County	183	189	↑ 6	834,184	809,091	(25,092)
247	Crawford	Cherokee	184	228	↑ 44	976,143	809,670	(166,473)
260	Sedgwick	Derby	185	161	↓ (24)	5,586,707	6,356,137	769,429
449	Leavenworth	Easton	186	196	↑ 10	893,861	845,859	(48,002)
282	Elk	West Elk	187	155	↓ (32)	439,852	519,732	79,880
446	Montgomery	Independence	188	203	↑ 15	2,229,386	2,066,062	(163,324)
348	Douglas	Baldwin City	189	183	↓ (6)	1,359,877	1,420,582	60,705
240	Ottawa	Twin Valley	190	216	↑ 26	911,180	833,504	(77,676)
440	Harvey	Halstead	191	212	↑ 21	1,045,439	967,363	(78,075)
450	Shawnee	Shawnee Heights	192	192	- 0	3,453,761	3,621,718	167,957
460	Harvey	Hesston	193	208	↑ 15	1,071,929	1,020,613	(51,316)
458	Leavenworth	Basehor-Linwood	194	190	↓ (4)	1,909,723	2,050,455	140,731
307	Saline	Ell-Saline	195	246	↑ 51	770,819	653,177	(117,641)
266	Sedgwick	Maize	196	194	↓ (2)	6,541,868	6,662,414	120,546
320	Pottawatomie	Wamego	197	200	↑ 3	1,618,722	1,614,826	(3,896)
259	Sedgwick	Wichita	198	191	↓ (7)	55,048,212	60,181,021	5,132,809
498	Marshall	Valley Heights	199	229	↑ 30	678,070	636,974	(41,096)
335	Jackson	North Jackson	200	236	↑ 36	616,404	567,549	(48,855)
431	Barton	Hoisington	201	142	↓ (59)	618,480	957,839	339,358
430	Brown	South Brown County	202	238	↑ 36	1,008,948	923,705	(85,243)
376	Rice	Sterling	203	205	↑ 2	728,472	736,435	7,963
389	Greenwood	Eureka	204	221	↑ 17	959,523	950,192	(9,330)
411	Marion	Goessel	205	225	↑ 20	452,551	450,830	(1,721)
323	Pottawatomie	Rock Creek	206	197	↓ (9)	1,064,380	1,106,566	42,186
333	Cloud	Concordia	207	217	↑ 10	1,339,293	1,325,331	(13,962)
264	Sedgwick	Clearwater	208	199	↓ (9)	1,331,029	1,379,882	48,853

USD#	County Name	USD Name	Est. AVPP			2016-17 Block Grant LOB	2016-17 Est. HB 2731 Est LOB	Difference	
			Rank SY 16-17	Rank SY 14-16	Rank Trend				
385	Butler	Andover	209	219	↑	10	5,480,737	5,176,895	(303,842)
114	Doniphan	Riverside	210	201	↓	(9)	791,270	979,667	188,397
471	Cowley	Dexter	211	202	↓	(9)	226,923	239,255	12,332
464	Leavenworth	Tonganoxie	212	206	↓	(6)	2,016,958	2,079,903	62,946
465	Cowley	Winfield	213	231	↑	18	2,837,878	2,732,491	(105,386)
286	Chautauqua	Chautauqua Co Community	214	149	↓	(65)	426,464	495,426	68,962
453	Leavenworth	Leavenworth	215	204	↓	(11)	4,297,821	4,483,530	185,708
397	Marion	Centre	216	182	↓	(34)	367,631	437,171	69,540
435	Dickinson	Abilene	217	207	↓	(10)	1,690,715	1,805,864	115,150
462	Cowley	Central	218	244	↑	26	565,082	523,017	(42,065)
461	Wilson	Neodesha	219	263	↑	44	1,158,360	1,092,547	(65,813)
290	Franklin	Ottawa	220	213	↓	(7)	2,815,820	2,927,773	111,953
421	Osage	Lyndon	221	223	↑	2	638,786	642,596	3,809
413	Neosho	Chanute Public Schools	222	185	↓	(37)	2,282,608	2,378,749	96,141
434	Osage	Santa Fe Trail	223	222	↓	(1)	1,468,105	1,494,207	26,102
428	Barton	Great Bend	224	215	↓	(9)	3,618,922	3,794,442	175,520
344	Linn	Pleasanton	225	269	↑	44	676,857	576,664	(100,193)
404	Cherokee	Riverton	226	214	↓	(12)	1,035,688	1,093,448	57,760
409	Atchison	Atchison Public Schools	227	210	↓	(17)	1,976,688	2,105,310	128,622
341	Jefferson	Oskaloosa Public Schools	228	220	↓	(8)	894,446	928,289	33,842
285	Chautauqua	Cedar Vale	229	184	↓	(45)	183,772	214,152	30,380
325	Phillips	Phillipsburg	230	218	↓	(12)	855,375	911,121	55,746
372	Shawnee	Silver Lake	231	239	↑	8	953,321	951,464	(1,857)
231	Johnson	Gardner Edgerton	232	234	↑	2	6,243,754	6,618,463	374,709
338	Jefferson	Valley Falls	233	252	↑	19	680,424	639,750	(40,674)
250	Crawford	Pittsburg	234	211	↓	(23)	3,528,590	3,858,824	330,234
288	Franklin	Central Heights	235	240	↑	5	959,040	969,297	10,257
373	Harvey	Newton	236	242	↑	6	4,283,802	4,207,270	(76,532)
230	Johnson	Spring Hill	237	224	↓	(13)	3,029,906	3,211,487	181,581
469	Leavenworth	Lansing	238	227	↓	(11)	2,841,642	2,989,022	147,380
405	Rice	Lyons	239	209	↓	(30)	1,048,804	1,257,329	208,526
509	Sumner	South Haven	240	169	↓	(71)	298,596	404,134	105,538
218	Morton	Elkhart	241	178	↓	(63)	609,411	792,708	183,297
265	Sedgwick	Goddard	242	230	↓	(12)	5,973,671	6,266,432	292,761
340	Jefferson	Jefferson West	243	233	↓	(10)	1,204,130	1,253,343	49,212
339	Jefferson	Jefferson County North	244	254	↑	10	760,241	728,022	(32,219)
501	Shawnee	Topeka Public Schools	245	232	↓	(13)	18,003,092	19,035,398	1,032,306
356	Sumner	Conway Springs	246	249	↑	3	796,874	779,234	(17,639)
308	Reno	Hutchinson Public Schools	247	247	-	0	6,318,368	6,431,755	113,387
457	Finney	Garden City	248	226	↓	(22)	9,235,555	10,006,757	771,202
262	Sedgwick	Valley Center Pub Sch	249	237	↓	(12)	3,160,561	3,322,955	162,394
487	Dickinson	Herington	250	235	↓	(15)	712,091	778,105	66,014
420	Osage	Osage City	251	243	↓	(8)	1,007,865	1,026,288	18,422
353	Sumner	Wellington	252	255	↑	3	2,258,503	2,199,761	(58,742)
503	Labette	Parsons	253	245	↓	(8)	1,835,598	1,878,589	42,991
367	Miami	Osawatomie	254	258	↑	4	1,979,284	1,936,335	(42,949)
234	Bourbon	Fort Scott	255	248	↓	(7)	2,449,992	2,337,478	(112,514)
268	Sedgwick	Cheney	256	250	↓	(6)	1,124,771	1,143,491	18,719
394	Butler	Rose Hill Public Schools	257	257	-	0	2,044,049	2,118,954	74,905
257	Allen	Iola	258	251	↓	(7)	2,016,747	2,083,608	66,862
246	Crawford	Northeast	259	268	↑	9	946,934	917,675	(29,258)
396	Butler	Douglass Public Schools	260	261	↑	1	1,112,704	1,213,235	100,531
253	Lyon	Emporia	261	253	↓	(8)	6,177,617	6,346,329	168,711
336	Jackson	Holton	262	264	↑	2	1,720,775	1,695,925	(24,850)
454	Osage	Burlingame Public School	263	265	↑	2	538,979	539,452	473
402	Butler	Augusta	264	260	↓	(4)	2,854,003	2,835,194	(18,809)
439	Harvey	Sedgwick Public Schools	265	275	↑	10	719,889	767,542	47,653
358	Sumner	Oxford	266	195	↓	(71)	487,828	629,287	141,459
337	Jackson	Royal Valley	267	277	↑	10	1,641,442	1,574,982	(66,459)
357	Sumner	Belle Plaine	268	267	↓	(1)	1,087,209	1,095,595	8,386
248	Crawford	Girard	269	266	↓	(3)	1,594,679	1,610,546	15,867
506	Labette	Labette County	270	270	-	0	2,308,341	2,340,024	31,683
491	Douglas	Eudora	271	262	↓	(9)	2,082,850	2,163,128	80,278
505	Labette	Chetopa-St. Paul	272	274	↑	2	868,322	857,340	(10,982)
235	Bourbon	Uniontown	273	273	-	0	878,969	875,866	(3,103)
480	Seward	Liberal	274	259	↓	(15)	6,881,210	7,142,887	261,677
443	Ford	Dodge City	275	271	↓	(4)	11,193,952	11,512,413	318,461
500	Wyandotte	Kansas City	276	272	↓	(4)	34,985,011	35,955,854	970,843
470	Cowley	Arkansas City	277	276	↓	(1)	4,467,083	4,545,316	78,233
202	Wyandotte	Turner-Kansas City	278	278	-	0	6,550,500	6,710,106	159,606

USD#	County Name	USD Name	Est.		Rank Trend	2016-17	2016-17 Est.	Difference
			AVPP Rank	AVPP Rank		Block Grant LOB	HB 2731 Est LOB	
			SY 16-17	SY 14-16		State Aid	State Aid	
249	Crawford	Frontenac Public Schools	279	279	- 0	1,515,420	1,538,316	22,896
475	Geary	Geary County Schools	280	283	↑ 3	13,470,371	13,290,320	(180,051)
447	Montgomery	Cherryvale	281	280	↓ (1)	1,513,264	1,531,264	18,001
504	Labette	Oswego	282	282	- 0	927,225	949,310	22,085
261	Sedgwick	Haysville	283	281	↓ (2)	8,392,482	8,633,056	240,573
508	Cherokee	Baxter Springs	284	284	- 0	1,753,959	1,836,554	82,595
499	Cherokee	Galena	285	285	- 0	1,692,517	1,709,082	16,565
207	Leavenworth	Ft Leavenworth	286	286	- 0	3,424,125	3,493,414	69,289
						450,491,513	465,003,991	14,512,479

USD#	County Name	USD Name	2015-16	2013-14	Rank Trend	2016-17	2016-17 Est.	Difference
			Est. AVPP Rank	Est. AVPP Rank		Block Grant Cap Outlay State Aid	HB 2731 Cap Outlay State Aid	
			SY 16-17	SY 14-16				
244	Coffey	Burlington	1	1	-	0	0	0
332	Kingman	Cunningham	2	4	↑	2	0	0
275	Logan	Triplains	3	9	↑	6	0	0
106	Ness	Western Plains	4	5	↑	1	0	0
255	Barber	South Barber	5	3	↓	(2)	0	0
321	Pottawatomie	Kaw Valley	6	10	↑	4	0	0
291	Gove	Grinnell Public Schools	7	27	↑	20	0	0
209	Stevens	Moscow Public Schools	8	8	-	0	0	0
507	Haskell	Satanta	9	2	↓	(7)	0	0
251	Lyon	North Lyon County	10	40	↑	30	0	0
269	Rooks	Palco	11	6	↓	(5)	0	0
217	Morton	Rolla	12	7	↓	(5)	0	0
103	Cheyenne	Cheylin	13	37	↑	24	0	0
476	Gray	Copeland	14	38	↑	24	0	0
399	Russell	Paradise	15	11	↓	(4)	0	0
387	Wilson	Altoona-Midway	16	68	↑	52	0	0
241	Wallace	Wallace County Schools	17	42	↑	25	0	0
362	Linn	Prairie View	18	29	↑	11	0	0
474	Kiowa	Haviland	19	23	↑	4	0	0
111	Doniphan	Doniphan West Schools	20	32	↑	12	0	0
351	Stafford	Macksville	21	43	↑	22	0	0
112	Ellsworth	Central Plains	22	16	↓	(6)	0	0
482	Lane	Dighton	23	15	↓	(8)	0	0
502	Edwards	Lewis	24	31	↑	7	0	0
468	Lane	Healy Public Schools	25	14	↓	(11)	0	0
374	Haskell	Sublette	26	13	↓	(13)	0	0
292	Gove	Wheatland	27	34	↑	7	0	0
216	Kearny	Deerfield	28	20	↓	(8)	0	0
226	Meade	Meade	29	47	↑	18	0	0
444	Rice	Little River	30	54	↑	24	0	0
215	Kearny	Lakin	31	19	↓	(12)	0	0
452	Stanton	Stanton County	32	21	↓	(11)	0	0
300	Comanche	Comanche County	33	12	↓	(21)	0	0
107	Jewell	Rock Hills	34	60	↑	26	0	0
310	Reno	Fairfield	35	44	↑	9	0	0
294	Decatur	Oberlin	36	66	↑	30	0	0
422	Kiowa	Kiowa County	37	24	↓	(13)	0	0
303	Ness	Ness City	38	18	↓	(20)	0	0
227	Hodgeman	Hodgeman County Schools	39	28	↓	(11)	0	0
254	Barber	Barber County North	40	46	↑	6	0	0
284	Chase	Chase County	41	55	↑	14	0	0
363	Finney	Holcomb	42	22	↓	(20)	0	0
274	Logan	Oakley	43	25	↓	(18)	0	0
459	Ford	Bucklin	44	30	↓	(14)	0	0
361	Harper	Anthony-Harper	45	61	↑	16	0	0
314	Thomas	Brewster	46	52	↑	6	0	0
299	Lincoln	Sylvan Grove	47	81	↑	34	0	0
401	Rice	Chase-Raymond	48	39	↓	(9)	0	0
200	Greeley	Greeley County Schools	49	41	↓	(8)	0	0
229	Johnson	Blue Valley	50	62	↑	12	0	0
281	Graham	Graham County	51	35	↓	(16)	0	0
256	Allen	Marmaton Valley	52	175	↑	123	0	0
115	Nemaha	Nemaha Central	53	57	↑	4	0	0
208	Trego	Wakeeney	54	49	↓	(5)	0	0
210	Stevens	Hugoton Public Schools	55	26	↓	(29)	0	0
220	Clark	Ashland	56	36	↓	(20)	0	0
423	McPherson	Moundridge	57	76	↑	19	0	0
390	Greenwood	Hamilton	58	58	-	0	0	0
225	Meade	Fowler	59	87	↑	28	0	0
512	Johnson	Shawnee Mission Pub Sch	60	63	↑	3	0	0
364	Marshall	Marysville	61	73	↑	12	0	0
283	Elk	Elk Valley	62	122	↑	60	0	0
223	Washington	Barnes	63	92	↑	29	0	0
412	Sheridan	Hoxie Community Schools	64	69	↑	5	0	0
245	Coffey	LeRoy-Gridley	65	53	↓	(12)	0	0
415	Brown	Hiawatha	66	71	↑	5	0	0
467	Wichita	Leoti	67	83	↑	16	0	0
242	Wallace	Weskan	68	64	↓	(4)	0	0
403	Rush	Otis-Bison	69	48	↓	(21)	0	0

USD#	County Name	USD Name	Est.			2016-17	2016-17 Est.	Difference	
			AVPP Rank	AVPP Rank	Rank Trend	Block Grant Cap Outlay State Aid	HB 2731 Cap Outlay State Aid		
			SY 16-17	SY 14-16					
384	Riley	Blue Valley	70	75	↑	5	0	0	0
346	Linn	Jayhawk	71	158	↑	87	27,233	0	(27,233)
334	Cloud	Southern Cloud	72	90	↑	18	0	0	0
483	Seward	Kismet-Plains	73	50	↓	(23)	0	0	0
481	Dickinson	Rural Vista	74	89	↑	15	0	0	0
496	Pawnee	Pawnee Heights	75	99	↑	24	0	0	0
271	Rooks	Stockton	76	74	↓	(2)	0	0	0
383	Riley	Manhattan-Ogden	77	80	↑	3	0	0	0
214	Grant	Ulysses	78	45	↓	(33)	0	0	0
489	Ellis	Hays	79	65	↓	(14)	0	0	0
432	Ellis	Victoria	80	33	↓	(47)	0	0	0
297	Cheyenne	St Francis Comm Sch	81	78	↓	(3)	0	0	0
350	Stafford	St John-Hudson	82	51	↓	(31)	0	0	0
270	Rooks	Plainville	83	17	↓	(66)	0	0	0
306	Saline	Southeast Of Saline	84	84	-	0	0	0	0
326	Phillips	Logan	85	70	↓	(15)	0	0	0
272	Mitchell	Waconda	86	101	↑	15	0	0	0
398	Marion	Peabody-Burns	87	86	↓	(1)	0	0	0
219	Clark	Minneola	88	77	↓	(11)	0	0	0
109	Republic	Republic County	89	98	↑	9	0	0	0
298	Lincoln	Lincoln	90	135	↑	45	13,456	2,694	(10,762)
108	Washington	Washington Co. Schools	91	94	↑	3	0	3,908	3,908
105	Rawlins	Rawlins County	92	111	↑	19	0	5,221	5,221
377	Atchison	Atchison Co Comm Schools	93	112	↑	19	0	4,289	4,289
466	Scott	Scott County	94	72	↓	(22)	0	21,880	21,880
329	Wabaunsee	Mill Creek Valley	95	109	↑	14	0	9,206	9,206
359	Sumner	Argonia Public Schools	96	97	↑	1	0	0	0
375	Butler	Circle	97	82	↓	(15)	0	72,089	72,089
224	Washington	Clifton-Clyde	98	100	↑	2	0	0	0
477	Gray	Ingalls	99	59	↓	(40)	0	7,671	7,671
395	Rush	LaCrosse	100	91	↓	(9)	0	7,025	7,025
315	Thomas	Colby Public Schools	101	114	↑	13	0	44,730	44,730
110	Phillips	Thunder Ridge Schools	102	134	↑	32	9,750	10,987	1,237
419	McPherson	Canton-Galva	103	102	↓	(1)	0	13,823	13,823
479	Anderson	Crest	104	131	↑	27	0	0	0
426	Republic	Pike Valley	105	121	↑	16	2,039	10,653	8,614
497	Douglas	Lawrence	106	93	↓	(13)	0	656,309	656,309
448	McPherson	Inman	107	108	↑	1	0	24,032	24,032
206	Butler	Remington-Whitewater	108	105	↓	(3)	0	23,597	23,597
418	McPherson	McPherson	109	106	↓	(3)	0	148,145	148,145
392	Osborne	Osborne County	110	113	↑	3	0	19,440	19,440
237	Smith	Smith Center	111	128	↑	17	13,826	25,794	11,968
490	Butler	El Dorado	112	96	↓	(16)	0	78,638	78,638
349	Stafford	Stafford	113	125	↑	12	3,432	9,769	6,337
203	Wyandotte	Piper-Kansas City	114	95	↓	(19)	0	162,149	162,149
352	Sherman	Goodland	115	146	↑	31	35,149	12,447	(22,702)
407	Russell	Russell County	116	56	↓	(60)	0	70,624	70,624
212	Norton	Northern Valley	117	115	↓	(2)	0	14,466	14,466
113	Nemaha	Prairie Hills	118	116	↓	(2)	0	72,950	72,950
494	Hamilton	Syracuse	119	85	↓	(34)	0	35,806	35,806
371	Gray	Montezuma	120	118	↓	(2)	1,778	11,333	9,554
511	Harper	Attica	121	88	↓	(33)	0	11,276	11,276
417	Morris	Morris County	122	107	↓	(15)	0	56,732	56,732
316	Thomas	Golden Plains	123	150	↑	27	0	0	0
343	Jefferson	Perry Public Schools	124	123	↓	(1)	17,225	40,849	23,623
393	Dickinson	Solomon	125	139	↑	14	11,915	34,489	22,574
438	Pratt	Skyline Schools	126	126	-	0	14,696	45,804	31,108
347	Edwards	Kinsley-Offerle	127	117	↓	(10)	0	37,583	37,583
312	Reno	Haven Public Schools	128	129	↑	1	32,469	98,997	66,528
382	Pratt	Pratt	129	130	↑	1	29,554	138,819	109,265
330	Wabaunsee	Mission Valley	130	120	↓	(10)	5,565	58,078	52,513
445	Montgomery	Coffeyville	131	119	↓	(12)	6,183	61,434	55,251
437	Shawnee	Auburn Washburn	132	110	↓	(22)	0	776,699	776,699
293	Gove	Quinter Public Schools	133	104	↓	(29)	0	36,505	36,505
327	Ellsworth	Ellsworth	134	143	↑	9	20,481	51,899	31,417
273	Mitchell	Beloit	135	136	↑	1	29,926	106,648	76,722
252	Lyon	Southern Lyon County	136	127	↓	(9)	18,344	68,601	50,257
102	Gray	Cimmaron-Ensign	137	159	↑	22	25,019	43,286	18,267
360	Sumner	Caldwell	138	162	↑	24	21,598	32,370	10,773
492	Butler	Flinthills	139	170	↑	31	11,825	17,450	5,625

USD#	County Name	USD Name	Est.		Rank Trend	2016-17	2016-17 Est.	Difference
			AVPP Rank	AVPP Rank		Block Grant Cap Outlay State Aid	HB 2731 Cap Outlay State Aid	
			SY 16-17	SY 14-16				
456	Osage	Marais Des Cygnes Valley	140	181	↑ 41	0	0	0
311	Reno	Pretty Prairie	141	171	↑ 30	23,022	35,886	12,863
355	Barton	Ellinwood Public Schools	142	67	↓ (75)	0	45,148	45,148
322	Pottawatomie	Onaga-Havensville-Wheaton	143	152	↑ 9	9,823	41,063	31,240
388	Ellis	Ellis	144	79	↓ (65)	0	63,307	63,307
381	Ford	Spearville	145	151	↑ 6	0	13,053	13,053
473	Dickinson	Chapman	146	140	↓ (6)	26,025	8,589	(17,436)
386	Greenwood	Madison-Virgil	147	144	↓ (3)	6,477	16,638	10,160
287	Franklin	West Franklin	148	145	↓ (3)	31,013	87,644	56,631
365	Anderson	Garnett	149	167	↑ 18	70,047	152,178	82,131
313	Reno	Buhler	150	138	↓ (12)	98,157	336,475	238,318
436	Montgomery	Caney Valley	151	241	↑ 90	86,154	108,212	22,058
380	Marshall	Vermillion	152	186	↑ 34	54,508	84,999	30,491
243	Coffey	Lebo-Waverly	153	193	↑ 40	24,589	33,057	8,467
378	Riley	Riley County	154	176	↑ 22	61,430	107,003	45,573
233	Johnson	Olathe	155	163	↑ 8	2,160,845	2,717,863	557,018
410	Marion	Durham-Hillsboro-Lehigh	156	148	↓ (8)	28,518	87,199	58,680
205	Butler	Bluestem	157	137	↓ (20)	22,255	79,868	57,613
331	Kingman	Kingman - Norwich	158	124	↓ (34)	19,038	132,537	113,499
429	Doniphan	Troy Public Schools	159	174	↑ 15	8,758	22,303	13,545
368	Miami	Paola	160	141	↓ (19)	93,298	325,197	231,900
416	Miami	Louisburg	161	147	↓ (14)	88,919	238,629	149,710
366	Woodson	Woodson	162	133	↓ (29)	15,459	18,107	2,648
211	Norton	Norton Community Schools	163	173	↑ 10	41,505	77,929	36,424
463	Cowley	Udall	164	198	↑ 34	26,797	41,485	14,687
101	Neosho	Erie-Galesburg	165	153	↓ (12)	0	42,938	42,938
369	Harvey	Burrton	166	103	↓ (63)	0	40,259	40,259
342	Jefferson	McLouth	167	172	↑ 5	25,106	47,387	22,281
493	Cherokee	Columbus	168	177	↑ 9	42,630	77,386	34,756
400	McPherson	Smoky Valley	169	156	↓ (13)	63,675	173,780	110,105
263	Sedgwick	Mulvane	170	132	↓ (38)	44,650	291,220	246,570
495	Pawnee	Ft Larned	171	188	↑ 17	92,311	18,064	(74,248)
289	Franklin	Wellsville	172	166	↓ (6)	58,134	130,043	71,910
232	Johnson	De Soto	173	180	↑ 7	664,094	1,159,574	495,480
484	Wilson	Fredonia	174	154	↓ (20)	12,342	32,531	20,189
309	Reno	Nickerson	175	165	↓ (10)	41,027	95,215	54,188
258	Allen	Humboldt	176	256	↑ 80	89,669	149,241	59,573
408	Marion	Marion-Florence	177	164	↓ (13)	0	0	0
204	Wyandotte	Bonner Springs	178	157	↓ (21)	177,019	458,162	281,143
345	Shawnee	Seaman	179	168	↓ (11)	288,969	643,720	354,751
267	Sedgwick	Renwick	180	179	↓ (1)	168,125	322,233	154,108
305	Saline	Salina	181	160	↓ (21)	368,231	929,079	560,848
379	Clay	Clay Center	182	187	↑ 5	90,182	11,521	(78,661)
239	Ottawa	North Ottawa County	183	189	↑ 6	29,753	0	(29,753)
247	Crawford	Cherokee	184	228	↑ 44	75,423	91,292	15,868
260	Sedgwick	Derby	185	161	↓ (24)	356,936	1,179,040	822,104
449	Leavenworth	Easton	186	196	↑ 10	41,201	69,500	28,299
282	Elk	West Elk	187	155	↓ (32)	10,333	31,295	20,962
446	Montgomery	Independence	188	203	↑ 15	102,648	172,924	70,276
348	Douglas	Baldwin City	189	183	↓ (6)	122,900	242,967	120,067
240	Ottawa	Twin Valley	190	216	↑ 26	50,706	80,374	29,667
440	Harvey	Halstead	191	212	↑ 21	42,674	67,614	24,940
450	Shawnee	Shawnee Heights	192	192	- 0	339,149	646,908	307,760
460	Harvey	Hesston	193	208	↑ 15	71,097	117,413	46,316
458	Leavenworth	Basehor-Linwood	194	190	↓ (4)	213,193	396,357	183,164
307	Saline	Ell-Saline	195	246	↑ 51	29,531	63,303	33,772
266	Sedgwick	Maize	196	194	↓ (2)	690,194	1,319,320	629,126
320	Pottawatomie	Wamego	197	200	↑ 3	77,634	139,422	61,788
259	Sedgwick	Wichita	198	191	↓ (7)	4,559,453	9,068,209	4,508,756
498	Marshall	Valley Heights	199	229	↑ 30	47,026	71,991	24,965
335	Jackson	North Jackson	200	236	↑ 36	39,144	42,867	3,723
431	Barton	Hoisington	201	142	↓ (59)	19,512	68,397	48,885
430	Brown	South Brown County	202	238	↑ 36	0	39,756	39,756
376	Rice	Sterling	203	205	↑ 2	49,431	98,620	49,189
389	Greenwood	Eureka	204	221	↑ 17	69,851	80,167	10,316
411	Marion	Goessel	205	225	↑ 20	16,107	25,521	9,414
323	Pottawatomie	Rock Creek	206	197	↓ (9)	0	0	0
333	Cloud	Concordia	207	217	↑ 10	110,505	178,352	67,847
264	Sedgwick	Clearwater	208	199	↓ (9)	119,984	219,224	99,239
385	Butler	Andover	209	219	↑ 10	644,036	1,089,605	445,569

USD#	County Name	USD Name	Est.			2016-17 Block Grant	2016-17 Est. HB 2731	Difference	
			AVPP Rank	AVPP Rank	Rank Trend				
			SY 16-17	SY 14-16		Cap Outlay State Aid	Cap Outlay State Aid		
114	Doniphan	Riverside	210	201	↓	(9)	0	0	0
471	Cowley	Dexter	211	202	↓	(9)	0	16,970	16,970
464	Leavenworth	Tonganoxie	212	206	↓	(6)	185,699	158,702	(26,998)
465	Cowley	Winfield	213	231	↑	18	255,897	420,523	164,626
286	Chautauqua	Chautauqua Co Community	214	149	↓	(65)	2,553	8,948	6,395
453	Leavenworth	Leavenworth	215	204	↓	(11)	381,495	608,370	226,875
397	Marion	Centre	216	182	↓	(34)	22,852	67,958	45,106
435	Dickinson	Abilene	217	207	↓	(10)	123,585	301,958	178,373
462	Cowley	Central	218	244	↑	26	37,511	54,791	17,280
461	Wilson	Neodesha	219	263	↑	44	84,600	130,931	46,331
290	Franklin	Ottawa	220	213	↓	(7)	254,826	454,259	199,433
421	Osage	Lyndon	221	223	↑	2	17,907	47,899	29,991
413	Neosho	Chanute Public Schools	222	185	↓	(37)	133,967	336,929	202,962
434	Osage	Santa Fe Trail	223	222	↓	(1)	109,643	144,313	34,670
428	Barton	Great Bend	224	215	↓	(9)	156,868	285,968	129,100
344	Linn	Pleasanton	225	269	↑	44	21,874	40,501	18,628
404	Cherokee	Riverton	226	214	↓	(12)	58,144	51,688	(6,456)
409	Atchison	Atchison Public Schools	227	210	↓	(17)	83,380	195,544	112,164
341	Jefferson	Oskaloosa Public Schools	228	220	↓	(8)	43,504	52,794	9,290
285	Chautauqua	Cedar Vale	229	184	↓	(45)	0	0	0
325	Phillips	Phillipsburg	230	218	↓	(12)	40,520	72,670	32,150
372	Shawnee	Silver Lake	231	239	↑	8	81,430	127,261	45,831
231	Johnson	Gardner Edgerton	232	234	↑	2	514,559	1,046,932	532,373
338	Jefferson	Valley Falls	233	252	↑	19	46,608	69,675	23,067
250	Crawford	Pittsburg	234	211	↓	(23)	152,274	282,593	130,319
288	Franklin	Central Heights	235	240	↑	5	0	39,054	39,054
373	Harvey	Newton	236	242	↑	6	409,929	646,089	236,161
230	Johnson	Spring Hill	237	224	↓	(13)	0	0	0
469	Leavenworth	Lansing	238	227	↓	(11)	141,162	250,309	109,147
405	Rice	Lyons	239	209	↓	(30)	39,970	110,811	70,841
509	Sumner	South Haven	240	169	↓	(71)	13,429	23,094	9,665
218	Morton	Elkhart	241	178	↓	(63)	48,441	200,011	151,571
265	Sedgwick	Goddard	242	230	↓	(12)	594,826	1,012,220	417,394
340	Jefferson	Jefferson West	243	233	↓	(10)	95,937	159,209	63,272
339	Jefferson	Jefferson County North	244	254	↑	10	38,311	58,382	20,071
501	Shawnee	Topeka Public Schools	245	232	↓	(13)	1,472,726	2,302,250	829,524
356	Sumner	Conway Springs	246	249	↑	3	37,717	87,129	49,413
308	Reno	Hutchinson Public Schools	247	247	-	0	289,370	452,516	163,146
457	Finney	Garden City	248	226	↓	(22)	415,641	708,679	293,038
262	Sedgwick	Valley Center Pub Sch	249	237	↓	(12)	252,117	428,987	176,871
487	Dickinson	Herington	250	235	↓	(15)	0	0	0
420	Osage	Osage City	251	243	↓	(8)	36,709	60,862	24,153
353	Sumner	Wellington	252	255	↑	3	122,956	287,409	164,453
503	Labette	Parsons	253	245	↓	(8)	71,150	115,449	44,300
367	Miami	Osawatomie	254	258	↑	4	134,155	212,830	78,675
234	Bourbon	Fort Scott	255	248	↓	(7)	180,299	151,981	(28,319)
268	Sedgwick	Cheney	256	250	↓	(6)	88,837	138,289	49,452
394	Butler	Rose Hill Public Schools	257	257	-	0	195,754	300,351	104,596
257	Allen	Iola	258	251	↓	(7)	147,316	236,637	89,321
246	Crawford	Northeast	259	268	↑	9	0	43,287	43,287
396	Butler	Douglass Public Schools	260	261	↑	1	79,963	127,507	47,544
253	Lyon	Emporia	261	253	↓	(8)	256,673	814,574	557,901
336	Jackson	Holton	262	264	↑	2	136,143	202,063	65,919
454	Osage	Burlingame Public School	263	265	↑	2	0	0	0
402	Butler	Augusta	264	260	↓	(4)	193,264	386,493	193,229
439	Harvey	Sedgwick Public Schools	265	275	↑	10	29,583	42,183	12,600
358	Sumner	Oxford	266	195	↓	(71)	33,171	79,127	45,956
337	Jackson	Royal Valley	267	277	↑	10	104,938	146,888	41,950
357	Sumner	Belle Plaine	268	267	↓	(1)	71,843	110,737	38,894
248	Crawford	Girard	269	266	↓	(3)	58,696	89,489	30,793
506	Labette	Labette County	270	270	-	0	177,087	269,011	91,923
491	Douglas	Eudora	271	262	↓	(9)	185,948	295,775	109,827
505	Labette	Chetopa-St. Paul	272	274	↑	2	53,650	78,061	24,411
235	Bourbon	Uniontown	273	273	-	0	0	0	0
480	Seward	Liberal	274	259	↓	(15)	0	0	0
443	Ford	Dodge City	275	271	↓	(4)	718,919	1,138,322	419,403
500	Wyandotte	Kansas City	276	272	↓	(4)	2,307,706	3,569,864	1,262,158
470	Cowley	Arkansas City	277	276	↓	(1)	211,203	262,711	51,508
202	Wyandotte	Turner-Kansas City	278	278	-	0	435,156	654,137	218,981
249	Crawford	Frontenac Public Schools	279	279	-	0	48,335	70,177	21,842

USD#	County Name	USD Name	Est.		Rank Trend	2016-17	2016-17 Est.	Difference
			AVPP Rank	AVPP Rank		Block Grant Cap Outlay State Aid	HB 2731 Cap Outlay State Aid	
			SY 16-17	SY 14-16				
475	Geary	Geary County Schools	280	283	↑ 3	421,447	266,846	(154,601)
447	Montgomery	Cherryvale	281	280	↓ (1)	0	44,627	44,627
504	Labette	Oswego	282	282	- 0	50,494	68,205	17,712
261	Sedgwick	Haysville	283	281	↓ (2)	544,649	519,987	(24,663)
508	Cherokee	Baxter Springs	284	284	- 0	25,900	109,223	83,323
499	Cherokee	Galena	285	285	- 0	0	26,348	26,348
207	Leavenworth	Ft Leavenworth	286	286	- 0	6,553	9,576	3,023
						27,290,456	50,780,296	23,489,840



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## SENATE WAYS AND MEANS COMMITTEE

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TRANSCRIPT

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OF

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PROCEEDINGS,

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beginning at 1:15 p.m. on the 22nd day of March,

15

2016, in Room 548S, Kansas State Capitol Building,

16

Topeka, Kansas, before the Senate Ways and Means

17

Committee consisting of Chairman Ty Masterson,

18

Senator Jim Denning, Senator Laura Kelly, Senator

19

Marci Francisco, Senator Jeff Melcher, Senator Tom

20

Arpke, Senator Dan Kerschen, Senator Steve

21

Fitzgerald, Senator Larry Powell, Senator Caryn

22

Tyson and Senator Michael O'Donnell.

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1           CHAIRMAN MASTERSON: The other main task  
2 for today, which was in response and consideration  
3 of some of the findings of fact, we had -- the  
4 legislative budget met yesterday with all of the  
5 interested parties, I thought was quite  
6 interesting and informative. We took a, a bill  
7 and introduced it that we believe answers some  
8 findings of fact. This bill really is in response  
9 to four things that struck me yesterday that were  
10 findings of fact that I think we can answer and  
11 get testimony from the Department and  
12 department's, both from the Commissioner of  
13 Education and from Deputy Dennis, from the other  
14 interested groups, from research and advisors,  
15 three things jumped out. The changes in the  
16 formula, whether it was the capital outlay formula  
17 or the LOB formula or the 82 or the 25, those were  
18 all political decisions not based in policies, so,  
19 there was a call for some simplification and I'm  
20 going to have Jason come up and explain this bill  
21 for that.

22           The second thing that jumped out, that even  
23 though hold harmless on its face can appear to fly  
24 in the face of equity because you're holding an  
25 entity harmless, that there was even -- there was



1 consensus among all the groups that that was not  
2 just an acceptable component but a critical and  
3 necessary component.

4 The third finding of fact was that there was  
5 an interest in or that there might be a role for  
6 the department itself in how some of the  
7 distribution is, is handled to the districts; and  
8 the fourth one, it was interesting from all the  
9 education, everyone that represented education as  
10 a whole was that they wanted to see a, an end to  
11 the uncertainty and all the legal actions as much  
12 as we did and that they wanted a long-term  
13 solution to this thing. So, that is -- this  
14 obviously is just a response to the court, but I  
15 think it's apparent as soon as we dispatch of this  
16 business that we get down to the business of  
17 creating that long-term solution.

18 With that, today I'm opening a hearing on SB  
19 515. I do not plan to close this hearing. We'll  
20 carry over to tomorrow for two reasons. I wanted  
21 to open it so the public's aware. I wanted to  
22 open with the bill's explainer so all the  
23 districts will have an opportunity to look at it,  
24 evaluate it, maybe talk to their boards this  
25 evening. We will continue the hearing in the



1 morning at which I will accept new conferees on  
2 the subject matter because our time frame is  
3 relatively tight. I just wanted -- it was an  
4 attempt to get as much information to the public  
5 as soon as possible.

6 So, with that I am going to actually open the  
7 hearing on SB 515 and for the bill explainer,  
8 Jason Long.

9 MR. LONG: Thank you, Mr. Chairman,  
10 members of the committee. You have a couple of  
11 documents actually at your seat. One is the bill  
12 itself, Senate Bill 515, and the other is a  
13 Memorandum from my office briefly summarizing the  
14 contents of the bill. This bill, similar to the  
15 bill you heard last week, establishes statutory  
16 formulas for supplemental general state aid and  
17 capital outlay state aid for school year '16-'17.  
18 Under current law, as we discussed last week, a  
19 portion of the block grant that school districts  
20 receive under current law is the supplemental  
21 general state aid that the districts received for  
22 school year '14-'15 and that's for equalization of  
23 the local option budgets property tax levy that  
24 school districts can levy on the taxable tangible  
25 property in the district.



1 Section 2 of Senate Bill 515 would establish  
2 a statutory formula for determining that  
3 supplemental general state aid. This formula is  
4 the same one that in years past was used for  
5 capital outlay state aid, so, if you recall that  
6 one, as I'm sure you all do, we take the assessed  
7 valuation per pupil, round it to the nearest  
8 thousand dollars, create our schedule, find our  
9 median point. That has a state computation  
10 percentage of 25 percent. So, any district at  
11 that median point would have 25 percent times  
12 their local option budget would be their  
13 supplemental general state aid. If you're above  
14 that, you're wealthier, you go down by a  
15 percentage point for every thousand dollar  
16 increment. If you go below that, you're a poorer  
17 district, you increase your percentage by one  
18 percentage point for every thousand dollar  
19 increment. So, your final percentage point where  
20 you fall on that schedule, they get multiplied by  
21 your local option budgets and that is the amount  
22 of supplemental general state aid that you would  
23 receive for school year '16-'17 under Senate Bill  
24 515. That section is a part, is made a part of  
25 the CLASS Act for the next school year and would



1 sunset at the same time as the CLASS Act on June  
2 30th of 2017.

3 Then the bill also in Section 3 establishes a  
4 statutory formula for capital outlay state aid.  
5 Again, as we discussed earlier, currently capital  
6 outlay state aid is a portion of the block grant  
7 for this school year. Under 515 for next school  
8 year it would follow a statutory formula. That  
9 statutory formula is the same one as it was prior  
10 to Senate Bill 7 enactment last year, so, we went  
11 back to the 72-8814 formula, the same one as I  
12 just explained for supplemental general state aid.  
13 So, we find the percentage based on the rounded  
14 AVPP, multiply that by the amount of capital  
15 outlay tax levy and that's the school district's  
16 capital outlay state aid.

17 Then Section 4 of the bill is something you  
18 haven't seen before. This is school district  
19 equalization state aid. I think in the vernacular  
20 it may be called the hold harmless state aid for  
21 school year '16-'17. To qualify for this  
22 additional equalization state aid the school  
23 district's total supplemental and capital outlay  
24 state aid for '16-'17 has to be less than what  
25 they received through the block grant for



1 supplemental and capital outlay state aid. So,  
2 they're receiving less next year than what they  
3 received this year. If that's the case, then  
4 they're eligible for this additional equalization  
5 state aid and the amount is equal to that  
6 difference between next year and this year. We're  
7 just looking at the supplemental and capital  
8 outlay state aids there in that calculation.

9 Section 6 of the bill amends the block grant  
10 calculation for next year simply because we're  
11 taking the supplemental general state aid and  
12 capital outlay state aid out of the block grants,  
13 distributing it to the districts through separate  
14 appropriations, so, there has to be a different  
15 calculation of what the districts receive under  
16 the block grant for next school year and that's  
17 done in Section 6 of the bill.

18 Section 7 amends the statute regarding the  
19 extraordinary needs fund that was established in  
20 Senate Bill 7. As you recall, under current law  
21 districts submit an application for extraordinary  
22 need to the State Finance Council and then that  
23 application is approved or denied by the State  
24 Finance Council. This administrative capacity is  
25 being shifted in Senate Bill 515 to the State



1 Board of Education, so, districts would then next  
2 year submit their applications for extraordinary  
3 state aid to the State Board of Education who  
4 would review and may conduct a hearing and allow  
5 the applicant school district to come and submit  
6 testimony to the State Board.

7 I'll also point out on page 10 of the bill,  
8 line 16 through 19, that in addition to the  
9 current statutory considerations for extraordinary  
10 need I'm going to talk about, you know, increase  
11 in enrollment growth, substantial drops in  
12 assessed valuation or other unforeseen acts, those  
13 are the three current ones. In addition to those  
14 three the State Board may also consider whether  
15 the applicant school district has reasonably equal  
16 access to substantially similar educational  
17 opportunity through similar tax efforts. So, they  
18 can look at the equitable funding of the school  
19 district as a consideration for providing  
20 extraordinary need under this section.

21 I'd also draw the committee's attention on  
22 page 10, lines 31 through 34, the proceedings of  
23 the State Board of Education under this section  
24 are to be conducted in accordance with the Kansas  
25 Administrative Procedure Act and any action of the





1 State Board is subject to review under the Kansas  
2 Judicial Review Act.

3 I also finally point out that this, the  
4 extraordinary need fund is a appropriated amount  
5 in Section 1 of just over 15 million dollars.  
6 There is no transfer of that 0.4 percent to the  
7 extraordinary need fund. That amount is still  
8 taken into consideration for determining the block  
9 grant, but now the extraordinary need fund has a  
10 finite number of 15,167,962 dollars for school  
11 year '16-'17.

12 And then finally Section 8 of Senate Bill 515  
13 amends the, what was -- what is currently a  
14 nonseverability provision for the CLASS Act and  
15 amends that statute to make provisions of the  
16 CLASS Act severable, so that if any provision,  
17 including any provision of the new Sections 2, 3  
18 or 4 is found unconstitutional by the court, then  
19 those provisions may be severed and the rest of  
20 the Act may be continued in full force and effect  
21 for school year '16-'17.

22 The bill would become effective on July 1 of  
23 2016 if enacted and with that, Mr. Chairman, I'll  
24 stand for any questions.

25 CHAIRMAN MASTERSON: Make an announcement



1 to the committee, there is -- we do have unusually  
2 a transcriptionist today as we are dealing with --  
3 she's over here and transcribing our meetings  
4 we've had -- it became apparent that our normal  
5 proceedings, committee minutes and things of that  
6 nature, were not accepted or seen as evidence by  
7 the court, so, we are simply trying to establish a  
8 record of our actions, so, with that I wanted  
9 everybody to be aware and won't be caught off  
10 guard.

11 Number two, we will have conferees in the  
12 morning and I will plan to work the bill tomorrow  
13 afternoon and today our sole witness, our sole  
14 conferee is Jason, so, questions with the bill and  
15 its technical structure need to be asked of Jason  
16 today. So, with that, committee, I will open for  
17 questions for Jason, committee questions. Senator  
18 Kelly.

19 SENATOR KELLY: Thank you, Mr. Chair.  
20 I'm looking on page 10. You gave some additional  
21 explanation on subsection 4 on there, in lieu of  
22 any of the foregoing considerations. Can you  
23 explain that in English what that means? An  
24 example, for instance.

25 MR. LONG: So, the language there is the



1 equity standard that the Supreme Court has held is  
2 a part of the constitutional obligation for  
3 funding public education and, so, my understanding  
4 of this language is that if the applicant school  
5 district feels that it's not receiving its  
6 equitable distribution of state funding pursuant  
7 to this standard that the court has espoused, then  
8 it can apply to the State Board and the State  
9 Board may consider that as one of the  
10 considerations for granting extraordinary need  
11 under this section from that pool of money that's  
12 been appropriated for extraordinary need fund.

13 SENATOR KELLY: So, what does similar tax  
14 effort mean?

15 MR. LONG: That's a very good question,  
16 Senator, as to what similar tax effort means. I  
17 believe there are probably several opinions on  
18 that, 'cause the court wasn't entirely clear on,  
19 on what kind of measure could be used to determine  
20 what is reasonably equal access, substantial and  
21 similar educational opportunity through a similar  
22 tax effort. We didn't get a lot of clear guidance  
23 from the court in their last opinion on how to  
24 measure that, so, I'm not entirely sure how to  
25 answer your question as to what is similar tax



1 effort. Other -- one opinion -- well, I just want  
2 to leave it at that 'cause we didn't have much  
3 guidance from the court on that.

4 SENATOR KELLY: So, there wasn't a  
5 thought that maybe we ought to define it in here  
6 instead of just using nebulous words?

7 MR. LONG: It is not defined in the bill.  
8 I can't speak to the intent of the requester as to  
9 its exclusion or inclusion in the bill.

10 SENATOR KELLY: And then on line 30  
11 through 34. This is really a question for my  
12 information. What -- this says it will be subject  
13 to review in accordance with the Kansas Judicial  
14 Review Act. What does that mean?

15 MR. LONG: That means that if the school  
16 district that applies feels aggrieved by the State  
17 Board's decision on their application they can  
18 seek review of that State Board's decision  
19 through, by submitting a petition to the district  
20 court to review the State Board's decision on its  
21 application under this section.

22 SENATOR KELLY: And then last question at  
23 least for now is on the first page we are actually  
24 decreasing the amount appropriated for the  
25 extraordinary needs fund, 17.5 to 15.1, and then I



1 notice over on the -- this came from the  
2 Department of Education, it's got capital outlays,  
3 supplemental LOB state aid, hold harmless, and  
4 then growth. So, two million dollars in growth.  
5 What, what is that to be spent on and who -- how  
6 is that appropriated?

7 CHAIRMAN MASTERSON: I might be able to  
8 explain that from discussions in the development  
9 of this as well. The hold harmless provision as  
10 it was developed required two million more dollars  
11 to hold everybody truly harmless, so, the  
12 extraordinary need money was reduced by the amount  
13 of money needed inside the formula to fully fund a  
14 hold harmless equalization provision. The two  
15 million in growth, the way I understand that from  
16 the department, is simply going back to a formula  
17 base. There's potential changes within a  
18 district, they can make some changes to what those  
19 equalizations pay out from the time that we pass  
20 this to the time it pays out and that was an  
21 estimation from the department of what that growth  
22 may be to try to give the committee an indication  
23 of what the total nut, if you will, would be for  
24 the entire bill. And also going back to the  
25 language you had inquired upon, it was -- for



1 those of us that were following what was finding  
2 of facts yesterday and trying to listen to the  
3 department and to the interested parties, with the  
4 hesitancy -- I don't believe the districts want to  
5 be in a, quote-unquote, class action lawsuit any  
6 more than we do. We're trying to create  
7 potentially an administrative function, if you  
8 will, by which a district could apply to the  
9 department for two reasons. One, they're here  
10 year-round. They're an entity that is solely  
11 focused on that issue versus the legislature,  
12 which is only a portion of the year and have to go  
13 home. So, we're hoping to create a method, if you  
14 will, by which they could have an administrative  
15 appeal and get immediate response in a given year.  
16 Committee, further questions? Senator Francisco.

17 SENATOR FRANCISCO: Thank you, Mr. Chair.  
18 I always think it would help if I'd served some on  
19 the education committee before I looked at these  
20 formulas, but I know one of the concerns that  
21 exists is with regard to the local option budget  
22 aid. In this case people are losing that aid, is  
23 that right? I see all negative.

24 MR. LONG: Are you referring to the  
25 department's spreadsheet?



1           SENATOR FRANCISCO: Right, and I -- I'm  
2 wondering what happens, you know, one of the  
3 questions -- I'm just going to go back to Senate  
4 Bill 512 -- was that you could be awarded local  
5 option budget aid, but it wouldn't mean that the  
6 school would have any more funding to spend  
7 because that would be used for property tax  
8 relief. So, how does this bill address concerns  
9 of property tax relief and in the hold harmless  
10 payments? Or really -- yes, because that is still  
11 part of local option budget.

12           MR. LONG: The hold harmless is  
13 equalization state aid to be distributed to the  
14 school districts and in terms of its effect on, on  
15 the property tax rates going up and down, was that  
16 your question?

17           SENATOR FRANCISCO: No, the money that  
18 actually gets to the school. In Senate Bill 512,  
19 as I understand it, you know, money was allocated  
20 for local option budget equalization, but some of  
21 that money was then used as property tax relief  
22 rather than money that went to the schools.

23           MR. LONG: Well, this would work in  
24 similar fashion in that school districts adopt a  
25 local option budget and that's made up of both



1 what they raise locally and what the State  
2 provides as equalization. So, to the extent that  
3 the State is providing more equalization next  
4 year, then the property tax that they can levy is  
5 going to go down, so, the school districts would  
6 have less -- you know, you would see property tax  
7 relief in that school district because more of  
8 that pot of money, that supplemental general fund,  
9 is made up for with the equalization state aid  
10 from the State and that will vary district to  
11 district depending on what their cap is currently  
12 for LOB, what their local levy is making up that,  
13 their portion of the LOB.

14 SENATOR FRANCISCO: So, these estimated  
15 payments for hold harmless, do some of those go to  
16 make up the LOB aid? What can -- or are those  
17 direct monies to the schools? I think that's my  
18 question is what does the school end up with?

19 CHAIRMAN MASTERSON: If I might, the hold  
20 harmless equalization aid, if you're one getting a  
21 hold harmless that is an amount of money bringing  
22 you up to where you would have been, so, it would  
23 have no effect necessarily on your local tax.  
24 Those districts that would receive more would have  
25 more money through this equalization formula,





1 would see a potential change in their local rate,  
2 but it would be along the lines of what the court  
3 are asking for. It would be a narrowing of the  
4 poles, the highest and lowest. You would see some  
5 changes that should bring that closer together  
6 because they'd be receiving more aid.

7 SENATOR FRANCISCO: I'll study these  
8 more.

9 CHAIRMAN MASTERSON: Senator Melcher.

10 SENATOR MELCHER: Thank you, Mr.  
11 Chairman. Jason, when you were giving that  
12 explanation of those components and you came up  
13 with a total of those and said that the, as more  
14 money is added in one bucket the other one has to  
15 be reduced providing for property tax relief, is  
16 that because if that were used to increase that  
17 number then it would put us at odds with the  
18 courts where we would be outside of equalization  
19 again?

20 MR. LONG: No. I believe it's based on  
21 your LOB budget authority. You can only levy --  
22 you can only -- you're subject to law as to how  
23 much you can adopt as a local option budget based  
24 on the prior school finance formula and, so, you  
25 can only have that much budget and, so, to the



1 extent that a portion of that budget is provided  
2 for through equalization state aid to the  
3 supplemental general state aid coming from the  
4 State, you can't raise more money, otherwise you  
5 would be going over what you are legally capped at  
6 in terms of the local option budget. That's why  
7 it results in a, in a decrease in property tax.

8 SENATOR MELCHER: But if they were  
9 allowed to exceed that, would that then be in  
10 conflict with what the court has asked for?

11 MR. LONG: If they were allowed to  
12 maintain their same tax levy and get the  
13 equalization on top so that it actually popped the  
14 LOB cap above the current statutory amount?

15 SENATOR MELCHER: Correct.

16 MR. LONG: Well, you would have  
17 additional tax levy by school districts which  
18 brings in other considerations with respect to the  
19 equity concerns that the court has raised with  
20 school finance. So, I guess this bill keeps that  
21 in the status quo in terms of moving forward so as  
22 not to raise any additional issues with respect to  
23 equity?

24 SENATOR MELCHER: So then if you were  
25 allowed to pop that cap then that would put that



1 particular district outside of equity that the  
2 courts have dealt with, is that right?

3 MR. LONG: Yeah. You would potentially  
4 have some additional equity issues since you're  
5 authorizing additional tax levy authority to  
6 school districts that hasn't been authorized, you  
7 know, that wasn't authorized this school year.  
8 So, certain school districts, to the extent that  
9 they could, could raise their tax levy and that  
10 would then have implications on what the State's  
11 obligation for equalizing those local tax levies  
12 are.

13 SENATOR MELCHER: Okay, thank you.

14 CHAIRMAN MASTERSON: Jason, on that  
15 question myself, do you have any concerns given  
16 the testimony yesterday or in your opinion, as the  
17 court said, reviving the two relevant portions.  
18 Do you have any concerns about us moving to the  
19 similar formula for the pot of equalized funds?

20 MR. LONG: The court's language dealt in  
21 terms of what the court stated would comply with  
22 the equity standard was reinstating the formulas  
23 from the prior school finance law for each one.  
24 The court, however, was silent as to -- I think it  
25 was silent as to distinguishing the two



1 equalization formulas and why two different  
2 formulas were, were to be applied in the two  
3 different tax levy areas and I think the court was  
4 also silent as to the ability to apply a broad,  
5 uniform equalization formula to all local tax-  
6 levying authority granted by the State. That's  
7 the best I can do in terms of -- I don't know if  
8 concerns is the right term, but there's certainly  
9 -- there was no language in the court's opinion  
10 approving what's in 515 explicitly in terms of  
11 applying the capital outlay state aid formula to  
12 supplement general state aid determination.

13 CHAIRMAN MASTERSON: So, the other --  
14 severability is new in this bill and for those  
15 that were involved in the language developing this  
16 bill, the consensus among those were that  
17 equalization in and of itself is such a small part  
18 of the overall pie, if you will, of equal funding  
19 that we wanted to make sure that if for whatever  
20 reason the courts had issue with any smaller piece  
21 of the pie, that they wouldn't close the doors on  
22 the entire pie. So, could you elaborate a little  
23 bit on how that severability actually works in  
24 this bill.

25 MR. LONG: Well, yeah, the amendment of



1 72-6481 would take it to a more traditional  
2 severability provision as opposed to a  
3 nonseverability provision, which it is in current  
4 law, and when we say severability, that simply  
5 means that if a court is to review the Act because  
6 there's a challenge to let's say the  
7 constitutionality of the Act and there's a  
8 challenge in particular as to one particular  
9 provision of that Act and the court finds that  
10 provision unconstitutional by having a  
11 severability provision, the legislature is telling  
12 the court that the legislature's intention is to  
13 allow the rest of the Act to still have full force  
14 and effect going forward and simply cut off the  
15 unconstitutional provision, sever it as it would,  
16 from the rest of the Act, but allow the rest of  
17 the Act to continue in full force and effect  
18 moving forward and, so, that's what the amendment  
19 to 72-6481 in this bill would be telling the court  
20 with respect to the CLASS Act.

21 CHAIRMAN MASTERSON: Senator Denning.

22 SENATOR DENNING: Thank you, Mr.  
23 Chairman. Jason, I think the chairman just asked  
24 this question, but I want to ask it just so I can  
25 get it straight in my, in my mind. The capital



1 outlay formula, you say it's in House Bill 2731,  
2 but it's the same capital outlay formula that we  
3 used prior to Senate Bill 7?

4 MR. LONG: Yes. It is the -- it is the  
5 same formula that was in K.S.A. 72-8814 prior to  
6 its repeal under Senate Bill 7.

7 SENATOR DENNING: So, that formula's been  
8 in place for a while, so, it's passed the  
9 constitutional muster as far as we can determine?

10 MR. LONG: Well, the court indicated that  
11 a return to that formula that you see here in 515  
12 for capital outlay state aid would meet the  
13 equitable standard that the court has, has laid  
14 out for satisfying the Constitution obligations as  
15 far as Section 6.

16 SENATOR DENNING: And then if I  
17 understand correctly, the supplemental  
18 equalization is very similar in mathematical logic  
19 that the capital outlay calculation is?

20 MR. LONG: Under 515, yes, it's the same  
21 calculation using the assessed valuation per pupil  
22 for the school district to arrive at a state aid  
23 computation percentage.

24 SENATOR DENNING: And as far as the  
25 median assessed, is that in both capital outlay



1 and supplemental?

2 MR. LONG: In 515, yes.

3 SENATOR DENNING: In 515. Thank you, Mr.  
4 Chairman.

5 CHAIRMAN MASTERSON: On that subject  
6 matter, those trying to compile the bill and  
7 respond in an appropriate manner felt that what we  
8 wanted to use was a formula that had been  
9 predetermined by the court to be a proper method  
10 mathematically to calculate equalization and apply  
11 that equally. Further questions?

12 Seeing none, I've had a request from one  
13 member, Dale, would you be available to at least  
14 just explain the run? You have a run, so people  
15 understand, that are district by district  
16 comparisons just for the overnight. Welcome you  
17 back with the conferees tomorrow, but had a  
18 request for you to just explain the paperwork, if  
19 you will, so that we can set that overnight.  
20 Thank you for being willing.

21 MR. DENNIS: Yes, sir. Let's go, if you  
22 would, please, you should have three printouts?  
23 You just have the summary?

24 CHAIRMAN MASTERSON: I think they just  
25 have the summary, Dale. The printouts, by the



1 way, three printouts would be an individual one,  
2 each of these columns for those --

3 MR. DENNIS: That's available on the web  
4 if you want it, and the printout you have before  
5 you in the first column is capital outlay and that  
6 is very similar to the current law. It's tied to  
7 the median at 25 percent. We computed that for  
8 each district based on the latest valuation we  
9 have and the mill levy. Now, the chairman  
10 mentioned about we allowed a little bit for  
11 growth. The LOB mill levies could grow. You with  
12 me? Somebody maybe at five mills, they want to go  
13 to six or seven mills and that could affect that,  
14 so, we allowed a little bit to cover that. The  
15 LOB right now is at the 81st percentile  
16 theoretically and we changed that this year, '15-  
17 '16, as part of the block grant and it's computed  
18 under the same formula in column two. Instead of  
19 the 81st percentile, the median is set at 25  
20 percent and it goes up and down in thousand dollar  
21 intervals just like Jason mentioned. So, that's  
22 in column two. Since you're dropping from 81 to a  
23 lower level, the median's at 25 percent, those  
24 rates, you're going to see a lot of minuses when  
25 you look at that. Column three, we've totaled up





1 the capital outlay and the LOB and you're going to  
2 see a lot of minuses there. Then in column 4 is a  
3 hold harmless. That brings you back up to where  
4 you started out, so, you break even and the --  
5 that is referred to I think as -- what did we call  
6 that in the bill? State school equalization aid  
7 or something. Anyway, that's going to the general  
8 fund. That's hold harmless. That brings you back  
9 to where you were in the current year. And you  
10 may want to take a look at those. Those printouts  
11 are online, they're available, we'll give you  
12 copies if you have trouble finding them, but each  
13 one of them, there's a printout for column 2,  
14 column 3, and then column -- the last one is the  
15 summary.

16 CHAIRMAN MASTERSON: So with that, Dale  
17 will also be here in the morning and be able to  
18 answer questions. Is there a question on the --  
19 Senator Powell.

20 SENATOR POWELL: Thank you, Mr. Chairman.  
21 What if it's all zeros, what does that mean?

22 MR. DENNIS: That means you're rather  
23 affluent in valuation and you don't get any  
24 capital outlay state aid, don't get any LOB state  
25 aid, and therefore there would be no grandfather



1 clause. So, and I want you to know you're going  
2 to see some changes in that valuation in some  
3 districts. Like out in your area, one I got  
4 memorized, like in Satanta, they won't get state  
5 aid, but they lost half their valuation last year,  
6 this year we're in right now.

7 SENATOR POWELL: So, the block grant,  
8 they will get the same amount they got last year?

9 MR. DENNIS: Yes, sir.

10 SENATOR POWELL: Thank you. Thank you,  
11 Mr. Chairman.

12 CHAIRMAN MASTERSON: And again, Dave will  
13 be here -- Dale will be here in the morning.  
14 Question from Senator Kelly.

15 SENATOR KELLY: You know, I don't serve  
16 on education either and, so, this always puzzles  
17 me. Are we essentially changing the local option  
18 budget formula?

19 MR. DENNIS: Yes. The formula is  
20 changing from the 81st percentile concept we had  
21 before where you equalize up to 81st. We're  
22 changing to the same formula that's in capital  
23 outlay, which means at the median percentage you  
24 get 25 percent state aid and it goes up and down  
25 in thousand dollar intervals. So, if you go up a



1 thousand dollars more in wealth, you lose a  
2 percent. The more affluent you become, you drop  
3 one percentage point each --

4 CHAIRMAN MASTERSON: The court in effect  
5 had approved two different formulas for  
6 equalization. This bill would contemplate using  
7 the single formula.

8 SENATOR KELLY: So, the numbers that  
9 we're looking at in column 2, could there be other  
10 LOB aid that remains; that this is just the  
11 reduction based on the new formula? We don't know  
12 whether this is what each of the school districts  
13 is actually getting?

14 MR. DENNIS: This is the amount of the  
15 reduction, that's correct, and there could be some  
16 left. For example, on the cover sheet you'll  
17 notice we reduced that 82 million dollars and the  
18 appropriation I believe this year, 450,500,000 and  
19 we reduced it down to 367 million, I believe it  
20 is, okay? 367 something. So, that's on -- that's  
21 on one of the, one of the printouts that has the  
22 LOB on it. I think we, we -- you may want to  
23 take a look at that and we reduced it --

24 SENATOR KELLY: That's one of the runs on  
25 this?



1 MR. DENNIS: Yeah, and it's run number  
2 126 and it drops from 450,500,000 to 367,582,000,  
3 a drop of 82.9 million. So, to give you an  
4 example -- let me grab one right quick-like. Oh,  
5 take Seaman. Their block grant, 3.3, under this  
6 formula they get 2.6. So, they get 714,000 in  
7 hold harmless. So, they will still continue to  
8 get some.

9 CHAIRMAN MASTERSON: That's where you'll  
10 see, Senator Kelly, the hold harmless state aid of  
11 61 million. That is the difference between  
12 roughly 59 million, which is the difference in  
13 equalization, plus two million from the  
14 extraordinary need fund to make sure no district,  
15 no district is harmed. Senator Melcher.

16 SENATOR MELCHER: Thank you, Mr.  
17 Chairman. When I'm looking at these runs it's  
18 kind of reminiscent of a little while back where  
19 we had particular runs and then we got a surprise  
20 later that those runs weren't actually reflective  
21 of reality. Do we run that same risk here?

22 MR. DENNIS: I don't think so, sir. No,  
23 because we know what the assessed valuation is.  
24 It's been certified, so, we know that. It  
25 shouldn't change much. It would be insignificant,



1 any changes. The changes would be probably due to  
2 other things. Assessed value is pretty well  
3 locked in.

4 SENATOR MELCHER: Well, I mean, it's  
5 always related to other things, so, what --

6 MR. DENNIS: You could have a minor --  
7 somebody could decide to raise their capital  
8 outlay levy. Somebody might open a new building,  
9 get new facilities weighting, that would be a  
10 small amount, and then you could have a little bit  
11 of growth in virtual, virtual enrollment, but it  
12 shouldn't be large dollars. That's the reason we  
13 put a couple million in there to take care of  
14 potential growth so you wouldn't have surprises.

15 SENATOR MELCHER: So, do you expect any  
16 of those other things to exceed two million?

17 MR. DENNIS: Not at this time, sir. No,  
18 sir.

19 SENATOR MELCHER: What about later?

20 MR. DENNIS: Well, down the road five or  
21 ten years, I mean, you know, two or three or four  
22 years who knows, because I think this formula ends  
23 on June 30th.

24 SENATOR MELCHER: Thank you.

25 CHAIRMAN MASTERSON: Last question this



1 afternoon, Senator Denning. Again, everybody will  
2 be available in the morning. Senator Denning.

3 SENATOR DENNING: Thank you, Mr.  
4 Chairman. Again, Senator Melcher's concern. The  
5 way I'm interpreting this is it's very similar to  
6 a block grant approach is where we're fixing the  
7 formula for a year so we don't get a property  
8 valuation surprise and from the testimony  
9 yesterday when we were in deposition mode there  
10 was a superintendent that said that he supported  
11 the block grant mostly because it gave him two  
12 years of certainty. He's in the budget planning  
13 for next year. The governor has a budget  
14 shortfall, so, he was worried about allocations,  
15 but the reason why he was supportive is that it  
16 gave him a two-year certainty, so, I think what  
17 this does, it brings -- with the hold harmless it  
18 brings it back basically to the block grant number  
19 that they've been planning on in their budget and  
20 going forward, so, if this would go forward they  
21 would have that number in their block grant that  
22 they have done their preliminary budget work on  
23 and they can complete that work?

24 NEW SPEAKER: That would be correct, sir.

25 SENATOR DENNING: Thank you. Thank you,



1 Mr. Chairman.

2 CHAIRMAN MASTERSON: Thank you, Dale, for  
 3 being spontaneous for us there. So, Committee, as  
 4 a reminder, we will be in at 8 a.m. to continue  
 5 the hearing. We will have a transcriptionist as  
 6 well for tomorrow. We will have the hearing in  
 7 the morning, we have session, we will come back at  
 8 1:00 and it would be my intention to work the  
 9 bill. With nothing further, we are adjourned.

10 (THEREUPON, the hearing adjourned at 2:00  
 11 p.m.)

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**C E R T I F I C A T E**

**STATE OF KANSAS**

**SS :**

**COUNTY OF SHAWNEE**

I, Barbara J. Hoskinson, 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  
23rd day of March, 2016.

*Barbara J. Hoskinson*

Barbara J. Hoskinson, C.C.R. No. 0434





**SENATE BILL No. 515**

By Committee on Ways and Means

3-22

1 AN ACT concerning education; relating to the financing and instruction  
2 thereof; making and concerning appropriations for the fiscal year  
3 ending June 30, 2017, for the department of education; relating to the  
4 classroom learning assuring student success act; amending K.S.A. 2015  
5 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing  
6 the existing sections.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*  
9 Section 1.

10 DEPARTMENT OF EDUCATION

11 (a) There is appropriated for the above agency from the state general  
12 fund for the fiscal year ending June 30, 2017, the following:

13 Supplemental general state aid.....\$367,582,721  
14 School district equalization state aid.....\$61,792,947

15 (b) There is appropriated for the above agency from the following  
16 special revenue fund or funds for the fiscal year ending June 30, 2017, all  
17 moneys now or hereafter lawfully credited to and available in such fund or  
18 funds, except that expenditures other than refunds authorized by law and  
19 transfers to other state agencies shall not exceed the following:

20 School district capital outlay state aid fund.....No limit

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above  
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016  
23 House Substitute for Senate Bill No. 161 from the state general fund in the  
24 block grants to USDs account (652-00-1000-0500), the sum of  
25 \$477,802,500 is hereby lapsed.

26 (d) On July 1, 2016, the expenditure limitation established for the  
27 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015  
28 Session Laws of Kansas on the school district extraordinary need fund of  
29 the department of education is hereby decreased from \$17,521,425 to  
30 \$15,167,962.

31 (e) On July 1, 2016, or as soon thereafter as moneys are available, the  
32 director of accounts and reports shall transfer \$15,167,962 from the state  
33 general fund to the school district extraordinary need fund of the  
34 department of education.

35 New Sec. 2. (a) For school year 2016-2017, each school district that  
36 has adopted a local option budget is eligible to receive an amount of

1 supplemental general state aid. A school district's eligibility to receive  
2 supplemental general state aid shall be determined by the state board as  
3 provided in this subsection. The state board of education shall:

4 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
5 of each school district in the state and round such amount to the nearest  
6 \$1,000. The rounded amount is the AVPP of a school district for the  
7 purposes of this section;

8 (2) determine the median AVPP of all school districts;

9 (3) prepare a schedule of dollar amounts using the amount of the  
10 median AVPP of all school districts as the point of beginning. The  
11 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
12 from the point of beginning to and including an amount that is equal to the  
13 amount of the AVPP of the school district with the highest AVPP of all  
14 school districts and shall range downward in equal \$1,000 intervals from  
15 the point of beginning to and including an amount that is equal to the  
16 amount of the AVPP of the school district with the lowest AVPP of all  
17 school districts;

18 (4) determine a state aid percentage factor for each school district by  
19 assigning a state aid computation percentage to the amount of the median  
20 AVPP shown on the schedule, decreasing the state aid computation  
21 percentage assigned to the amount of the median AVPP by one percentage  
22 point for each \$1,000 interval above the amount of the median AVPP, and  
23 increasing the state aid computation percentage assigned to the amount of  
24 the median AVPP by one percentage point for each \$1,000 interval below  
25 the amount of the median AVPP. The state aid percentage factor of a  
26 school district is the percentage assigned to the schedule amount that is  
27 equal to the amount of the AVPP of the school district, except that the state  
28 aid percentage factor of a school district shall not exceed 100%. The state  
29 aid computation percentage is 25%;

30 (5) determine the amount of the local option budget adopted by each  
31 school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments  
32 thereto; and

33 (6) multiply the amount computed under subsection (a)(5) by the  
34 applicable state aid percentage factor. The resulting product is the amount  
35 of payment the school district is to receive as supplemental general state  
36 aid in the school year.

37 (b) The state board shall prescribe the dates upon which the  
38 distribution of payments of supplemental general state aid to school  
39 districts shall be due. Payments of supplemental general state aid shall be  
40 distributed to school districts on the dates prescribed by the state board.  
41 The state board shall certify to the director of accounts and reports the  
42 amount due each school district, and the director of accounts and reports  
43 shall draw a warrant on the state treasury payable to the treasurer of the

1 school district. Upon receipt of the warrant, the treasurer of the school  
2 district shall credit the amount thereof to the supplemental general fund of  
3 the school district to be used for the purposes of such fund.

4 (c) If any amount of supplemental general state aid that is due to be  
5 paid during the month of June of a school year pursuant to the other  
6 provisions of this section is not paid on or before June 30 of such school  
7 year, then such payment shall be paid on or after the ensuing July 1, as  
8 soon as moneys are available therefor. Any payment of supplemental  
9 general state aid that is due to be paid during the month of June of a school  
10 year and that is paid to school districts on or after the ensuing July 1 shall  
11 be recorded and accounted for by school districts as a receipt for the  
12 school year ending on the preceding June 30.

13 (d) If the amount of appropriations for supplemental general state aid  
14 is less than the amount each school district is to receive for the school year,  
15 the state board shall prorate the amount appropriated among the school  
16 districts in proportion to the amount each school district is to receive as  
17 determined under subsection (a).

18 (e) The provisions of this section shall be part of and supplemental to  
19 the classroom learning assuring student success act.

20 (f) The provisions of this section shall expire on June 30, 2017.

21 New Sec. 3. (a) There is hereby established in the state treasury the  
22 school district capital outlay state aid fund. Such fund shall consist of all  
23 amounts transferred thereto under the provisions of subsection (c).

24 (b) For school year 2016-2017, each school district which levies a tax  
25 pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall receive  
26 payment from the school district capital outlay state aid fund in an amount  
27 determined by the state board of education as provided in this subsection.  
28 The state board of education shall:

29 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
30 of each school district in the state and round such amount to the nearest  
31 \$1,000. The rounded amount is the AVPP of a school district for the  
32 purposes of this section;

33 (2) determine the median AVPP of all school districts;

34 (3) prepare a schedule of dollar amounts using the amount of the  
35 median AVPP of all school districts as the point of beginning. The  
36 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
37 from the point of beginning to and including an amount that is equal to the  
38 amount of the AVPP of the school district with the highest AVPP of all  
39 school districts and shall range downward in equal \$1,000 intervals from  
40 the point of beginning to and including an amount that is equal to the  
41 amount of the AVPP of the school district with the lowest AVPP of all  
42 school districts;

43 (4) determine a state aid percentage factor for each school district by

1 assigning a state aid computation percentage to the amount of the median  
2 AVPP shown on the schedule, decreasing the state aid computation  
3 percentage assigned to the amount of the median AVPP by one percentage  
4 point for each \$1,000 interval above the amount of the median AVPP, and  
5 increasing the state aid computation percentage assigned to the amount of  
6 the median AVPP by one percentage point for each \$1,000 interval below  
7 the amount of the median AVPP. The state aid percentage factor of a  
8 school district is the percentage assigned to the schedule amount that is  
9 equal to the amount of the AVPP of the school district, except that the state  
10 aid percentage factor of a school district shall not exceed 100%. The state  
11 aid computation percentage is 25%;

12 (5) determine the amount levied by each school district pursuant to  
13 K.S.A. 72-8801 et seq., and amendments thereto; and

14 (6) multiply the amount computed under subsection (b)(5), but not to  
15 exceed 8 mills, by the applicable state aid percentage factor. The resulting  
16 product is the amount of payment the school district is to receive from the  
17 school district capital outlay state aid fund in the school year.

18 (c) The state board shall certify to the director of accounts and reports  
19 the amount of school district capital outlay state aid determined under the  
20 provisions of subsection (b), and an amount equal thereto shall be  
21 transferred by the director from the state general fund to the school district  
22 capital outlay state aid fund for distribution to school districts. All transfers  
23 made in accordance with the provisions of this subsection shall be  
24 considered to be demand transfers from the state general fund.

25 (d) Payments from the school district capital outlay state aid fund  
26 shall be distributed to school districts at times determined by the state  
27 board of education. The state board of education shall certify to the  
28 director of accounts and reports the amount due each school district, and  
29 the director of accounts and reports shall draw a warrant on the state  
30 treasury payable to the treasurer of the school district. Upon receipt of the  
31 warrant, the treasurer of the school district shall credit the amount thereof  
32 to the capital outlay fund of the school district to be used for the purposes  
33 of such fund.

34 (e) The provisions of this section shall be part of and supplemental to  
35 the classroom learning assuring student success act.

36 (f) The provisions of this section shall expire on June 30, 2017.

37 New Sec. 4. (a) For school year 2016-2017, the state board of  
38 education shall disburse school district equalization state aid to each  
39 school district that is eligible to receive such state aid. In determining  
40 whether a school district is eligible to receive school district equalization  
41 state aid, the state board shall:

42 (1) Determine the aggregate amount of supplemental general state aid  
43 and capital outlay state aid such school district is to receive for school year

- 1 2016-2017 under sections 2 and 3, and amendments thereto, respectively;
- 2 (2) determine the aggregate amount of supplemental general state aid  
3 and capital outlay state aid such school district received as a portion of  
4 general state aid for school year 2015-2016 under K.S.A. 2015 Supp. 72-  
5 6465, and amendments thereto;
- 6 (3) subtract the amount determined under subsection (a)(1) from the  
7 amount determined under (a)(2). If the resulting difference is a positive  
8 number, then the school district is eligible to receive school district  
9 equalization state aid.
- 10 (b) The amount of school district equalization state aid an eligible  
11 school district is to receive shall be equal to the amount calculated under  
12 subsection (a)(3).
- 13 (c) The state board shall prescribe the dates upon which the  
14 distribution of payments of school district equalization state aid to school  
15 districts shall be due. Payments of school district equalization state aid  
16 shall be distributed to school districts on the dates prescribed by the state  
17 board. The state board shall certify to the director of accounts and reports  
18 the amount due each school district, and the director of accounts and  
19 reports shall draw a warrant on the state treasury payable to the treasurer  
20 of the school district. Upon receipt of the warrant, the treasurer of the  
21 school district shall credit the amount thereof to the general fund of the  
22 school district to be used for the purposes of such fund.
- 23 (d) The provisions of this section shall be part of and supplemental to  
24 the classroom learning assuring student success act.
- 25 (e) The provisions of this section shall expire on June 30, 2017.
- 26 Sec. 5. K.S.A. 2015 Supp. 72-6463 is hereby amended to read as  
27 follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463  
28 through 72-6481, *and sections 2 through 4*, and amendments thereto, shall  
29 be known and may be cited as the classroom learning assuring student  
30 success act.
- 31 (b) The legislature hereby declares that the intent of this act is to  
32 lessen state interference and involvement in the local management of  
33 school districts and to provide more flexibility and increased local control  
34 for school district boards of education and administrators in order to:
- 35 (1) Enhance predictability and certainty in school district funding  
36 sources and amounts;
- 37 (2) allow school district boards of education and administrators to  
38 best meet their individual school district's financial needs; and
- 39 (3) maximize opportunities for more funds to go to the classroom.
- 40 To meet this legislative intent, state financial support for elementary  
41 and secondary public education will be met by providing a block grant for  
42 school years 2015-2016 and 2016-2017 to each school district. Each  
43 school district's block grant will be based in part on, and be at least equal

1 to, the total state financial support as determined for school year 2014-  
2 2015 under the school district finance and quality performance act, prior to  
3 its repeal. All school districts will be held harmless from any decreases to  
4 the final school year 2014-2015 amount of total state financial support.

5 (c) The legislature further declares that the guiding principles for the  
6 development of subsequent legislation for the finance of elementary and  
7 secondary public education should consist of the following:

8 (1) Ensuring that students' educational needs are funded;

9 (2) providing more funding to classroom instruction;

10 (3) maximizing flexibility in the use of funding by school district  
11 boards of education and administrators; and

12 (4) achieving the goal of providing students with those education  
13 capacities established in K.S.A. 72-1127, and amendments thereto.

14 (d) The provisions of this section shall be effective from and after  
15 July 1, 2015, through June 30, 2017.

16 Sec. 6. K.S.A. 2015 Supp. 72-6465 is hereby amended to read as  
17 follows: 72-6465. (a) For school year 2015-2016 ~~and school year 2016-~~  
18 ~~2017~~, the state board shall disburse general state aid to each school district  
19 in an amount equal to:

20 (1) Subject to the provisions of subsections ~~(b)~~ (c) through ~~(f)~~ (g), the  
21 amount of general state aid such school district received for school year  
22 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as  
23 prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:

24 (A) The amount directly attributable to the ancillary school facilities  
25 weighting as determined for school year 2014-2015 under K.S.A. 72-6443,  
26 prior to its repeal;

27 (B) the amount directly attributable to the cost-of-living weighting as  
28 determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,  
29 prior to its repeal;

30 (C) the amount directly attributable to declining enrollment state aid  
31 as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-  
32 6452, prior to its repeal; and

33 (D) the amount directly attributable to virtual school state aid as  
34 determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,  
35 and amendments thereto, plus;

36 (2) the amount of supplemental general state aid such school district  
37 received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434,  
38 prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to  
39 its repeal, plus;

40 (3) the amount of capital outlay state aid such school district received  
41 for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814,  
42 prior to its repeal, plus;

43 (4) (A) an amount that is directly attributable to the proceeds of the

- 1 tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,  
2 and amendments thereto, provided; the school district has levied such tax;
- 3 (B) an amount that is directly attributable to the proceeds of the tax  
4 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and  
5 amendments thereto, provided; the school district has levied such tax; *and*
- 6 (C) an amount that is directly attributable to the proceeds of the tax  
7 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and  
8 amendments thereto, provided; the school district has levied such tax, plus;
- 9 (5) the amount of virtual school state aid such school district is to  
10 receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;
- 11 (6) an amount certified by the board of trustees of the Kansas public  
12 employees retirement system which is equal to the participating employer's  
13 obligation of such school district to the system, less;
- 14 (7) an amount equal to 0.4% of the amount determined under  
15 subsection (a)(1).
- 16 (b) *For school year 2016-2017, the state board shall disburse*  
17 *general state aid to each school district in an amount equal to:*
- 18 (1) *Subject to the provisions of subsections (c) through (g), the*  
19 *amount of general state aid such school district received for school year*  
20 *2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as*  
21 *prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:*
- 22 (A) *The amount directly attributable to the ancillary school facilities*  
23 *weighting as determined for school year 2014-2015 under K.S.A. 72-6443,*  
24 *prior to its repeal;*
- 25 (B) *the amount directly attributable to the cost-of-living weighting as*  
26 *determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,*  
27 *prior to its repeal;*
- 28 (C) *the amount directly attributable to declining enrollment state aid*  
29 *as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-*  
30 *6452, prior to its repeal; and*
- 31 (D) *the amount directly attributable to virtual school state aid as*  
32 *determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,*  
33 *and amendments thereto, plus;*
- 34 (2) (A) *an amount that is directly attributable to the proceeds of the*  
35 *tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,*  
36 *and amendments thereto, provided the school district has levied such tax;*
- 37 (B) *an amount that is directly attributable to the proceeds of the tax*  
38 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and*  
39 *amendments thereto, provided the school district has levied such tax; and*
- 40 (C) *an amount that is directly attributable to the proceeds of the tax*  
41 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and*  
42 *amendments thereto, provided the school district has levied such tax, plus;*
- 43 (3) *the amount of virtual school state aid such school district is to*

1 *receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;*  
2 *(4) an amount certified by the board of trustees of the Kansas public*  
3 *employees retirement system which is equal to the participating employer's*  
4 *obligation of such school district to the system, less;*

5 *(5) an amount equal to 0.4% of the amount determined under*  
6 *subsection (b)(1).*

7 ~~(b)~~ (c) For any school district whose school financing sources  
8 exceeded its state financial aid for school year 2014-2015 as calculated  
9 under the school district finance and quality performance act, prior to its  
10 repeal, the amount such school district is entitled to receive under  
11 subsection (a)(1) or (b)(1) shall be the proceeds of the tax levied by the  
12 school district pursuant to K.S.A. 2015 Supp. 72-6470, and amendments  
13 thereto, less the difference between such school district's school financing  
14 sources and its state financial aid for school year 2014-2015 as calculated  
15 under the school district finance and quality performance act, prior to its  
16 repeal.

17 ~~(e)~~ (d) For any school district formed by consolidation in accordance  
18 with article 87 of chapter 72 of the Kansas Statutes Annotated, and  
19 amendments thereto, prior to the effective date of this act, and whose state  
20 financial aid for school year 2014-2015 was determined under K.S.A.  
21 2014 Supp. 72-6445a, prior to its repeal, the amount of general state aid  
22 for such school district determined under subsection (a)(1) or (b)(1) shall  
23 be determined as if such school district was not subject to K.S.A. 2014  
24 Supp. 72-6445a, prior to its repeal, for school year 2014-2015.

25 ~~(d)~~ (e) For any school district that consolidated in accordance with  
26 article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments  
27 thereto, and such consolidation becomes effective on or after July 1, 2015,  
28 the amount of general state aid for such school district determined under  
29 subsection (a)(1) or (b)(1) shall be the sum of the general state aid each of  
30 the former school districts would have received under subsection (a)(1) or  
31 (b)(1).

32 ~~(e)~~ (f) (1) For any school district that was entitled to receive school  
33 facilities weighting for school year 2014-2015 under K.S.A. 2014 Supp.  
34 72-6415b, prior to its repeal, and which would not have been eligible to  
35 receive such weighting for school year 2015-2016 under K.S.A. 2014  
36 Supp. 72-6415b, prior to its repeal, an amount directly attributable to the  
37 school facilities weighting as determined for school year 2014-2015 under  
38 K.S.A. 72-6415, prior to its repeal, for such school district shall be  
39 subtracted from the amount of general state aid for such school district  
40 determined under subsection (a)(1) or (b)(1).

41 (2) For any school district which would have been eligible to receive  
42 school facilities weighting for school year 2015-2016 under K.S.A. 2014  
43 Supp. 72-6415b, prior to its repeal, but which did not receive such



1 weighting for school year 2014-2015, an amount directly attributable to  
2 the school facilities weighting as would have been determined under  
3 K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be  
4 added to the amount of general state aid for such school district  
5 determined under subsection (a)(1) *or* (b)(1).

6 (3) For any school district which would have been eligible to receive  
7 school facilities weighting for school year 2016-2017 under K.S.A. 2014  
8 Supp. 72-6415b, prior to its repeal, but which did not receive such  
9 weighting for school year 2014-2015, and which would not have been  
10 eligible to receive such weighting for school year 2015-2016 under K.S.A.  
11 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to  
12 the school facilities weighting as would have been determined under  
13 K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be  
14 added to the amount of general state aid for such school district  
15 determined under subsection (a)(1) *or* (b)(1).

16 ~~(f)~~ (g) (1) For any school district that received federal impact aid for  
17 school year 2014-2015, if such school district receives federal impact aid  
18 in school year 2015-2016 in an amount that is less than the amount such  
19 school district received in school year 2014-2015, then an amount equal to  
20 the difference between the amount of federal impact aid received by such  
21 school district in such school years shall be added to the amount of general  
22 state aid for such school district for school year 2015-2016 as determined  
23 under subsection (a)(1) *or* (b)(1).

24 (2) For any school district that received federal impact aid for school  
25 year 2014-2015, if such school district receives federal impact aid in  
26 school year 2016-2017 in an amount that is less than the amount such  
27 school district received in school year 2014-2015, then an amount equal to  
28 the difference between the amount of federal impact aid received by such  
29 school district in such school years shall be added to the amount of general  
30 state aid for such school district for school year 2016-2017 as determined  
31 under subsection (a)(1) *or* (b)(1).

32 ~~(g)~~ (h) The general state aid for each school district shall be disbursed  
33 in accordance with appropriation acts. In the event the appropriation for  
34 general state aid exceeds the amount determined under subsection (a) *or*  
35 (b) for any school year, then the state board shall disburse such excess  
36 amount to each school district in proportion to such school district's  
37 enrollment.

38 ~~(h)~~ (i) The provisions of this section shall be effective from and after  
39 July 1, 2015, through June 30, 2017.

40 Sec. 7. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as  
41 follows: 72-6476. (a) Each school district may submit an application to the  
42 state ~~finance council~~ *board of education* for approval of extraordinary need  
43 state aid. Such application shall be submitted in such form and manner as

1 prescribed by the state ~~finance council~~ board, and shall include a  
2 description of the extraordinary need of the school district that is the basis  
3 for the application.

4 (b) The state ~~finance council~~ board shall review all submitted  
5 applications and approve or deny such application based on whether the  
6 applicant school district has demonstrated extraordinary need. As part of  
7 its review of an application, the state ~~finance council~~ board may conduct a  
8 hearing and provide the applicant school district an opportunity to present  
9 testimony as to such school district's extraordinary need. In determining  
10 whether a school district has demonstrated extraordinary need, the state  
11 ~~finance council~~ board shall consider: (1) Any extraordinary increase in  
12 enrollment of the applicant school district for the current school year; (2)  
13 any extraordinary decrease in the assessed valuation of the applicant  
14 school district for the current school year; ~~and~~ (3) any other unforeseen  
15 acts or circumstances which substantially impact the applicant school  
16 district's general fund budget for the current school year; *and (4) in lieu of*  
17 *any of the foregoing considerations, whether the applicant school district*  
18 *has reasonably equal access to substantially similar educational*  
19 *opportunity through similar tax effort.*

20 (c) If the state ~~finance council~~ board approves an application it shall  
21 ~~certify to the state board of education that such application was approved~~  
22 ~~and determine~~ the amount of extraordinary need state aid to be disbursed  
23 to the applicant school district from the school district extraordinary need  
24 fund. In approving any application for extraordinary need state aid, the  
25 state ~~finance council~~ board may approve an amount of extraordinary need  
26 state aid that is less than the amount the school district requested in the  
27 application. If the state ~~finance council~~ board denies an application, then  
28 within 15 days of such denial ~~it the state board~~ shall send written notice of  
29 such denial to the superintendent of such school district. ~~The decision of~~  
30 ~~the state finance council shall be final~~ *All administrative proceedings*  
31 *pursuant to this section shall be conducted in accordance with the*  
32 *provisions of the Kansas administrative procedure act. Any action by the*  
33 *state board pursuant to this section shall be subject to review in*  
34 *accordance with the Kansas judicial review act.*

35 (d) There is hereby established in the state treasury the school district  
36 extraordinary need fund which shall be administered by the state  
37 department of education. All expenditures from the school district  
38 extraordinary need fund shall be used for the disbursement of  
39 extraordinary need state aid as approved by the state ~~finance council~~ board  
40 under this section. All expenditures from the school district extraordinary  
41 need fund shall be made in accordance with appropriation acts upon  
42 warrants of the director of accounts and reports issued pursuant to  
43 vouchers approved by the state board of education, or the designee of the

1 state board of education. ~~At the end of each fiscal year, the director of~~  
2 ~~accounts and reports shall transfer to the state general fund any moneys in~~  
3 ~~the school district extraordinary need fund on each such date in excess of~~  
4 ~~the amount required to pay all amounts of extraordinary need state aid~~  
5 ~~approved by the state finance council for the current school year.~~

6 ~~(e) For school year 2015-2016 and school year 2016-2017, the state~~  
7 ~~board of education shall certify to the director of accounts and reports an~~  
8 ~~amount equal to the aggregate of the amount determined under K.S.A.~~  
9 ~~2015 Supp. 72-6465(a)(7), and amendments thereto, for all school~~  
10 ~~districts. Upon receipt of such certification, the director shall transfer the~~  
11 ~~certified amount from the state general fund to the school district~~  
12 ~~extraordinary need fund. All transfers made in accordance with the~~  
13 ~~provisions of this subsection shall be considered to be demand transfers~~  
14 ~~from the state general fund.~~

15 ~~(f) The approvals by the state finance council required by this section~~  
16 ~~are hereby characterized as matters of legislative delegation and subject to~~  
17 ~~the guidelines prescribed in K.S.A. 75-3711e(c), and amendments thereto.~~  
18 ~~Such approvals may be given by the state finance council when the~~  
19 ~~legislature is in session.~~

20 ~~(g) The provisions of this section shall expire on July 1 June 30,~~  
21 ~~2017.~~

22 Sec. 8. K.S.A. 2015 Supp. 72-6481 is hereby amended to read as  
23 follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-6463  
24 through 72-6481, *and sections 2 through 4*, and amendments thereto, shall  
25 ~~not~~ be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through  
26 72-6481, *and sections 2 through 4*, and amendments thereto, *or any*  
27 *application of such provision to any person or circumstance* is held to be  
28 invalid or unconstitutional by court order, ~~all provisions the invalidity~~  
29 ~~shall not affect other provisions or applications~~ of K.S.A. 2015 Supp. 72-  
30 6463 through 72-6481, *and sections 2 through 4*, and amendments thereto,  
31 ~~shall be null and void which can be given effect without the invalid~~  
32 ~~provision or application.~~

33 (b) The provisions of this section shall be effective from and after  
34 July 1, 2015, through June 30, 2017.

35 Sec. 9. K.S.A. 2015 Supp. 74-4939a is hereby amended to read as  
36 follows: 74-4939a. On and after the effective date of this act for each fiscal  
37 year commencing with fiscal year 2005, notwithstanding the provisions of  
38 K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys  
39 appropriated for the department of education from the state general fund  
40 commencing with fiscal year 2005, and each ensuing fiscal year thereafter,  
41 by appropriation act of the legislature, in the KPERS — employer  
42 contributions account and all moneys appropriated for the department of  
43 education from the state general fund or any special revenue fund for each

1 fiscal year commencing with fiscal year 2005, and each ensuing fiscal year  
2 thereafter, by any such appropriation act in that account or any other  
3 account for payment of employer contributions for school districts, shall  
4 be distributed by the department of education to school districts in  
5 accordance with this section. Notwithstanding the provisions of K.S.A. 74-  
6 4939, and amendments thereto, *for school year 2015-2016*, the department  
7 of education shall disburse to each school district that is an eligible  
8 employer as specified in K.S.A. 74-4931(1), and amendments thereto, an  
9 amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and  
10 amendments thereto, which shall be disbursed pursuant to K.S.A. 2015  
11 Supp. 72-6465, and amendments thereto. *Notwithstanding the provisions*  
12 *of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,*  
13 *the department of education shall disburse to each school district that is*  
14 *an eligible employer as specified in K.S.A. 74-4931(1), and amendments*  
15 *thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),*  
16 *and amendments thereto, which shall be disbursed pursuant to K.S.A.*  
17 *2015 Supp. 72-6465, and amendments thereto.* Upon receipt of each such  
18 disbursement of moneys, the school district shall deposit the entire amount  
19 thereof into a special retirement contributions fund of the school district,  
20 which shall be established by the school district in accordance with such  
21 policies and procedures and which shall be used for the sole purpose of  
22 receiving such disbursements from the department of education and  
23 making the remittances to the system in accordance with this section and  
24 such policies and procedures. Upon receipt of each such disbursement of  
25 moneys from the department of education, the school district shall remit,  
26 in accordance with the provisions of such policies and procedures and in  
27 the manner and on the date or dates prescribed by the board of trustees of  
28 the Kansas public employees retirement system, an equal amount to the  
29 Kansas public employees retirement system from the special retirement  
30 contributions fund of the school district to satisfy such school district's  
31 obligation as a participating employer. Notwithstanding the provisions of  
32 K.S.A. 74-4939, and amendments thereto, each school district that is an  
33 eligible employer as specified in K.S.A. 74-4931(1), and amendments  
34 thereto, shall show within the budget of such school district all amounts  
35 received from disbursements into the special retirement contributions fund  
36 of such school district. Notwithstanding the provisions of any other statute,  
37 no official action of the school board of such school district shall be  
38 required to approve a remittance to the system in accordance with this  
39 section and such policies and procedures. All remittances of moneys to the  
40 system by a school district in accordance with this subsection and such  
41 policies and procedures shall be deemed to be expenditures of the school  
42 district.

43 Sec. 10. K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and

- 1 74-4939a are hereby repealed.
- 2 Sec. 11. This act shall take effect and be in force from and after its
- 3 publication in the statute book.



## Division of Fiscal and Administrative Services

Kansas State Department of Education  
Landon State Office Building  
900 SW Jackson Street, Suite 354  
Topeka, Kansas 66612-1212

(785) 296-3871  
(785) 296-6659 - fax  
[www.ksde.org](http://www.ksde.org)

March 22, 2016

FROM: Dale M. Dennis, Deputy  
Commissioner of Education

SUBJECT: Proposed Plan

Attached is a computer printout (SF16-133) which summarizes the effects of a proposed plan on supplemental general (LOB) state aid, capital outlay state aid, and hold harmless state aid. Provisions of this bill include the following.

- Capital outlay state aid is the same as provided in House Bill 2731 (see computer printout SF16-117 for school district detail).
- Supplemental general (LOB) state aid using median assessed valuation per pupil (see computer printout SF16-126 for school district detail)

### SUMMARY—STATE AID

Capital Outlay State Aid	\$ 23,489,840
Supplemental General (LOB) State Aid	(82,908,792)
Hold Harmless State Aid	61,792,947
Growth	2,000,000
<b>TOTAL</b>	<b>\$ 4,373,995</b>

### COLUMN EXPLANATION

Column	1 --	2016-17 Estimated capital outlay state aid increase/decrease (see computer printout SF16-117 for school district detail).
	2 --	2016-17 Estimated supplemental general (LOB) state aid increase/decrease (see computer printout SF16-126 for school district detail)
	3 --	2016-17 Estimated total increase/decrease (Columns 1 + 2)
	4 --	2016-17 Estimated hold harmless state aid

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
256	Allen	Marmaton Valley	0	-400,146	-400,146	400,146
257	Allen	Iola	89,321	-189,235	-99,914	99,914
258	Allen	Humboldt	59,573	-485,907	-426,335	426,335
365	Anderson	Garnett	82,131	-429,918	-347,786	347,786
479	Anderson	Crest	0	-104,821	-104,821	104,821
377	Atchison	Atchison Co Comm Schools	4,289	-434,626	-430,337	430,337
409	Atchison	Atchison Public Schools	112,164	-223,242	-111,078	111,078
254	Barber	Barber County North	0	0	0	0
255	Barber	South Barber	0	0	0	0
355	Barton	Ellinwood Public Schools	45,148	190,623	235,771	0
428	Barton	Great Bend	129,100	-434,133	-305,033	305,033
431	Barton	Hoisington	48,885	166,216	215,100	0
234	Bourbon	Fort Scott	-28,319	-429,972	-458,290	458,290
235	Bourbon	Uniontown	0	-93,554	-93,554	93,554
415	Brown	Hiawatha	0	-197,162	-197,162	197,162
430	Brown	South Brown County	39,756	-252,507	-212,752	212,752
205	Butler	Bluestem	57,613	-56,881	732	0
206	Butler	Remington-Whitewater	23,597	-201,860	-178,263	178,263
375	Butler	Circle	72,089	-293,716	-221,627	221,627
385	Butler	Andover	445,569	-1,224,162	-778,593	778,593
394	Butler	Rose Hill Public Schools	104,596	-179,755	-75,159	75,159
396	Butler	Douglass Public Schools	47,544	-52,688	-5,144	5,144
402	Butler	Augusta	193,229	-380,141	-186,912	186,912
490	Butler	El Dorado	78,638	-269,181	-190,544	190,544
492	Butler	Flinthills	5,625	-170,372	-164,747	164,747
284	Chase	Chase County	0	-4,647	-4,647	4,647
285	Chautauqua	Cedar Vale	0	-3,358	-3,358	3,358
286	Chautauqua	Chautauqua Co Community	6,395	-16,048	-9,653	9,653
404	Cherokee	Riverton	-6,456	-122,514	-128,970	128,970
493	Cherokee	Columbus	34,756	-387,249	-352,494	352,494
499	Cherokee	Galena	26,348	-102,278	-75,930	75,930
508	Cherokee	Baxter Springs	83,323	-40,859	42,465	0
103	Cheyenne	Cheylin	0	0	0	0
297	Cheyenne	St Francis Comm Sch	0	-92,022	-92,022	92,022
219	Clark	Minneola	0	-84,689	-84,689	84,689
220	Clark	Ashland	0	0	0	0
379	Clay	Clay Center	-78,661	-369,689	-448,351	448,351
333	Cloud	Concordia	67,847	-262,440	-194,593	194,593
334	Cloud	Southern Cloud	0	-119,683	-119,683	119,683
243	Coffey	Lebo-Waverly	8,467	-270,076	-261,609	261,609
244	Coffey	Burlington	0	0	0	0
245	Coffey	LeRoy-Gridley	0	0	0	0
300	Comanche	Comanche County	0	0	0	0
462	Cowley	Central	17,280	-129,589	-112,309	112,309
463	Cowley	Udall	14,687	-206,438	-191,751	191,751
465	Cowley	Winfield	164,626	-571,881	-407,256	407,256
470	Cowley	Arkansas City	51,508	-383,843	-332,335	332,335
471	Cowley	Dexter	16,970	-31,423	-14,453	14,453
246	Crawford	Northeast	43,287	-144,553	-101,266	101,266
247	Crawford	Cherokee	15,868	-369,680	-353,812	353,812
248	Crawford	Girard	30,793	-170,283	-139,490	139,490
249	Crawford	Frontenac Public Schools	21,842	-111,824	-89,982	89,982



	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
250	Crawford	Pittsburg	130,319	-282,583	-152,264	152,264
294	Decatur	Oberlin	0	-49,926	-49,926	49,926
393	Dickinson	Solomon	22,574	-145,883	-123,309	123,309
435	Dickinson	Abilene	178,373	-184,899	-6,527	6,527
473	Dickinson	Chapman	-17,436	-226,618	-244,053	244,053
481	Dickinson	Rural Vista	0	-141,353	-141,353	141,353
487	Dickinson	Herington	0	-47,114	-47,114	47,114
111	Doniphan	Doniphan West Schools	0	0	0	0
114	Doniphan	Riverside	0	12,411	12,411	0
429	Doniphan	Troy Public Schools	13,545	-136,658	-123,114	123,114
348	Douglas	Baldwin City	120,067	-258,149	-138,082	138,082
491	Douglas	Eudora	109,827	-164,977	-55,150	55,150
497	Douglas	Lawrence	656,309	-2,377,404	-1,721,096	1,721,096
347	Edwards	Kinsley-Offerle	37,583	-111,390	-73,807	73,807
502	Edwards	Lewis	0	0	0	0
282	Elk	West Elk	20,962	-36,436	-15,474	15,474
283	Elk	Elk Valley	0	-156,179	-156,179	156,179
388	Ellis	Ellis	63,307	91,079	154,386	0
432	Ellis	Victoria	0	0	0	0
489	Ellis	Hays	0	-317,906	-317,906	317,906
112	Ellsworth	Central Plains	0	0	0	0
327	Ellsworth	Ellsworth	31,417	-187,355	-155,937	155,937
363	Finney	Holcomb	0	0	0	0
457	Finney	Garden City	293,038	-595,555	-302,517	302,517
381	Ford	Spearville	13,053	-133,059	-120,006	120,006
443	Ford	Dodge City	419,403	-788,687	-369,283	369,283
459	Ford	Bucklin	0	0	0	0
287	Franklin	West Franklin	56,631	-147,513	-90,882	90,882
288	Franklin	Central Heights	39,054	-130,682	-91,628	91,628
289	Franklin	Wellsville	71,910	-206,772	-134,862	134,862
290	Franklin	Ottawa	199,433	-382,498	-183,065	183,065
475	Geary	Geary County Schools	-154,601	-1,363,276	-1,517,877	1,517,877
291	Gove	Grinnell Public Schools	0	0	0	0
292	Gove	Wheatland	0	0	0	0
293	Gove	Quinter Public Schools	36,505	-16,562	19,943	0
281	Graham	Graham County	0	0	0	0
214	Grant	Ulysses	0	0	0	0
102	Gray	Cimmaron-Ensign	18,267	-285,031	-266,764	266,764
371	Gray	Montezuma	9,554	-101,046	-91,492	91,492
476	Gray	Copeland	0	0	0	0
477	Gray	Ingalls	7,671	24,186	31,858	0
200	Greeley	Greeley County Schools	0	0	0	0
386	Greenwood	Madison-Virgil	10,160	-86,657	-76,497	76,497
389	Greenwood	Eureka	10,316	-183,480	-173,164	173,164
390	Greenwood	Hamilton	0	-7,136	-7,136	7,136
494	Hamilton	Syracuse	35,806	-15,072	20,734	0
361	Harper	Anthony-Harper	0	-80,374	-80,374	80,374
511	Harper	Attica	11,276	-2,523	8,754	0
369	Harvey	Burrton	40,259	51,513	91,772	0
373	Harvey	Newton	236,161	-689,770	-453,610	453,610
439	Harvey	Sedgwick Public Schools	12,600	-48,449	-35,849	35,849
440	Harvey	Halstead	24,940	-291,933	-266,992	266,992

3/22/2016			Col 1	Col 2	Col 3	Col 4
USD#	County Name	USD Name	Cap Outlay Aid Inc / Dec SF16-117 Col 4	LOB Aid Inc / Dec SF16-126 Col 4	Estimated Inc / Dec (Cols 1+2+3)	Estimated Payment Hold Harmless
460	Harvey	Hesston	46,316	-270,744	-224,427	224,427
374	Haskell	Sublette	0	0	0	0
507	Haskell	Satanta	0	0	0	0
227	Hodgeman	Hodgeman County Schools	0	0	0	0
335	Jackson	North Jackson	3,723	-160,826	-157,103	157,103
336	Jackson	Holton	65,919	-239,384	-173,465	173,465
337	Jackson	Royal Valley	41,950	-246,065	-204,116	204,116
338	Jefferson	Valley Falls	23,067	-141,638	-118,571	118,571
339	Jefferson	Jefferson County North	20,071	-139,362	-119,291	119,291
340	Jefferson	Jefferson West	63,272	-145,711	-82,439	82,439
341	Jefferson	Oskaloosa Public Schools	9,290	-111,831	-102,541	102,541
342	Jefferson	McLouth	22,281	-194,210	-171,929	171,929
343	Jefferson	Perry Public Schools	23,623	-289,101	-265,478	265,478
107	Jewell	Rock Hills	0	-21,459	-21,459	21,459
229	Johnson	Blue Valley	0	-2,407,372	-2,407,372	2,407,372
230	Johnson	Spring Hill	0	-293,948	-293,948	293,948
231	Johnson	Gardner Edgerton	532,373	-706,254	-173,881	173,881
232	Johnson	De Soto	495,480	-2,022,965	-1,527,485	1,527,485
233	Johnson	Olathe	557,018	-9,575,361	-9,018,343	9,018,343
512	Johnson	Shawnee Mission Pub Sch	0	-3,040,285	-3,040,285	3,040,285
215	Kearny	Lakin	0	0	0	0
216	Kearny	Deerfield	0	0	0	0
331	Kingman	Kingman - Norwich	113,499	-35,949	77,551	0
332	Kingman	Cunningham	0	0	0	0
422	Kiowa	Kiowa County	0	0	0	0
474	Kiowa	Haviland	0	0	0	0
503	Labette	Parsons	44,300	-218,717	-174,417	174,417
504	Labette	Oswego	17,712	-56,487	-38,775	38,775
505	Labette	Chetopa-St. Paul	24,411	-108,219	-83,808	83,808
506	Labette	Labette County	91,923	-215,501	-123,578	123,578
468	Lane	Healy Public Schools	0	0	0	0
482	Lane	Dighton	0	0	0	0
207	Leavenworth	Ft Leavenworth	3,023	9,108	12,132	0
449	Leavenworth	Easton	28,299	-235,822	-207,523	207,523
453	Leavenworth	Leavenworth	226,875	-587,559	-360,684	360,684
458	Leavenworth	Basehor-Linwood	183,164	-279,044	-95,880	95,880
464	Leavenworth	Tonganoxie	-26,998	-322,038	-349,035	349,035
469	Leavenworth	Lansing	109,147	-301,893	-192,746	192,746
298	Lincoln	Lincoln	-10,762	-327,143	-337,905	337,905
299	Lincoln	Sylvan Grove	0	-72,558	-72,558	72,558
344	Linn	Pleasanton	18,628	-192,875	-174,247	174,247
346	Linn	Jayhawk	-27,233	-660,809	-688,042	688,042
362	Linn	Prairie View	0	0	0	0
274	Logan	Oakley	0	0	0	0
275	Logan	Triplains	0	0	0	0
251	Lyon	North Lyon County	0	0	0	0
252	Lyon	Southern Lyon County	50,257	-133,607	-83,350	83,350
253	Lyon	Emporia	557,901	-633,906	-76,005	76,005
397	Marion	Centre	45,106	-8,485	36,621	0
398	Marion	Peabody-Burns	0	-125,290	-125,290	125,290
408	Marion	Marion-Florence	0	-134,098	-134,098	134,098
410	Marion	Durham-Hillsboro-Lehigh	58,680	-186,307	-127,627	127,627

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
411	Marion	Goessel	9,414	-85,801	-76,387	76,387
364	Marshall	Marysville	0	-173,754	-173,754	173,754
380	Marshall	Vermillion	30,491	-260,333	-229,841	229,841
498	Marshall	Valley Heights	24,965	-161,729	-136,764	136,764
400	McPherson	Smoky Valley	110,105	-249,239	-139,135	139,135
418	McPherson	McPherson	148,145	-688,878	-540,733	540,733
419	McPherson	Canton-Galva	13,823	-188,068	-174,245	174,245
423	McPherson	Moundridge	0	-121,534	-121,534	121,534
448	McPherson	Inman	24,032	-220,421	-196,389	196,389
225	Meade	Fowler	0	-89,000	-89,000	89,000
226	Meade	Meade	0	0	0	0
367	Miami	Osawatomie	78,675	-313,930	-235,255	235,255
368	Miami	Paola	231,900	-47,738	184,162	0
416	Miami	Louisburg	149,710	-172,834	-23,125	23,125
272	Mitchell	Waconda	0	-197,983	-197,983	197,983
273	Mitchell	Beloit	76,722	-203,131	-126,409	126,409
436	Montgomery	Caney Valley	22,058	-239,531	-217,473	217,473
445	Montgomery	Coffeyville	55,251	-389,721	-334,470	334,470
446	Montgomery	Independence	70,276	-627,014	-556,737	556,737
447	Montgomery	Cherryvale	44,627	-103,575	-58,948	58,948
417	Morris	Morris County	56,732	-164,849	-108,118	108,118
217	Morton	Rolla	0	0	0	0
218	Morton	Elkhart	151,571	60,515	212,086	0
113	Nemaha	Prairie Hills	72,950	-383,134	-310,184	310,184
115	Nemaha	Nemaha Central	0	-15,619	-15,619	15,619
101	Neosho	Erie-Galesburg	42,938	-165,559	-122,621	122,621
413	Neosho	Chanute Public Schools	202,962	-319,215	-116,253	116,253
106	Ness	Western Plains	0	0	0	0
303	Ness	Ness City	0	0	0	0
211	Norton	Norton Community Schools	36,424	-253,864	-217,440	217,440
212	Norton	Northern Valley	14,466	-89,530	-75,064	75,064
420	Osage	Osage City	24,153	-131,009	-106,857	106,857
421	Osage	Lyndon	29,991	-105,099	-75,108	75,108
434	Osage	Santa Fe Trail	34,670	-212,642	-177,972	177,972
454	Osage	Burlingame Public School	0	-68,019	-68,019	68,019
456	Osage	Marais Des Cygnes Valley	0	-155,879	-155,879	155,879
392	Osborne	Osborne County	19,440	-150,376	-130,936	130,936
239	Ottawa	North Ottawa County	-29,753	-222,723	-252,476	252,476
240	Ottawa	Twin Valley	29,667	-258,276	-228,609	228,609
495	Pawnee	Ft Larned	-74,248	-389,566	-463,813	463,813
496	Pawnee	Pawnee Heights	0	-85,280	-85,280	85,280
110	Phillips	Thunder Ridge Schools	1,237	-205,051	-203,813	203,813
325	Phillips	Phillipsburg	32,150	-92,430	-60,280	60,280
326	Phillips	Logan	0	-46,844	-46,844	46,844
320	Pottawatomie	Wamego	61,788	-327,496	-265,708	265,708
321	Pottawatomie	Kaw Valley	0	0	0	0
322	Pottawatomie	Onaga-Havensville-Wheaton	31,240	-145,165	-113,925	113,925
323	Pottawatomie	Rock Creek	0	-164,492	-164,492	164,492
382	Pratt	Pratt	109,265	-373,782	-264,517	264,517
438	Pratt	Skyline Schools	31,108	-181,179	-150,071	150,071
105	Rawlins	Rawlins County	5,221	-218,936	-213,715	213,715
308	Reno	Hutchinson Public Schools	163,146	-762,972	-599,826	599,826

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
309	Reno	Nickerson	54,188	-272,711	-218,523	218,523
310	Reno	Fairfield	0	0	0	0
311	Reno	Pretty Prairie	12,863	-164,188	-151,324	151,324
312	Reno	Haven Public Schools	66,528	-383,753	-317,224	317,224
313	Reno	Buhler	238,318	-331,796	-93,478	93,478
109	Republic	Republic County	0	-241,846	-241,846	241,846
426	Republic	Pike Valley	8,614	-152,081	-143,467	143,467
376	Rice	Sterling	49,189	-126,574	-77,386	77,386
401	Rice	Chase-Raymond	0	0	0	0
405	Rice	Lyons	70,841	19,028	89,869	0
444	Rice	Little River	0	0	0	0
378	Riley	Riley County	45,573	-292,576	-247,003	247,003
383	Riley	Manhattan-Ogden	0	-1,536,205	-1,536,205	1,536,205
384	Riley	Blue Valley	0	-62,896	-62,896	62,896
269	Rooks	Palco	0	0	0	0
270	Rooks	Plainville	0	0	0	0
271	Rooks	Stockton	0	-80,629	-80,629	80,629
395	Rush	LaCrosse	7,025	-90,382	-83,358	83,358
403	Rush	Otis-Bison	0	0	0	0
399	Russell	Paradise	0	0	0	0
407	Russell	Russell County	70,624	257,388	328,012	0
305	Saline	Salina	560,848	-1,248,914	-688,066	688,066
306	Saline	Southeast Of Saline	0	-255,415	-255,415	255,415
307	Saline	Ell-Saline	33,772	-252,817	-219,044	219,044
466	Scott	Scott County	21,880	-135,092	-113,212	113,212
259	Sedgwick	Wichita	4,508,756	-6,045,648	-1,536,892	1,536,892
260	Sedgwick	Derby	822,104	-735,024	87,080	0
261	Sedgwick	Haysville	-24,663	-422,672	-447,335	447,335
262	Sedgwick	Valley Center Pub Sch	176,871	-299,711	-122,841	122,841
263	Sedgwick	Mulvane	246,570	-55,372	191,198	0
264	Sedgwick	Clearwater	99,239	-194,003	-94,764	94,764
265	Sedgwick	Goddard	417,394	-680,851	-263,457	263,457
266	Sedgwick	Maize	629,126	-1,165,811	-536,684	536,684
267	Sedgwick	Renwick	154,108	-486,381	-332,273	332,273
268	Sedgwick	Cheney	49,452	-138,423	-88,971	88,971
480	Seward	Liberal	0	-495,290	-495,290	495,290
483	Seward	Kismet-Plains	0	0	0	0
345	Shawnee	Seaman	354,751	-714,134	-359,383	359,383
372	Shawnee	Silver Lake	45,831	-157,086	-111,255	111,255
437	Shawnee	Auburn Washburn	776,699	-622,735	153,964	0
450	Shawnee	Shawnee Heights	307,760	-596,977	-289,218	289,218
501	Shawnee	Topeka Public Schools	829,524	-1,804,935	-975,411	975,411
412	Sheridan	Hoxie Community Schools	0	-64,249	-64,249	64,249
352	Sherman	Goodland	-22,702	-568,624	-591,325	591,325
237	Smith	Smith Center	11,968	-274,626	-262,658	262,658
349	Stafford	Stafford	6,337	-145,450	-139,113	139,113
350	Stafford	St John-Hudson	0	0	0	0
351	Stafford	Macksville	0	0	0	0
452	Stanton	Stanton County	0	0	0	0
209	Stevens	Moscow Public Schools	0	0	0	0
210	Stevens	Hugoton Public Schools	0	0	0	0
353	Sumner	Wellington	164,453	-349,018	-184,565	184,565

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid Inc / Dec	LOB Aid Inc / Dec	Estimated Inc / Dec	Estimated Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
356	Sumner	Conway Springs	49,413	-135,100	-85,687	85,687
357	Sumner	Belle Plaine	38,894	-118,039	-79,145	79,145
358	Sumner	Oxford	45,956	67,172	113,128	0
359	Sumner	Argonia Public Schools	0	-73,925	-73,925	73,925
360	Sumner	Caldwell	10,773	-143,827	-133,054	133,054
509	Sumner	South Haven	9,665	44,602	54,267	0
314	Thomas	Brewster	0	0	0	0
315	Thomas	Colby Public Schools	44,730	-457,878	-413,148	413,148
316	Thomas	Golden Plains	0	-162,331	-162,331	162,331
208	Trego	Wakeeney	0	0	0	0
329	Wabaunsee	Mill Creek Valley	9,206	-290,683	-281,477	281,477
330	Wabaunsee	Mission Valley	52,513	-136,896	-84,383	84,383
241	Wallace	Wallace County Schools	0	0	0	0
242	Wallace	Weskan	0	-17,107	-17,107	17,107
108	Washington	Washington Co. Schools	3,908	-166,153	-162,245	162,245
223	Washington	Barnes	0	-175,837	-175,837	175,837
224	Washington	Clifton-Clyde	0	-127,159	-127,159	127,159
467	Wichita	Leoti	0	-157,678	-157,678	157,678
387	Wilson	Altoona-Midway	0	-39,888	-39,888	39,888
461	Wilson	Neodesha	46,331	-250,286	-203,955	203,955
484	Wilson	Fredonia	20,189	-140,475	-120,285	120,285
366	Woodson	Woodson	2,648	-33,810	-31,162	31,162
202	Wyandotte	Turner-Kansas City	218,981	-484,713	-265,733	265,733
203	Wyandotte	Piper-Kansas City	162,149	-269,147	-106,997	106,997
204	Wyandotte	Bonner Springs	281,143	-427,970	-146,826	146,826
500	Wyandotte	Kansas City	1,262,158	-2,502,864	-1,240,706	1,240,706
	TOTALS		23,489,840	-82,908,792	-59,418,952	61,792,947

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KANSAS HOUSE APPROPRIATIONS COMMITTEE

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TRANSCRIPT

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OF

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PROCEEDINGS,

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12 beginning at 2:30 p.m. on the 22nd day of March,

13 2016, in Room 112-N, Kansas State Capitol

14 Building, Topeka, Kansas, before the Kansas House

15 Appropriations Committee, Representative Ron

16 Ryckman, Chairman.

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1 CHAIRMAN RYCKMAN: Representative  
2 Highland.

3 REPRESENTATIVE HIGHLAND: I'd like to  
4 introduce RS No. 16, RS 4098, having to do with  
5 school finance on behalf of Senator Abrams and my  
6 fingerprints are on it as well.

7 CHAIRMAN RYCKMAN: Is there a second?  
8 Second by Representative Rhoades. Again, this is  
9 a complete school finance solution that Senator  
10 Abrams has been working on that Representative  
11 Highland is introducing. We have a motion and a  
12 second. Any discussion? All in favor of this  
13 bill's introduction say aye. Opposed? Bill's  
14 introduced. Committee, we're having an informal  
15 hearing on House Bill 2740. It's my understanding  
16 the identical bill was introduced in the Senate  
17 who also just had an informal hearing, but it is  
18 our response to the courts and what I interpret  
19 are a good effort to, to keep our schools open and  
20 to answer the courts in a way that is the best for  
21 all schools and for our taxpayers as well. To  
22 that I'd ask for a -- Jason Long to brief us on  
23 the bill. In addition, I think you've been handed  
24 out what we call runs provided by the Department  
25 of Education. Jason, thank you for being here.



1 MR. LONG: Thank you, Mr. Chairman,  
2 members of the committee. House bill 2740 does  
3 make amendments regarding school finance. You  
4 have a copy of the bill there at your seat along  
5 with a copy of the Memorandum summarizing the bill  
6 from our office. What the bill does is address  
7 supplemental general state aid and capital outlay  
8 state aid. This may sound familiar to you as you  
9 had a hearing just last week on a separate bill.

10 Under this one, if you think back, under  
11 current law as a portion of the block grant under  
12 Senate Bill 7 school districts received an amount  
13 of supplemental general state aid that was equal  
14 to what the school district received for school  
15 year '14-'15 and that's equalization state aid for  
16 school districts, you levy a local option budget  
17 property tax levy. Under House Bill 2740, instead  
18 of going through the block grant there would be a  
19 separate statutory formula for determining that  
20 supplemental general state aid and it would be  
21 distributed pursuant to a specific appropriation.  
22 You can see that on page 1, line 13, is the  
23 appropriated amount for next school year, school  
24 year '16-'17.

25 The statutory formula is in Section 2 of the





1 bill and what it does, you've seen this before, it  
2 takes the assessed valuation per pupil of the  
3 district, rounds that to the nearest one-  
4 thousandth dollar amount, sets up a schedule in  
5 thousand dollar increments. You find the median  
6 point of that schedule and that gets assigned a  
7 state aid computation percentage of 25 percent,  
8 and then as you go up in wealth, go up in those  
9 thousand dollar increments your percentage goes  
10 down one percent per one thousand increment or if  
11 you're a poverty, a poorer district and you're  
12 below that median point, for every thousand dollar  
13 increment you're below your percentage goes up one  
14 percent up to a maximum of a hundred percent. And  
15 then that percentage computation that's assigned  
16 to your district based on where you fall in that  
17 schedule is multiplied by your local option budget  
18 and that's the amount of supplemental general  
19 state aid that a school district will receive in  
20 school year '16-'17 under House Bill 2740.

21 That section is made a part of the CLASS Act  
22 and expires on June 30th, 2017, along with the  
23 rest of the CLASS Act, and then in addition to  
24 that, Section 3 of the bill deals with capital  
25 outlay state aid and again, under current law



1 that's a portion of your block grant, but under  
2 House Bill 2740 that is being pulled out of the  
3 block grant and going to be calculated and  
4 distributed through a separate item of  
5 appropriation. On page 1, line 20, is that line  
6 item and this would be calculated in the same  
7 manner as the supplemental general state aid. So,  
8 again, rounding the AVPP, doing the schedule,  
9 finding the median point, the computation  
10 percentage, and for capital outlay state aid it's  
11 that percentage times the capital outlay levy that  
12 the school district makes for school year '16-'17;  
13 and, so, we're using the same equalization formula  
14 for both capital outlay state aid and LOB state  
15 aid for next school year under House Bill 2740.  
16 Again, and also that capital outlay state aid is  
17 also made a part of the CLASS Act and is set to  
18 expire on June 30th of 2017.

19 Then the other form of equalization state aid  
20 provided in this bill is in Section 4 and this is  
21 school district equalization state aid and this is  
22 based on comparing the school district's total  
23 state aid from this current year, '15-'16,  
24 compared to what they will receive under the bill  
25 in '16-'17. So, we're going to look at the school



1 district's supplemental and capital outlay state  
2 aid for next year under this bill, what that total  
3 aggregate amount is, compare that to what they  
4 receive through the block grant in supplemental  
5 and capital outlay state aid this year, and to the  
6 extent they receive less next year then they're  
7 going to get equalization state aid under Section  
8 4. It's an additional amount of equalization  
9 state aid for next year, but only those districts  
10 that actually have less in supplemental and  
11 capital outlay state aid next year than what they  
12 received this year and the amount of that  
13 additional equalization state aid is that  
14 difference. So, you can think of it kind of as a  
15 hold harmless in terms of equalization of state  
16 aid for the school districts for school year '16-  
17 '17 and you can see that is appropriated on page  
18 1, line 14, it's the 61 million plus dollars  
19 appropriated for that school district equalization  
20 state aid. That section also is made a part of  
21 the CLASS Act and is set to expire on June 30th of  
22 2017.

23 Section 6 of the bill amends the actual block  
24 grant calculation. Since we, the bill proposes to  
25 distribute supplemental general state aid and



1 capital outlay state aid through direct  
2 appropriation it's no longer going to be  
3 distributed through the block grant. There's a  
4 new calculation for block grant funding for school  
5 year '16-'17 that excludes those two amounts, so,  
6 that's the amendment in Section 6 of the bill.

7 And then Section 7 amends the extraordinary  
8 need fund and if you recall, the extraordinary  
9 need fund was a mechanism by which school  
10 districts could apply to the State Finance Council  
11 if they had extraordinary growth or extraordinary  
12 loss in assessed valuation or some other  
13 unforeseen circumstance that significantly  
14 impacted their general fund budget, they could  
15 apply to the State Finance Council for additional  
16 extraordinary need state aid, both this year and  
17 next year under the, under Senate Bill 7. What  
18 House Bill 2740 does is shift that from the State  
19 Finance Council to the State Board of Education.  
20 So, for next school year school districts would  
21 submit their application to the State Board of  
22 Education for extraordinary need and then I'll  
23 point out that in addition to the current three  
24 considerations for extraordinary state aid, on  
25 page 10 of the bill, line 16 through 19, the State



1 Board can also consider whether the applicant  
2 school district has reasonably equal access to  
3 substantially similar educational opportunity  
4 through similar tax efforts. That is the  
5 equitable standard under the Constitution that the  
6 Supreme Court has said is required pursuant to  
7 Article 6, Section 6, and, so, to the extent the  
8 school district believes it needs more state aid  
9 to meet that equitable standard, the State Board  
10 of Education can consider that in the application  
11 of the school district and grant extraordinary  
12 need state aid based on that consideration.

13 Then I'll also point out on page 10 of the  
14 bill, lines 30 through 34, the State Board that is  
15 conducting these application reviews and having  
16 hearings is to act in accordance with the Kansas  
17 Administrative Procedure Act and any decisions of  
18 the State Board are subject to the Kansas Judicial  
19 Review Act.

20 And then finally I'll point out on page 11 of  
21 the bill the nonseverability statute, K.S.A. 72-  
22 6481, is amended by this bill to make it a  
23 severability statute so that, one, the CLASS Act  
24 would include the new Sections 2, 3 and 4 as all  
25 part of the same act, but then if any provision,



1 including any provision of those sections is found  
2 unconstitutional by the court, that portion can be  
3 severed from the rest of the Act and the remainder  
4 of the Act will be allowed to proceed and be in  
5 full force and effect going forward simply without  
6 that provision that was found unconstitutional.  
7 So, there is that change.

8 If enacted the bill will become effective on  
9 July 1 of 2016 and with that, Mr. Chairman, I'll  
10 be happy to stand for any questions.

11 CHAIRMAN RYCKMAN: Thank you, Jason. I'd  
12 also like to remind the committee that we have a  
13 transcriptionist here to help us document the  
14 conversations and, so, I know I need to be  
15 reminded as some others to speak maybe a little  
16 slower as you ask your questions. Any questions  
17 for Jason? Well, the first one I would have, and  
18 again you touched on it briefly, but can you again  
19 kind of give the rationale for the severability  
20 versus nonseverability?

21 MR. LONG: Sure. The -- so, with the  
22 severability provision, and we put these in a lot  
23 of statutory acts, what it is is it's a statement  
24 by the legislature that if the court were to find  
25 any particular part of the Act to be in violation



1 of the constitutional provision, then it would be  
2 the legislature's intention that that portion be  
3 severed from the Act and the rest of the Act  
4 remain in full force and effect and, so, that is  
5 what the change to 72-6481 is doing is it's  
6 expressing the intent of the legislature that the  
7 provisions of the CLASS Act be severable and that  
8 if any provision is found unconstitutional it be  
9 cut off from the rest of the Act and the rest of  
10 the Act be given full force and effect moving  
11 forward in school year '16-'17.

12 CHAIRMAN RYCKMAN: Any questions on that?  
13 Jason, another question I have is, give me an  
14 understanding of the court's ruling as far as  
15 under one formula, you know, referencing the  
16 relevant portions of the previous school funding  
17 system as fully funded and then the current block  
18 system, does this -- how does this address that?

19 MR. LONG: The court stated one way of,  
20 in the court's words, curing the constitutional  
21 infirmity with regard to equity would be to  
22 reenact the school funding formulas for local  
23 option budget and for capital outlay as they were  
24 prior to Senate Bill 7. What House Bill 2740 does  
25 is take the formula, that formula that was in



1 effect prior to Senate Bill 7 for capital outlay  
2 and makes it uniform as to both tax levies. So,  
3 it applies under this bill to both the local  
4 option budget equalization formula and to the  
5 capital outlay equalization formula. The court  
6 was silent as to why there were two different  
7 formulas or even that there was a need for two  
8 different formulas. The court simply stated that  
9 there was a formula for LOB and there was a  
10 formula for capital outlay and, so, there was no  
11 language in the court's opinion, to my  
12 recollection, distinguishing the two, why there  
13 couldn't be a uniform equalization formula, but at  
14 the same time there was no language in the court's  
15 opinion stating that one formula could be applied  
16 to the other. The court didn't have any express  
17 language to that effect, so, applying one to the  
18 other is kind of a new tact that wasn't -- there  
19 was no clear guidance given by the court on this  
20 method.

21 CHAIRMAN RYCKMAN: Representative Kleeb.

22 REPRESENTATIVE KLEEB: Thank you, Mr.  
23 Chairman. I wanted to, Jason, have you go into  
24 Section 4 just a little bit and talk about this  
25 hold harmless aspect. In particular, so, we are





1 holding districts that have this change due to  
2 this formula, we're holding them even with the  
3 financing, is that my understanding?

4 MR. LONG: Yes. To the extent that  
5 because of the change in how the supplemental  
6 general state aid is being calculated under this  
7 bill, to the extent that their total supplemental  
8 general state aid and capital outlay state aid  
9 amount is less next year than what they received  
10 through the block grant this year, Section 4 makes  
11 up that difference and provides that difference to  
12 the school district so that they would receive the  
13 same amount as they received this year.

14 REPRESENTATIVE KLEEB: Past changes to  
15 the school finance formula bills have changed the  
16 equity piece from 75 to 81.2 and all this sort of  
17 thing. Is this hold harmless been in past bills  
18 that have come along or has it been a matter of  
19 practice?

20 MR. LONG: No, what you see in Section 4  
21 would be new school district equalization state  
22 aid. I will point out that the formula used in  
23 Section 2 and Section 3 is the same formula based  
24 on that 25 percent at the median point that the  
25 court indicated would be, would meet its equitable



1 standard for capital outlay state aid in its  
2 recent opinion; but no, this hold harmless  
3 equalization state aid has not been addressed by  
4 the court in any prior decision.

5 REPRESENTATIVE KLEEB: No, I'm not saying  
6 addressed. Has it been a matter of practice in  
7 the past when there have been changes in school  
8 finance formula?

9 MR. LONG: Well, in speaking to the prior  
10 formula, the SDFQPA, those changes, no, I don't  
11 believe there was -- usually when there were  
12 tweaks to that formula there was not a new fund  
13 created to hold districts harmless as a result of  
14 the tweaks to the formula, if that's what you're  
15 asking. That's not been the practice over that 20  
16 year history of the SDFQPA.

17 REPRESENTATIVE KLEEB: So, this is --  
18 certainly equalization means different things to  
19 different people and, so, this is to try to buy us  
20 a year as we delve into that whole discussion of  
21 what is equalization?

22 MR. LONG: Well, I believe this hold  
23 harmless amount is called school district  
24 equalization state aid because it's predicated on  
25 that difference in equalization state aid between



1 next year and this year.

2 REPRESENTATIVE KLEEB: Thank you, Mr.  
3 Chairman.

4 CHAIRMAN RYCKMAN: I think it's  
5 consistent with what we heard yesterday, that any  
6 -- most times when there's been a change there has  
7 been a hold harmless provision. We heard that  
8 from many of our stakeholders. Representative  
9 Claeys.

10 REPRESENTATIVE CLAEYS: Thank you, Mr.  
11 Chairman. There was some talk, Jason, last time  
12 of AVPP of 81.2. In this is that number  
13 essentially picked out of the sky or created at  
14 the flip of a coin, does that number still exist  
15 or is there some other mechanism for arriving at  
16 that?

17 MR. LONG: No, the formula would not be  
18 based on any 81.2 percentile threshold under House  
19 Bill 2740. Instead it uses that median point and  
20 assigns a 25 percent computation factor to that  
21 median point just like the formula in 72-8814 did  
22 for capital outlay prior to its repeal last year  
23 under Senate Bill 7. So, this is an established  
24 formula that was in use for several years prior to  
25 Senate Bill 7's enactment last year.



1 REPRESENTATIVE CLAEYS: Okay, thank you,  
2 Jason. Thank you, Mr. Chairman.

3 CHAIRMAN RYCKMAN: In follow up to that,  
4 I don't believe -- Jason, correct me if I'm wrong,  
5 the Supremes did not appear to require two  
6 formulas or preclude one. Can you respond to that  
7 part of the question?

8 MR. LONG: No, the court -- I don't think  
9 there's any language in the court's opinion that  
10 would clearly preclude what's proposed in 2740 nor  
11 clearly endorse what's in House Bill 2740, Mr.  
12 Chairman.

13 CHAIRMAN RYCKMAN: Another question,  
14 Representative Wolfe Moore.

15 REPRESENTATIVE WOLFE MOORE: I can wait  
16 till you're done, Mr. Chairman.

17 CHAIRMAN RYCKMAN: Go ahead.

18 REPRESENTATIVE WOLFE MOORE: Thank you,  
19 Mr. Chair. Sir, I don't know if you can answer  
20 this, but -- so, the court said that the state aid  
21 is, the amount of state aid is inequitable, so,  
22 we're essentially using the same amount of money,  
23 it appears to me, except maybe for about two  
24 million extra that comes from the extraordinary  
25 need fund, and, so, not all districts get that and



1 some will still be considered funded inequitably,  
2 so, I'm trying to figure out how this solves our  
3 problem with the courts.

4 MR. LONG: This is -- I don't know and I  
5 can't speak to whether or not this would  
6 absolutely solve the problem for the courts.  
7 That's up to the court to decide whether or not  
8 this meets the constitutional standard. What this  
9 is is a change in the distribution of supplemental  
10 general state aid and capital outlay state aid  
11 from what was used for this current year, for the  
12 '15-'16 year. This is proposing a change in that  
13 distribution for school year '16-'17 using a  
14 distribution formula that was in effect for  
15 capital outlay state aid prior to the enactment of  
16 Senate Bill 7; but, yeah, I believe the amount --  
17 there is some built-in growth amount for any  
18 slight adjustments in school district assessed  
19 valuation, but I believe it is the same amount  
20 that was appropriated for last year.

21 REPRESENTATIVE WOLFE MOORE: That's what  
22 I thought. Thank you, Mr. Chair.

23 CHAIRMAN RYCKMAN: And again, we're  
24 talking about equity, not adequacy.  
25 Representative Claeys.



1                   REPRESENTATIVE CLAEYS: Thank you, Mr.  
2 Chair, for the second bite at the apple. Can you  
3 go into why we would want to send the dollars to  
4 the Department of Education? Is there a timing  
5 issue behind that? What is the rationale behind  
6 that?

7                   MR. LONG: Well, I can't speak to the  
8 intent of the requester in making that change. I  
9 do note in past court decisions there has been  
10 some language indicating a question as to why that  
11 extraordinary need fund was being overseen by the  
12 State Finance Council and not the State Board of  
13 Education since it was state aid to go to school  
14 districts. Then I do know that the State Board of  
15 Education meets on a monthly basis, which is quite  
16 a bit more frequently than the State Finance  
17 Council and, so, they do have permanent staff over  
18 there at the State Board of Education. So, there  
19 is that aspect of the transfer over to the State  
20 Board of Education.

21                   REPRESENTATIVE CLAEYS: So, response  
22 times would be improved if they were to use the  
23 Department of Education? Reviewers wouldn't come  
24 into play as much as they're meeting more  
25 frequently.



1 MR. LONG: I would probably have to defer  
2 to the State Board in terms of how they would view  
3 this change and how they would administer that  
4 provision, but presumably meeting more often would  
5 allow them to review the applications more often,  
6 but again I'd defer to the State Board on that  
7 question.

8 REPRESENTATIVE CLAEYS: Thank you, Jason;  
9 thank you, Mr. Chairman.

10 CHAIRMAN RYCKMAN: Any other questions  
11 for Jason? Representative Lunn.

12 REPRESENTATIVE LUNN: Thank you, Mr.  
13 Chairman, and this may be for you but, Jason, your  
14 thoughts on this. Is this more of a, you consider  
15 this more of a stop gap measure to satisfy the  
16 courts and contain their threat of closing our  
17 schools or do you see this as a foundational move  
18 toward a future formula?

19 MR. LONG: The provisions in House Bill  
20 2740 are only in effect for school year '16-'17.  
21 The new sections expire at the same time as the  
22 CLASS Act does on June 30 of 2017, so, there's no  
23 future prospect of this continuing on, at least  
24 under this bill, 2740, for any future school years  
25 beyond next school year.



1 REPRESENTATIVE LUNN: Thank you.

2 CHAIRMAN RYCKMAN: Representative Barker.

3 REPRESENTATIVE BARKER: Thank you, Mr.  
4 Chairman. Jason, just a couple questions on your  
5 severability clause and I agree that it's used on  
6 a lot of federal legislation and some state  
7 legislation, but my experience is, and you can  
8 differ with me, I'd love your opinion, normally  
9 when the court strikes down certain section of the  
10 statutes it's usually the heart of the statute,  
11 and the rest of it, the remaining sections could  
12 not stand on their own. Are you telling me that  
13 Section 6 or Section 4 gets struck that this would  
14 still stand?

15 MR. LONG: There are court cases where  
16 the courts have, have not strictly adhered to a  
17 severability provision given the provisions of the  
18 Act that were deemed unconstitutional. This is  
19 simply stating that if the remainder of the rest  
20 of the Act can be given full force and effect  
21 going forward without that provision deemed  
22 unconstitutional, then it would be the  
23 legislature's intent to maintain that, that  
24 effectiveness of the rest of the Act rather than  
25 render the entire act unconstitutional.





1 REPRESENTATIVE BARKER: All right, thank  
2 you, Mr. Chairman.

3 CHAIRMAN RYCKMAN: And again, I think the  
4 purpose of that shift is, do everything we can to  
5 assure schools remain open. Any other questions?  
6 All right, we do have handouts here if you have  
7 questions on the runs, if you want to bring up Jay  
8 Gene or Eddie to go over them. Any questions --  
9 Mr. Dennis is here. Any questions, if we put him  
10 on the spot that he typically is a breath of  
11 information? Not seeing any.

12 REPRESENTATIVE BALLARD: Would you repeat  
13 that again?

14 NEW SPEAKER: Any questions.

15 CHAIRMAN RYCKMAN: Representative  
16 Ballard.

17 REPRESENTATIVE BALLARD: Thank you. I  
18 think Representative Wolfe Moore brought it up,  
19 but I've tried to read the opinion and it says  
20 even though we talked earlier about equalization,  
21 we talked about new monies. Now, just because we  
22 shifted 15 million to State Board of Education, is  
23 there any new money in here? I mean, I don't see  
24 any new money. Did they say solely we would deal  
25 with equalization part of it or did it say



1 equalization, go back to the areas that we needed  
2 to deal with, and new money and we're making a  
3 choice to go with one?

4 CHAIRMAN RYCKMAN: This is a response to  
5 the equity portion of the lawsuit and the, and the  
6 -- there is a little bit of additional money  
7 that's a little over two million dollars that has  
8 been, that was part of the extraordinary needs  
9 fund. The extraordinary needs fund in this bill  
10 is going to the Department of Education to  
11 administer to our school districts.

12 REPRESENTATIVE BALLARD: And where is the  
13 two million going?

14 CHAIRMAN RYCKMAN: That's to the schools.  
15 There's a few districts that under the  
16 capitalization formula for the LOB, I think  
17 probably -- haven't studied them directly, but  
18 probably ones that lost significant valuation,  
19 they do get increased LOB aid when you run it  
20 through the capitalization formula.

21 REPRESENTATIVE BALLARD: Okay. So, I  
22 guess you could say, we could say we have some new  
23 monies going here, so, we're addressing both  
24 areas, but mainly the equity part?

25 CHAIRMAN RYCKMAN: Yeah, this bill deals



1 with equity.

2 REPRESENTATIVE BALLARD: And you say we  
3 could ask -- did you say Dale Dennis?

4 CHAIRMAN RYCKMAN: Sure. Mr. Dennis.

5 MR. DENNIS: Yes, sir.

6 CHAIRMAN RYCKMAN: Representative  
7 Ballard.

8 REPRESENTATIVE BALLARD: Thank you, Mr.  
9 Chairman, again. In terms of the equalization  
10 portion and the way you -- can I ask him any  
11 question? Okay. I get to be the attorney today,  
12 right? No, but in looking at this, do we address  
13 the equalization portion or, or does it lean  
14 heavier on new money? That's what I'm unclear  
15 about.

16 MR. DENNIS: There's not a significant  
17 increase in new money, no.

18 REPRESENTATIVE BALLARD: But does the  
19 opinion specifically talk more about new money or  
20 did it put more weight on equity?

21 MR. DENNIS: Equity in this case I  
22 believe was the issue. Jason is the expert on  
23 that, but I think equity was what the emphasis  
24 was.

25 REPRESENTATIVE BALLARD: What problems do



1 you see with this bill?

2 MR. DENNIS: The -- nobody loses, okay,  
3 and if there's an issue it will be the change and  
4 I think anybody involved in it would say this,  
5 when you change from 81st percentile to the  
6 capital outlay equalization, somebody could raise  
7 that issue, that's possible; but how, how somebody  
8 may rule on that I don't know, but that issue will  
9 no doubt be discussed 'cause you're changing the  
10 amount of dollars equalized in the LOB from one  
11 formula to another.

12 REPRESENTATIVE BALLARD: And how would  
13 2740 help the school districts?

14 MR. DENNIS: Well, probably the biggest  
15 help that some of them would say is they don't  
16 lose any money. Remember some of the other runs,  
17 there was -- you lost. No money loses under this  
18 plan.

19 REPRESENTATIVE BALLARD: Thank you very  
20 much.

21 CHAIRMAN RYCKMAN: I'll also remind the  
22 committee that we will open a full hearing up  
23 tomorrow morning at 9:30. This was scheduled for  
24 now and this is not your only time to ask  
25 questions. We just wanted to get information out



1 so you'd have a little more time to digest it.

2 Mr. Dennis thank you. One more question from  
3 Representative Kleeb.

4 REPRESENTATIVE KLEEB: Thank you. Dale,  
5 we've made tweaks in the past school formula bill.  
6 This concept of hold harmless, is this new?

7 MR. DENNIS: In recent history, yes, but  
8 you go back a ways the answer is no. It's not  
9 unusual to have a hold harmless when you  
10 transition to something else. That's not  
11 particularly unusual and usually it's a phase out,  
12 with me? You do hold harmless, you're going to  
13 something new and you'll phase it out over time.  
14 That's not unusual.

15 REPRESENTATIVE KLEEB: So, the hold  
16 harmless may be even more than just one school  
17 year; it could be phased out over two or three or  
18 four.

19 MR. DENNIS: It could be -- in the past  
20 if you phased it out over time, why, that's been  
21 done before and the -- the, the amount here is  
22 rather, is maybe on the high side, but it's been  
23 done before, but the number of dollars we're  
24 dealing with is a lot higher than it was the last  
25 time this happened. A lot more dollars involved.



1 Percentagewise probably not much difference, but  
2 this has been done before.

3 REPRESENTATIVE KLEEB: And the losers in  
4 this case, so to speak, we have winners and  
5 losers, the losers are for the most part taking  
6 money out of classrooms or out of actual school  
7 functions potentially and buying down the taxes  
8 of --

9 MR. DENNIS: Well, a good budget person,  
10 I think the answer would be no, I don't think it  
11 would take it out of the classroom. I gave you  
12 example that the hold harmless money is going to  
13 the general fund. That can go to the classroom.  
14 The current LOB can go to the classroom, and you  
15 brought up the definition of capital outlay that  
16 helps that and some of that could go to the  
17 classroom like equipment, so, phase of that, so, I  
18 don't think there'd be much -- that would be a big  
19 issue. I don't think it would be. Going to the  
20 classroom part shouldn't be an issue.

21 REPRESENTATIVE KLEEB: Okay, understood.  
22 So, the main thing I just wanted to double-check,  
23 this hold harmless concept has not only been done,  
24 but it's been phased in over the years in the  
25 past.



1 MR. DENNIS: Usually when the legislature  
2 has done this, you go back umpteen years, why,  
3 they phased it out over time. Said, here's what  
4 you're guaranteed and as the money goes up,  
5 changes come about, then it phased out. Sometimes  
6 there's been even a year where it's been good for  
7 so long, but it's usually always phased out.

8 REPRESENTATIVE KLEEB: Thank you, Mr.  
9 Chairman.

10 CHAIRMAN RYCKMAN: Representative Henry.

11 REPRESENTATIVE HENRY: Real quickly,  
12 Dale, the bill we had preceding, 2731, I believe  
13 the losers was Johnson County, can't remember, six  
14 or seven million, winner was Wichita, about the  
15 same amount, if I remember the testimony. How  
16 does, what does 2740 do for those two?

17 MR. DENNIS: If you add the -- you have  
18 the summary, I might mention to you, there's a  
19 printout back, that back supports each one of  
20 those columns, like capital outlay, LOB. It's on  
21 the website if you want to look at it, KSDE.org  
22 and go to school finance and what's new, and staff  
23 will be glad to give you one. Now, you asked  
24 about the selected districts. If you turn and  
25 take a look at Sedgwick County first in the



1 summary page, under this plan Wichita would end up  
2 gaining about 1.5 million and that would come  
3 under the hold harmless clause. So, in essence,  
4 what they do is break even. Wichita breaks even.  
5 When you get hold harmless you're breaking even.  
6 So, if you go back to Johnson County I think  
7 you're going to find them the same way. They get  
8 hold harmless and if you get hold harmless you're  
9 breaking even.

10 REPRESENTATIVE HENRY: But under 2731  
11 they would have, Wichita would have gained money,  
12 but under this they break even?

13 MR. DENNIS: That's correct.

14 REPRESENTATIVE HENRY: Under the old, the  
15 other formula, Johnson County was losing  
16 substantial money, but under this they break even?

17 MR. DENNIS: That's correct. You'll  
18 find, sir, anybody that has money, I believe, JG  
19 and column 4 are all break even folks. So, if you  
20 look at column 4 they're all breaking even. So,  
21 you are correct, Wichita, they've gained on that  
22 one, and Johnson County as a general rule lost and  
23 this time they both break even under this  
24 proposal.

25 CHAIRMAN RYCKMAN: Representative Wolfe





1 Moore.

2 REPRESENTATIVE WOLFE MOORE: Thank you,  
3 Mr. Chair. I also want to ask my question again  
4 because I still don't understand. So, in this  
5 bill, except for a few districts most people get  
6 the same amount of money, so, I'm trying to  
7 understand how that fixes the equity problem.

8 MR. DENNIS: I'll let Jason answer that,  
9 he really wants to; but that's, that's an opinion  
10 for the attorneys and the court really; but  
11 anybody you see in column 4 is break even, that's  
12 correct.

13 REPRESENTATIVE WOLFE MOORE: Okay, thank  
14 you. Thank you, Mr. Chair.

15 CHAIRMAN RYCKMAN: Representative Hutton.

16 REPRESENTATIVE HUTTON: Thank you, Mr.  
17 Chair, and in the last time we had this discussion  
18 it was apparent that the bulk of what was going  
19 back to some school districts was going to be  
20 really returning to taxpayers as property tax  
21 reduction. How does this approach jive up with --  
22 will this result in all this going still to  
23 property tax reductions or will this actually  
24 result in more money to the school districts?

25 MR. DENNIS: No, it will not -- this, the



1 effect of this will not reduce property tax  
2 overall. The expenditures will stay about the  
3 same. There will be -- you won't see any increase  
4 in expenditures and anybody in column 4 breaks  
5 even in expenditures and, so, no, you will not see  
6 that. Now, the reason why I say property tax  
7 could go up, if the LOB goes -- they're losing --  
8 they lose state aid in their LOB, they make that  
9 up in the hold harmless clause. The hold harmless  
10 money or equalization money goes to the general  
11 fund and that can go to somebody -- that can go to  
12 the general fund to be spent in classroom. Now,  
13 the board's question then is the money they lost  
14 in the state aid, do they want to raise the mill  
15 levy or cut the budget.

16 CHAIRMAN RYCKMAN: And what money would  
17 they lose in state aid?

18 MR. DENNIS: The money they would lose in  
19 LOB state aid would be shown in column 2. That's  
20 made up in hold harmless, but the board would have  
21 some options. The hold harmless money goes to the  
22 general fund and the LOB state aid loss is felt in  
23 the LOB fund. Now, there's a way you can do this.  
24 The school district could choose to take the hold  
25 harmless money and indirectly put it in LOB and



1 not raise the mill levy, but you're more likely to  
2 see a little increase in mill levy because the LOB  
3 state aid is going down as such. They got the  
4 same amount of money, but local boards will decide  
5 that and, Representative Hutton, they'll be all  
6 over the place. Some will choose to raise the  
7 mill levy, some will say my board won't do it; so,  
8 they'll be all over the place. Local decision  
9 there.

10 CHAIRMAN RYCKMAN: Thanks for clarifying.  
11 Again, I think to Representative Hutton's point,  
12 this does give a lot more flexibility to our  
13 boards, to the school boards. Any other  
14 questions? Representative Kleeb.

15 REPRESENTATIVE KLEEB: Mr. Chairman, I  
16 just wanted to follow up, Representative Henry  
17 brought up and certainly Representative Wolfe  
18 Moore, as I recall on 2731, despite Wichita  
19 getting a lot more money potentially, et cetera,  
20 we had virtually no proponents for that concept,  
21 did we?

22 CHAIRMAN RYCKMAN: I think we had four  
23 neutrals.

24 REPRESENTATIVE KLEEB: Four neutrals, so,  
25 despite more money no school districts showed up



1 to call that a good strategy. Okay, thank you, I  
2 just wanted to double-check, and thank you.

3 CHAIRMAN RYCKMAN: Committee, again, we  
4 will continue this conversation at the formal  
5 hearing tomorrow I believe at 9:30, but stay  
6 tuned. As you know, things can change here.  
7 Appreciate you being here.

8 (THEREUPON, the meeting adjourned at 3:15  
9 p.m.)

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**C E R T I F I C A T E**

**STATE OF KANSAS**

**SS :**

**COUNTY OF SHAWNEE**

I, Barbara J. Hoskinson, 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  
23rd day of March, 2016.

*Barbara J. Hoskinson*

Barbara J. Hoskinson, C.C.R. No. 0434



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**MEMORANDUM**

To: Chairman Ryckman  
Members of the House Committee on Appropriations

From: Jason B. Long, Senior Assistant Revisor

Date: March 22, 2016

Subject: HB 2740 – Amendments to the CLASS Act regarding supplemental general state aid and capital outlay state aid.

House Bill No. 2740 makes various amendments regarding school finance. The bill establishes a statutory formula for determining supplemental general state aid and capital outlay state aid. The statutory formula is the same for both forms of state aid. The bill also places the extraordinary need fund under the administration of the State Board of Education. Finally, the bill makes appropriations for equalization state aid and the extraordinary need fund for fiscal year 2017.

Under current law, as a portion of their block grant, school districts receive an amount equal to the supplemental general state aid the district received for school year 2014-2015. Supplemental general state aid is equalization assistance for school districts that levy a local option budget property tax. Section 2 of HB 2740 establishes a statutory formula for determining supplemental general state aid. Under this section the State Board of Education determines the AVPP of each school district and rounds each figure to the nearest \$1,000. Then, the State Board prepares a schedule listing the rounded AVPP amounts from lowest to highest. The median AVPP is then assigned a state aid computation percentage of 25%. For each \$1,000 increment above the median AVPP the computation percentage decreases by 1%. For each \$1,000 increment below the median AVPP the computation percentage increases by 1% with a maximum of 100%. The state aid computation percentage for a school district's AVPP on the schedule is then multiplied by the school district's local option budget. This section sunsets on June 30, 2017, at the same time as the CLASS Act.

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Currently, as a portion of their block grant, school districts also receive an amount equal to the capital outlay state aid the district received for school year 2014-2015. This form of state aid is equalization assistance for school districts that levy a capital outlay property tax under K.S.A. 72-8801. Section 3 of HB 2740 reestablishes the formula for determining capital outlay state aid that was contained in K.S.A. 72-8814 prior to its repeal. This is the same formula used in Section 2 for determining the state aid computation percentage. The state aid computation percentage for a school district's AVPP on the schedule is then multiplied by the school district's capital outlay levy amount to determine the capital outlay state aid to be paid to such district. This section also sunsets on June 30, 2017, at the same time as the CLASS Act.

Section 4 of HB 2740 provides school district equalization state aid. This is a new form of equalization state aid available for certain eligible school districts. To be eligible for such state aid a school district's combined supplemental general state aid and capital outlay state aid for fiscal year 2017 must be less than what the school district received as supplemental general state aid and capital outlay state aid under the block grant for fiscal year 2016. If the school district is eligible for this additional equalization state aid, then the difference between the FY 2017 amount and the FY 2016 amount is the amount of state aid to be paid to the school district.

Section 6 amends K.S.A. 72-6465 to adjust the calculation of the block grant amount for each school district. Sections 2 and 3 provide for direct appropriations of the equalization state aid. Because of this the block grant amount for school year 2016-2017 must be calculated excluding those amounts.

Section 7 amends K.S.A. 72-6476 to shift the review and approval of extraordinary need funds from the State Finance Council to the State Board of Education. School districts must still submit an application for extraordinary need funding, and the State Board may approve or deny such application. In addition to the current extraordinary need considerations, the State Board may also consider whether the school district has reasonably equal access to substantially similar educational opportunity through similar tax effort. All proceedings of the State Board under this section are to be conducted in accordance with the Kansas Administrative Procedure Act, and all decisions of the State Board with respect to extraordinary need are subject to the Kansas Judicial Review Act.

Section 8 amends K.S.A. 72-6481 to add Sections 2 through 4 to the CLASS Act, and to make the CLASS Act severable.

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Section 9 amends K.S.A. 74-4939a regarding the payment of KPERS employer obligations for school districts. This is a conforming amendment that is needed due to the amendments to K.S.A. 72-6465.

If enacted the bill would become effective on July 1, 2016.



**HOUSE BILL No. 2740**

By Committee on Appropriations

3-22

1 AN ACT concerning education; relating to the financing and instruction  
2 thereof; making and concerning appropriations for the fiscal year  
3 ending June 30, 2017, for the department of education; relating to the  
4 classroom learning assuring student success act; amending K.S.A. 2015  
5 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing  
6 the existing sections.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*  
9 Section 1.

10 DEPARTMENT OF EDUCATION

11 (a) There is appropriated for the above agency from the state general  
12 fund for the fiscal year ending June 30, 2017, the following:

13 Supplemental general state aid.....\$367,582,721  
14 School district equalization state aid.....\$61,792,947

15 (b) There is appropriated for the above agency from the  
16 following special revenue fund or funds for the fiscal year ending June 30,  
17 2017, all moneys now or hereafter lawfully credited to and available in  
18 such fund or funds, except that expenditures other than refunds authorized  
19 by law and transfers to other state agencies shall not exceed the following:

20 School district capital outlay state aid fund.....No limit

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above  
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016  
23 House Substitute for Senate Bill No. 161 from the state general fund in the  
24 block grants to USDs account (652-00-1000-0500), the sum of  
25 \$477,802,500 is hereby lapsed.

26 (d) On July 1, 2016, the expenditure limitation established for the  
27 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015  
28 Session Laws of Kansas on the school district extraordinary need fund of  
29 the department of education is hereby decreased from \$17,521,425 to  
30 \$15,167,962.

31 (e) On July 1, 2016, or as soon thereafter as moneys are available, the  
32 director of accounts and reports shall transfer \$15,167,962 from the state  
33 general fund to the school district extraordinary need fund of the  
34 department of education.

35 New Sec. 2. (a) For school year 2016-2017, each school district that  
36 has adopted a local option budget is eligible to receive an amount of

1 supplemental general state aid. A school district's eligibility to receive  
2 supplemental general state aid shall be determined by the state board as  
3 provided in this subsection. The state board of education shall:

4 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
5 of each school district in the state and round such amount to the nearest  
6 \$1,000. The rounded amount is the AVPP of a school district for the  
7 purposes of this section;

8 (2) determine the median AVPP of all school districts;

9 (3) prepare a schedule of dollar amounts using the amount of the  
10 median AVPP of all school districts as the point of beginning. The  
11 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
12 from the point of beginning to and including an amount that is equal to the  
13 amount of the AVPP of the school district with the highest AVPP of all  
14 school districts and shall range downward in equal \$1,000 intervals from  
15 the point of beginning to and including an amount that is equal to the  
16 amount of the AVPP of the school district with the lowest AVPP of all  
17 school districts;

18 (4) determine a state aid percentage factor for each school district by  
19 assigning a state aid computation percentage to the amount of the median  
20 AVPP shown on the schedule, decreasing the state aid computation  
21 percentage assigned to the amount of the median AVPP by one percentage  
22 point for each \$1,000 interval above the amount of the median AVPP, and  
23 increasing the state aid computation percentage assigned to the amount of  
24 the median AVPP by one percentage point for each \$1,000 interval below  
25 the amount of the median AVPP. The state aid percentage factor of a  
26 school district is the percentage assigned to the schedule amount that is  
27 equal to the amount of the AVPP of the school district, except that the state  
28 aid percentage factor of a school district shall not exceed 100%. The state  
29 aid computation percentage is 25%;

30 (5) determine the amount of the local option budget adopted by each  
31 school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments  
32 thereto; and

33 (6) multiply the amount computed under subsection (a)(5) by the  
34 applicable state aid percentage factor. The resulting product is the amount  
35 of payment the school district is to receive as supplemental general state  
36 aid in the school year.

37 (b) The state board shall prescribe the dates upon which the  
38 distribution of payments of supplemental general state aid to school  
39 districts shall be due. Payments of supplemental general state aid shall be  
40 distributed to school districts on the dates prescribed by the state board.  
41 The state board shall certify to the director of accounts and reports the  
42 amount due each school district, and the director of accounts and reports  
43 shall draw a warrant on the state treasury payable to the treasurer of the

1 school district. Upon receipt of the warrant, the treasurer of the school  
2 district shall credit the amount thereof to the supplemental general fund of  
3 the school district to be used for the purposes of such fund.

4 (c) If any amount of supplemental general state aid that is due to be  
5 paid during the month of June of a school year pursuant to the other  
6 provisions of this section is not paid on or before June 30 of such school  
7 year, then such payment shall be paid on or after the ensuing July 1, as  
8 soon as moneys are available therefor. Any payment of supplemental  
9 general state aid that is due to be paid during the month of June of a school  
10 year and that is paid to school districts on or after the ensuing July 1 shall  
11 be recorded and accounted for by school districts as a receipt for the  
12 school year ending on the preceding June 30.

13 (d) If the amount of appropriations for supplemental general state aid  
14 is less than the amount each school district is to receive for the school year,  
15 the state board shall prorate the amount appropriated among the school  
16 districts in proportion to the amount each school district is to receive as  
17 determined under subsection (a).

18 (e) The provisions of this section shall be part of and supplemental to  
19 the classroom learning assuring student success act.

20 (f) The provisions of this section shall expire on June 30, 2017.

21 New Sec. 3. (a) There is hereby established in the state treasury the  
22 school district capital outlay state aid fund. Such fund shall consist of all  
23 amounts transferred thereto under the provisions of subsection (c).

24 (b) For school year 2016-2017, each school district which levies a tax  
25 pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall receive  
26 payment from the school district capital outlay state aid fund in an amount  
27 determined by the state board of education as provided in this subsection.  
28 The state board of education shall:

29 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
30 of each school district in the state and round such amount to the nearest  
31 \$1,000. The rounded amount is the AVPP of a school district for the  
32 purposes of this section;

33 (2) determine the median AVPP of all school districts;

34 (3) prepare a schedule of dollar amounts using the amount of the  
35 median AVPP of all school districts as the point of beginning. The  
36 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
37 from the point of beginning to and including an amount that is equal to the  
38 amount of the AVPP of the school district with the highest AVPP of all  
39 school districts and shall range downward in equal \$1,000 intervals from  
40 the point of beginning to and including an amount that is equal to the  
41 amount of the AVPP of the school district with the lowest AVPP of all  
42 school districts;

43 (4) determine a state aid percentage factor for each school district by

1 assigning a state aid computation percentage to the amount of the median  
2 AVPP shown on the schedule, decreasing the state aid computation  
3 percentage assigned to the amount of the median AVPP by one percentage  
4 point for each \$1,000 interval above the amount of the median AVPP, and  
5 increasing the state aid computation percentage assigned to the amount of  
6 the median AVPP by one percentage point for each \$1,000 interval below  
7 the amount of the median AVPP. The state aid percentage factor of a  
8 school district is the percentage assigned to the schedule amount that is  
9 equal to the amount of the AVPP of the school district, except that the state  
10 aid percentage factor of a school district shall not exceed 100%. The state  
11 aid computation percentage is 25%;

12 (5) determine the amount levied by each school district pursuant to  
13 K.S.A. 72-8801 et seq., and amendments thereto; and

14 (6) multiply the amount computed under subsection (b)(5), but not to  
15 exceed 8 mills, by the applicable state aid percentage factor. The resulting  
16 product is the amount of payment the school district is to receive from the  
17 school district capital outlay state aid fund in the school year.

18 (c) The state board shall certify to the director of accounts and reports  
19 the amount of school district capital outlay state aid determined under the  
20 provisions of subsection (b), and an amount equal thereto shall be  
21 transferred by the director from the state general fund to the school district  
22 capital outlay state aid fund for distribution to school districts. All transfers  
23 made in accordance with the provisions of this subsection shall be  
24 considered to be demand transfers from the state general fund.

25 (d) Payments from the school district capital outlay state aid fund  
26 shall be distributed to school districts at times determined by the state  
27 board of education. The state board of education shall certify to the  
28 director of accounts and reports the amount due each school district, and  
29 the director of accounts and reports shall draw a warrant on the state  
30 treasury payable to the treasurer of the school district. Upon receipt of the  
31 warrant, the treasurer of the school district shall credit the amount thereof  
32 to the capital outlay fund of the school district to be used for the purposes  
33 of such fund.

34 (e) The provisions of this section shall be part of and supplemental to  
35 the classroom learning assuring student success act.

36 (f) The provisions of this section shall expire on June 30, 2017.

37 New Sec. 4. (a) For school year 2016-2017, the state board of  
38 education shall disburse school district equalization state aid to each  
39 school district that is eligible to receive such state aid. In determining  
40 whether a school district is eligible to receive school district equalization  
41 state aid, the state board shall:

42 (1) Determine the aggregate amount of supplemental general state aid  
43 and capital outlay state aid such school district is to receive for school year

- 1 2016-2017 under sections 2 and 3, and amendments thereto, respectively;
- 2 (2) determine the aggregate amount of supplemental general state aid  
3 and capital outlay state aid such school district received as a portion of  
4 general state aid for school year 2015-2016 under K.S.A. 2015 Supp. 72-  
5 6465, and amendments thereto;
- 6 (3) subtract the amount determined under subsection (a)(1) from the  
7 amount determined under (a)(2). If the resulting difference is a positive  
8 number, then the school district is eligible to receive school district  
9 equalization state aid.
- 10 (b) The amount of school district equalization state aid an eligible  
11 school district is to receive shall be equal to the amount calculated under  
12 subsection (a)(3).
- 13 (c) The state board shall prescribe the dates upon which the  
14 distribution of payments of school district equalization state aid to school  
15 districts shall be due. Payments of school district equalization state aid  
16 shall be distributed to school districts on the dates prescribed by the state  
17 board. The state board shall certify to the director of accounts and reports  
18 the amount due each school district, and the director of accounts and  
19 reports shall draw a warrant on the state treasury payable to the treasurer  
20 of the school district. Upon receipt of the warrant, the treasurer of the  
21 school district shall credit the amount thereof to the general fund of the  
22 school district to be used for the purposes of such fund.
- 23 (d) The provisions of this section shall be part of and supplemental to  
24 the classroom learning assuring student success act.
- 25 (e) The provisions of this section shall expire on June 30, 2017.
- 26 Sec. 5. K.S.A. 2015 Supp. 72-6463 is hereby amended to read as  
27 follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463  
28 through 72-6481, *and sections 2 through 4*, and amendments thereto, shall  
29 be known and may be cited as the classroom learning assuring student  
30 success act.
- 31 (b) The legislature hereby declares that the intent of this act is to  
32 lessen state interference and involvement in the local management of  
33 school districts and to provide more flexibility and increased local control  
34 for school district boards of education and administrators in order to:
- 35 (1) Enhance predictability and certainty in school district funding  
36 sources and amounts;
- 37 (2) allow school district boards of education and administrators to  
38 best meet their individual school district's financial needs; and
- 39 (3) maximize opportunities for more funds to go to the classroom.
- 40 To meet this legislative intent, state financial support for elementary  
41 and secondary public education will be met by providing a block grant for  
42 school years 2015-2016 and 2016-2017 to each school district. Each  
43 school district's block grant will be based in part on, and be at least equal

1 to, the total state financial support as determined for school year 2014-  
2 2015 under the school district finance and quality performance act, prior to  
3 its repeal. All school districts will be held harmless from any decreases to  
4 the final school year 2014-2015 amount of total state financial support.

5 (c) The legislature further declares that the guiding principles for the  
6 development of subsequent legislation for the finance of elementary and  
7 secondary public education should consist of the following:

8 (1) Ensuring that students' educational needs are funded;

9 (2) providing more funding to classroom instruction;

10 (3) maximizing flexibility in the use of funding by school district  
11 boards of education and administrators; and

12 (4) achieving the goal of providing students with those education  
13 capacities established in K.S.A. 72-1127, and amendments thereto.

14 (d) The provisions of this section shall be effective from and after  
15 July 1, 2015, through June 30, 2017.

16 Sec. 6. K.S.A. 2015 Supp. 72-6465 is hereby amended to read as  
17 follows: 72-6465. (a) For school year 2015-2016 ~~and school year 2016-~~  
18 ~~2017~~, the state board shall disburse general state aid to each school district  
19 in an amount equal to:

20 (1) Subject to the provisions of subsections ~~(b)~~ (c) through ~~(f)~~ (g), the  
21 amount of general state aid such school district received for school year  
22 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as  
23 prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:

24 (A) The amount directly attributable to the ancillary school facilities  
25 weighting as determined for school year 2014-2015 under K.S.A. 72-6443,  
26 prior to its repeal;

27 (B) the amount directly attributable to the cost-of-living weighting as  
28 determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,  
29 prior to its repeal;

30 (C) the amount directly attributable to declining enrollment state aid  
31 as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-  
32 6452, prior to its repeal; and

33 (D) the amount directly attributable to virtual school state aid as  
34 determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,  
35 and amendments thereto, plus;

36 (2) the amount of supplemental general state aid such school district  
37 received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434,  
38 prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to  
39 its repeal, plus;

40 (3) the amount of capital outlay state aid such school district received  
41 for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814,  
42 prior to its repeal, plus;

43 (4) (A) an amount that is directly attributable to the proceeds of the

- 1 tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,  
2 and amendments thereto, provided; the school district has levied such tax;
- 3 (B) an amount that is directly attributable to the proceeds of the tax  
4 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and  
5 amendments thereto, provided; the school district has levied such tax; *and*
- 6 (C) an amount that is directly attributable to the proceeds of the tax  
7 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and  
8 amendments thereto, provided; the school district has levied such tax, plus;
- 9 (5) the amount of virtual school state aid such school district is to  
10 receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;
- 11 (6) an amount certified by the board of trustees of the Kansas public  
12 employees retirement system which is equal to the participating employer's  
13 obligation of such school district to the system, less;
- 14 (7) an amount equal to 0.4% of the amount determined under  
15 subsection (a)(1).
- 16 (b) *For school year 2016-2017, the state board shall disburse*  
17 *general state aid to each school district in an amount equal to:*
- 18 (1) *Subject to the provisions of subsections (c) through (g), the*  
19 *amount of general state aid such school district received for school year*  
20 *2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as*  
21 *prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:*
- 22 (A) *The amount directly attributable to the ancillary school facilities*  
23 *weighting as determined for school year 2014-2015 under K.S.A. 72-6443,*  
24 *prior to its repeal;*
- 25 (B) *the amount directly attributable to the cost-of-living weighting as*  
26 *determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,*  
27 *prior to its repeal;*
- 28 (C) *the amount directly attributable to declining enrollment state aid*  
29 *as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-*  
30 *6452, prior to its repeal; and*
- 31 (D) *the amount directly attributable to virtual school state aid as*  
32 *determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,*  
33 *and amendments thereto, plus;*
- 34 (2) (A) *an amount that is directly attributable to the proceeds of the*  
35 *tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,*  
36 *and amendments thereto, provided the school district has levied such tax;*
- 37 (B) *an amount that is directly attributable to the proceeds of the tax*  
38 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and*  
39 *amendments thereto, provided the school district has levied such tax; and*
- 40 (C) *an amount that is directly attributable to the proceeds of the tax*  
41 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and*  
42 *amendments thereto, provided the school district has levied such tax, plus;*
- 43 (3) *the amount of virtual school state aid such school district is to*

- 1 *receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;*  
2 *(4) an amount certified by the board of trustees of the Kansas public*  
3 *employees retirement system which is equal to the participating employer's*  
4 *obligation of such school district to the system, less;*  
5 *(5) an amount equal to 0.4% of the amount determined under*  
6 *subsection (b)(1).*
- 7 ~~(b)~~ *(c) For any school district whose school financing sources*  
8 *exceeded its state financial aid for school year 2014-2015 as calculated*  
9 *under the school district finance and quality performance act, prior to its*  
10 *repeal, the amount such school district is entitled to receive under*  
11 *subsection (a)(1) or (b)(1) shall be the proceeds of the tax levied by the*  
12 *school district pursuant to K.S.A. 2015 Supp. 72-6470, and amendments*  
13 *thereto, less the difference between such school district's school financing*  
14 *sources and its state financial aid for school year 2014-2015 as calculated*  
15 *under the school district finance and quality performance act, prior to its*  
16 *repeal.*
- 17 ~~(e)~~ *(d) For any school district formed by consolidation in accordance*  
18 *with article 87 of chapter 72 of the Kansas Statutes Annotated, and*  
19 *amendments thereto, prior to the effective date of this act, and whose state*  
20 *financial aid for school year 2014-2015 was determined under K.S.A.*  
21 *2014 Supp. 72-6445a, prior to its repeal, the amount of general state aid*  
22 *for such school district determined under subsection (a)(1) or (b)(1) shall*  
23 *be determined as if such school district was not subject to K.S.A. 2014*  
24 *Supp. 72-6445a, prior to its repeal, for school year 2014-2015.*
- 25 ~~(d)~~ *(e) For any school district that consolidated in accordance with*  
26 *article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments*  
27 *thereto, and such consolidation becomes effective on or after July 1, 2015,*  
28 *the amount of general state aid for such school district determined under*  
29 *subsection (a)(1) or (b)(1) shall be the sum of the general state aid each of*  
30 *the former school districts would have received under subsection (a)(1) or*  
31 *(b)(1).*
- 32 ~~(e)~~ *(f) (1) For any school district that was entitled to receive school*  
33 *facilities weighting for school year 2014-2015 under K.S.A. 2014 Supp.*  
34 *72-6415b, prior to its repeal, and which would not have been eligible to*  
35 *receive such weighting for school year 2015-2016 under K.S.A. 2014*  
36 *Supp. 72-6415b, prior to its repeal, an amount directly attributable to the*  
37 *school facilities weighting as determined for school year 2014-2015 under*  
38 *K.S.A. 72-6415, prior to its repeal, for such school district shall be*  
39 *subtracted from the amount of general state aid for such school district*  
40 *determined under subsection (a)(1) or (b)(1).*
- 41 *(2) For any school district which would have been eligible to receive*  
42 *school facilities weighting for school year 2015-2016 under K.S.A. 2014*  
43 *Supp. 72-6415b, prior to its repeal, but which did not receive such*



1 weighting for school year 2014-2015, an amount directly attributable to  
2 the school facilities weighting as would have been determined under  
3 K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be  
4 added to the amount of general state aid for such school district  
5 determined under subsection (a)(1) *or* (b)(1).

6 (3) For any school district which would have been eligible to receive  
7 school facilities weighting for school year 2016-2017 under K.S.A. 2014  
8 Supp. 72-6415b, prior to its repeal, but which did not receive such  
9 weighting for school year 2014-2015, and which would not have been  
10 eligible to receive such weighting for school year 2015-2016 under K.S.A.  
11 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to  
12 the school facilities weighting as would have been determined under  
13 K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be  
14 added to the amount of general state aid for such school district  
15 determined under subsection (a)(1) *or* (b)(1).

16 ~~(f)~~ (g) (1) For any school district that received federal impact aid for  
17 school year 2014-2015, if such school district receives federal impact aid  
18 in school year 2015-2016 in an amount that is less than the amount such  
19 school district received in school year 2014-2015, then an amount equal to  
20 the difference between the amount of federal impact aid received by such  
21 school district in such school years shall be added to the amount of general  
22 state aid for such school district for school year 2015-2016 as determined  
23 under subsection (a)(1) *or* (b)(1).

24 (2) For any school district that received federal impact aid for school  
25 year 2014-2015, if such school district receives federal impact aid in  
26 school year 2016-2017 in an amount that is less than the amount such  
27 school district received in school year 2014-2015, then an amount equal to  
28 the difference between the amount of federal impact aid received by such  
29 school district in such school years shall be added to the amount of general  
30 state aid for such school district for school year 2016-2017 as determined  
31 under subsection (a)(1) *or* (b)(1).

32 ~~(g)~~ (h) The general state aid for each school district shall be disbursed  
33 in accordance with appropriation acts. In the event the appropriation for  
34 general state aid exceeds the amount determined under subsection (a) *or*  
35 (b) for any school year, then the state board shall disburse such excess  
36 amount to each school district in proportion to such school district's  
37 enrollment.

38 ~~(h)~~ (i) The provisions of this section shall be effective from and after  
39 July 1, 2015, through June 30, 2017.

40 Sec. 7. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as  
41 follows: 72-6476. (a) Each school district may submit an application to the  
42 state ~~finance council~~ *board of education* for approval of extraordinary need  
43 state aid. Such application shall be submitted in such form and manner as

1 prescribed by the state ~~finance council~~ board, and shall include a  
2 description of the extraordinary need of the school district that is the basis  
3 for the application.

4 (b) The state ~~finance council~~ board shall review all submitted  
5 applications and approve or deny such application based on whether the  
6 applicant school district has demonstrated extraordinary need. As part of  
7 its review of an application, the state ~~finance council~~ board may conduct a  
8 hearing and provide the applicant school district an opportunity to present  
9 testimony as to such school district's extraordinary need. In determining  
10 whether a school district has demonstrated extraordinary need, the state  
11 ~~finance council~~ board shall consider: (1) Any extraordinary increase in  
12 enrollment of the applicant school district for the current school year; (2)  
13 any extraordinary decrease in the assessed valuation of the applicant  
14 school district for the current school year; ~~and~~ (3) any other unforeseen  
15 acts or circumstances which substantially impact the applicant school  
16 district's general fund budget for the current school year; *and (4) in lieu of*  
17 *any of the foregoing considerations, whether the applicant school district*  
18 *has reasonably equal access to substantially similar educational*  
19 *opportunity through similar tax effort.*

20 (c) If the state ~~finance council~~ board approves an application it shall  
21 ~~certify to the state board of education that such application was approved~~  
22 ~~and determine~~ the amount of extraordinary need state aid to be disbursed  
23 to the applicant school district from the school district extraordinary need  
24 fund. In approving any application for extraordinary need state aid, the  
25 state ~~finance council~~ board may approve an amount of extraordinary need  
26 state aid that is less than the amount the school district requested in the  
27 application. If the state ~~finance council~~ board denies an application, then  
28 within 15 days of such denial ~~it~~ the state board shall send written notice of  
29 such denial to the superintendent of such school district. ~~The decision of~~  
30 ~~the state finance council shall be final~~ *All administrative proceedings*  
31 *pursuant to this section shall be conducted in accordance with the*  
32 *provisions of the Kansas administrative procedure act. Any action by the*  
33 *state board pursuant to this section shall be subject to review in*  
34 *accordance with the Kansas judicial review act.*

35 (d) There is hereby established in the state treasury the school district  
36 extraordinary need fund which shall be administered by the state  
37 department of education. All expenditures from the school district  
38 extraordinary need fund shall be used for the disbursement of  
39 extraordinary need state aid as approved by the state ~~finance council~~ board  
40 under this section. All expenditures from the school district extraordinary  
41 need fund shall be made in accordance with appropriation acts upon  
42 warrants of the director of accounts and reports issued pursuant to  
43 vouchers approved by the state board of education, or the designee of the

1 state board of education. ~~At the end of each fiscal year, the director of~~  
2 ~~accounts and reports shall transfer to the state general fund any moneys in~~  
3 ~~the school district extraordinary need fund on each such date in excess of~~  
4 ~~the amount required to pay all amounts of extraordinary need state aid~~  
5 ~~approved by the state finance council for the current school year.~~

6 ~~(e) For school year 2015-2016 and school year 2016-2017, the state~~  
7 ~~board of education shall certify to the director of accounts and reports an~~  
8 ~~amount equal to the aggregate of the amount determined under K.S.A.~~  
9 ~~2015 Supp. 72-6465(a)(7), and amendments thereto, for all school~~  
10 ~~districts. Upon receipt of such certification, the director shall transfer the~~  
11 ~~certified amount from the state general fund to the school district~~  
12 ~~extraordinary need fund. All transfers made in accordance with the~~  
13 ~~provisions of this subsection shall be considered to be demand transfers~~  
14 ~~from the state general fund.~~

15 ~~(f) The approvals by the state finance council required by this section~~  
16 ~~are hereby characterized as matters of legislative delegation and subject to~~  
17 ~~the guidelines prescribed in K.S.A. 75-3711e(c), and amendments thereto.~~  
18 ~~Such approvals may be given by the state finance council when the~~  
19 ~~legislature is in session.~~

20 ~~(g) The provisions of this section shall expire on July 1 June 30,~~  
21 ~~2017.~~

22 Sec. 8. K.S.A. 2015 Supp. 72-6481 is hereby amended to read as  
23 follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-6463  
24 through 72-6481, *and sections 2 through 4*, and amendments thereto, shall  
25 ~~not~~ be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through  
26 72-6481, *and sections 2 through 4*, and amendments thereto, *or any*  
27 *application of such provision to any person or circumstance* is held to be  
28 invalid or unconstitutional by court order, ~~all provisions the invalidity~~  
29 ~~shall not affect other provisions or applications~~ of K.S.A. 2015 Supp. 72-  
30 6463 through 72-6481, *and sections 2 through 4*, and amendments thereto,  
31 ~~shall be null and void which can be given effect without the invalid~~  
32 ~~provision or application.~~

33 (b) The provisions of this section shall be effective from and after  
34 July 1, 2015, through June 30, 2017.

35 Sec. 9. K.S.A. 2015 Supp. 74-4939a is hereby amended to read as  
36 follows: 74-4939a. On and after the effective date of this act for each fiscal  
37 year commencing with fiscal year 2005, notwithstanding the provisions of  
38 K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys  
39 appropriated for the department of education from the state general fund  
40 commencing with fiscal year 2005, and each ensuing fiscal year thereafter,  
41 by appropriation act of the legislature, in the KPERS — employer  
42 contributions account and all moneys appropriated for the department of  
43 education from the state general fund or any special revenue fund for each

1 fiscal year commencing with fiscal year 2005, and each ensuing fiscal year  
2 thereafter, by any such appropriation act in that account or any other  
3 account for payment of employer contributions for school districts, shall  
4 be distributed by the department of education to school districts in  
5 accordance with this section. Notwithstanding the provisions of K.S.A. 74-  
6 4939, and amendments thereto, *for school year 2015-2016*, the department  
7 of education shall disburse to each school district that is an eligible  
8 employer as specified in K.S.A. 74-4931(1), and amendments thereto, an  
9 amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and  
10 amendments thereto, which shall be disbursed pursuant to K.S.A. 2015  
11 Supp. 72-6465, and amendments thereto. *Notwithstanding the provisions*  
12 *of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,*  
13 *the department of education shall disburse to each school district that is*  
14 *an eligible employer as specified in K.S.A. 74-4931(1), and amendments*  
15 *thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),*  
16 *and amendments thereto, which shall be disbursed pursuant to K.S.A.*  
17 *2015 Supp. 72-6465, and amendments thereto.* Upon receipt of each such  
18 disbursement of moneys, the school district shall deposit the entire amount  
19 thereof into a special retirement contributions fund of the school district,  
20 which shall be established by the school district in accordance with such  
21 policies and procedures and which shall be used for the sole purpose of  
22 receiving such disbursements from the department of education and  
23 making the remittances to the system in accordance with this section and  
24 such policies and procedures. Upon receipt of each such disbursement of  
25 moneys from the department of education, the school district shall remit,  
26 in accordance with the provisions of such policies and procedures and in  
27 the manner and on the date or dates prescribed by the board of trustees of  
28 the Kansas public employees retirement system, an equal amount to the  
29 Kansas public employees retirement system from the special retirement  
30 contributions fund of the school district to satisfy such school district's  
31 obligation as a participating employer. Notwithstanding the provisions of  
32 K.S.A. 74-4939, and amendments thereto, each school district that is an  
33 eligible employer as specified in K.S.A. 74-4931(1), and amendments  
34 thereto, shall show within the budget of such school district all amounts  
35 received from disbursements into the special retirement contributions fund  
36 of such school district. Notwithstanding the provisions of any other statute,  
37 no official action of the school board of such school district shall be  
38 required to approve a remittance to the system in accordance with this  
39 section and such policies and procedures. All remittances of moneys to the  
40 system by a school district in accordance with this subsection and such  
41 policies and procedures shall be deemed to be expenditures of the school  
42 district.

43 Sec. 10. K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and

- 1 74-4939a are hereby repealed.
- 2 Sec. 11. This act shall take effect and be in force from and after its
- 3 publication in the statute book.



## Division of Fiscal and Administrative Services

Kansas State Department of Education  
Landon State Office Building  
900 SW Jackson Street, Suite 354  
Topeka, Kansas 66612-1212

(785) 296-3871  
(785) 296-6659 - fax  
[www.ksde.org](http://www.ksde.org)

March 22, 2016

FROM: Dale M. Dennis, Deputy  
Commissioner of Education

SUBJECT: Proposed Plan

Attached is a computer printout (SF16-133) which summarizes the effects of a proposed plan on supplemental general (LOB) state aid, capital outlay state aid, and hold harmless state aid. Provisions of this bill include the following.

- Capital outlay state aid is the same as provided in House Bill 2731 (see computer printout SF16-117 for school district detail).
- Supplemental general (LOB) state aid using median assessed valuation per pupil (see computer printout SF16-126 for school district detail)

### SUMMARY—STATE AID

Capital Outlay State Aid	\$ 23,489,840
Supplemental General (LOB) State Aid	(82,908,792)
Hold Harmless Sate Aid	61,792,947
Growth	2,000,000
<b>TOTAL</b>	<b>\$ 4,373,995</b>

### COLUMN EXPLANATION

- |        |      |                                                                                                                                            |
|--------|------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Column | 1 -- | 2016-17 Estimated capital outlay state aid increase/decrease<br>(see computer printout SF16-117 for school district detail).               |
|        | 2 -- | 2016-17 Estimated supplemental general (LOB) state aid<br>increase/decrease<br>(see computer printout SF16-126 for school district detail) |
|        | 3 -- | 2016-17 Estimated total increase/decrease<br>(Columns 1 + 2)                                                                               |
|        | 4 -- | 2016-17 Estimated hold harmless state aid                                                                                                  |

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
256	Allen	Marmaton Valley	0	-400,146	-400,146	400,146
257	Allen	Iola	89,321	-189,235	-99,914	99,914
258	Allen	Humboldt	59,573	-485,907	-426,335	426,335
365	Anderson	Garnett	82,131	-429,918	-347,786	347,786
479	Anderson	Crest	0	-104,821	-104,821	104,821
377	Atchison	Atchison Co Comm Schools	4,289	-434,626	-430,337	430,337
409	Atchison	Atchison Public Schools	112,164	-223,242	-111,078	111,078
254	Barber	Barber County North	0	0	0	0
255	Barber	South Barber	0	0	0	0
355	Barton	Ellinwood Public Schools	45,148	190,623	235,771	0
428	Barton	Great Bend	129,100	-434,133	-305,033	305,033
431	Barton	Hoisington	48,885	166,216	215,100	0
234	Bourbon	Fort Scott	-28,319	-429,972	-458,290	458,290
235	Bourbon	Uniontown	0	-93,554	-93,554	93,554
415	Brown	Hiawatha	0	-197,162	-197,162	197,162
430	Brown	South Brown County	39,756	-252,507	-212,752	212,752
205	Butler	Bluestem	57,613	-56,881	732	0
206	Butler	Remington-Whitewater	23,597	-201,860	-178,263	178,263
375	Butler	Circle	72,089	-293,716	-221,627	221,627
385	Butler	Andover	445,569	-1,224,162	-778,593	778,593
394	Butler	Rose Hill Public Schools	104,596	-179,755	-75,159	75,159
396	Butler	Douglass Public Schools	47,544	-52,688	-5,144	5,144
402	Butler	Augusta	193,229	-380,141	-186,912	186,912
490	Butler	El Dorado	78,638	-269,181	-190,544	190,544
492	Butler	Flinthills	5,625	-170,372	-164,747	164,747
284	Chase	Chase County	0	-4,647	-4,647	4,647
285	Chautauqua	Cedar Vale	0	-3,358	-3,358	3,358
286	Chautauqua	Chautauqua Co Community	6,395	-16,048	-9,653	9,653
404	Cherokee	Riverton	-6,456	-122,514	-128,970	128,970
493	Cherokee	Columbus	34,756	-387,249	-352,494	352,494
499	Cherokee	Galena	26,348	-102,278	-75,930	75,930
508	Cherokee	Baxter Springs	83,323	-40,859	42,465	0
103	Cheyenne	Cheylin	0	0	0	0
297	Cheyenne	St Francis Comm Sch	0	-92,022	-92,022	92,022
219	Clark	Minneola	0	-84,689	-84,689	84,689
220	Clark	Ashland	0	0	0	0
379	Clay	Clay Center	-78,661	-369,689	-448,351	448,351
333	Cloud	Concordia	67,847	-262,440	-194,593	194,593
334	Cloud	Southern Cloud	0	-119,683	-119,683	119,683
243	Coffey	Lebo-Waverly	8,467	-270,076	-261,609	261,609
244	Coffey	Burlington	0	0	0	0
245	Coffey	LeRoy-Gridley	0	0	0	0
300	Comanche	Comanche County	0	0	0	0
462	Cowley	Central	17,280	-129,589	-112,309	112,309
463	Cowley	Udall	14,687	-206,438	-191,751	191,751
465	Cowley	Winfield	164,626	-571,881	-407,256	407,256
470	Cowley	Arkansas City	51,508	-383,843	-332,335	332,335
471	Cowley	Dexter	16,970	-31,423	-14,453	14,453
246	Crawford	Northeast	43,287	-144,553	-101,266	101,266
247	Crawford	Cherokee	15,868	-369,680	-353,812	353,812
248	Crawford	Girard	30,793	-170,283	-139,490	139,490
249	Crawford	Frontenac Public Schools	21,842	-111,824	-89,982	89,982



	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid Inc / Dec	LOB Aid Inc / Dec	Estimated Inc / Dec	Estimated Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
250	Crawford	Pittsburg	130,319	-282,583	-152,264	152,264
294	Decatur	Oberlin	0	-49,926	-49,926	49,926
393	Dickinson	Solomon	22,574	-145,883	-123,309	123,309
435	Dickinson	Abilene	178,373	-184,899	-6,527	6,527
473	Dickinson	Chapman	-17,436	-226,618	-244,053	244,053
481	Dickinson	Rural Vista	0	-141,353	-141,353	141,353
487	Dickinson	Herington	0	-47,114	-47,114	47,114
111	Doniphan	Doniphan West Schools	0	0	0	0
114	Doniphan	Riverside	0	12,411	12,411	0
429	Doniphan	Troy Public Schools	13,545	-136,658	-123,114	123,114
348	Douglas	Baldwin City	120,067	-258,149	-138,082	138,082
491	Douglas	Eudora	109,827	-164,977	-55,150	55,150
497	Douglas	Lawrence	656,309	-2,377,404	-1,721,096	1,721,096
347	Edwards	Kinsley-Offerle	37,583	-111,390	-73,807	73,807
502	Edwards	Lewis	0	0	0	0
282	Elk	West Elk	20,962	-36,436	-15,474	15,474
283	Elk	Elk Valley	0	-156,179	-156,179	156,179
388	Ellis	Ellis	63,307	91,079	154,386	0
432	Ellis	Victoria	0	0	0	0
489	Ellis	Hays	0	-317,906	-317,906	317,906
112	Ellsworth	Central Plains	0	0	0	0
327	Ellsworth	Ellsworth	31,417	-187,355	-155,937	155,937
363	Finney	Holcomb	0	0	0	0
457	Finney	Garden City	293,038	-595,555	-302,517	302,517
381	Ford	Spearville	13,053	-133,059	-120,006	120,006
443	Ford	Dodge City	419,403	-788,687	-369,283	369,283
459	Ford	Bucklin	0	0	0	0
287	Franklin	West Franklin	56,631	-147,513	-90,882	90,882
288	Franklin	Central Heights	39,054	-130,682	-91,628	91,628
289	Franklin	Wellsville	71,910	-206,772	-134,862	134,862
290	Franklin	Ottawa	199,433	-382,498	-183,065	183,065
475	Geary	Geary County Schools	-154,601	-1,363,276	-1,517,877	1,517,877
291	Gove	Grinnell Public Schools	0	0	0	0
292	Gove	Wheatland	0	0	0	0
293	Gove	Quinter Public Schools	36,505	-16,562	19,943	0
281	Graham	Graham County	0	0	0	0
214	Grant	Ulysses	0	0	0	0
102	Gray	Cimmaron-Ensign	18,267	-285,031	-266,764	266,764
371	Gray	Montezuma	9,554	-101,046	-91,492	91,492
476	Gray	Copeland	0	0	0	0
477	Gray	Ingalls	7,671	24,186	31,858	0
200	Greeley	Greeley County Schools	0	0	0	0
386	Greenwood	Madison-Virgil	10,160	-86,657	-76,497	76,497
389	Greenwood	Eureka	10,316	-183,480	-173,164	173,164
390	Greenwood	Hamilton	0	-7,136	-7,136	7,136
494	Hamilton	Syracuse	35,806	-15,072	20,734	0
361	Harper	Anthony-Harper	0	-80,374	-80,374	80,374
511	Harper	Attica	11,276	-2,523	8,754	0
369	Harvey	Burrton	40,259	51,513	91,772	0
373	Harvey	Newton	236,161	-689,770	-453,610	453,610
439	Harvey	Sedgwick Public Schools	12,600	-48,449	-35,849	35,849
440	Harvey	Halstead	24,940	-291,933	-266,992	266,992

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
460	Harvey	Hesston	46,316	-270,744	-224,427	224,427
374	Haskell	Sublette	0	0	0	0
507	Haskell	Satanta	0	0	0	0
227	Hodgeman	Hodgeman County Schools	0	0	0	0
335	Jackson	North Jackson	3,723	-160,826	-157,103	157,103
336	Jackson	Holton	65,919	-239,384	-173,465	173,465
337	Jackson	Royal Valley	41,950	-246,065	-204,116	204,116
338	Jefferson	Valley Falls	23,067	-141,638	-118,571	118,571
339	Jefferson	Jefferson County North	20,071	-139,362	-119,291	119,291
340	Jefferson	Jefferson West	63,272	-145,711	-82,439	82,439
341	Jefferson	Oskaloosa Public Schools	9,290	-111,831	-102,541	102,541
342	Jefferson	McLouth	22,281	-194,210	-171,929	171,929
343	Jefferson	Perry Public Schools	23,623	-289,101	-265,478	265,478
107	Jewell	Rock Hills	0	-21,459	-21,459	21,459
229	Johnson	Blue Valley	0	-2,407,372	-2,407,372	2,407,372
230	Johnson	Spring Hill	0	-293,948	-293,948	293,948
231	Johnson	Gardner Edgerton	532,373	-706,254	-173,881	173,881
232	Johnson	De Soto	495,480	-2,022,965	-1,527,485	1,527,485
233	Johnson	Olathe	557,018	-9,575,361	-9,018,343	9,018,343
512	Johnson	Shawnee Mission Pub Sch	0	-3,040,285	-3,040,285	3,040,285
215	Kearny	Lakin	0	0	0	0
216	Kearny	Deerfield	0	0	0	0
331	Kingman	Kingman - Norwich	113,499	-35,949	77,551	0
332	Kingman	Cunningham	0	0	0	0
422	Kiowa	Kiowa County	0	0	0	0
474	Kiowa	Haviland	0	0	0	0
503	Labette	Parsons	44,300	-218,717	-174,417	174,417
504	Labette	Oswego	17,712	-56,487	-38,775	38,775
505	Labette	Chetopa-St. Paul	24,411	-108,219	-83,808	83,808
506	Labette	Labette County	91,923	-215,501	-123,578	123,578
468	Lane	Healy Public Schools	0	0	0	0
482	Lane	Dighton	0	0	0	0
207	Leavenworth	Ft Leavenworth	3,023	9,108	12,132	0
449	Leavenworth	Easton	28,299	-235,822	-207,523	207,523
453	Leavenworth	Leavenworth	226,875	-587,559	-360,684	360,684
458	Leavenworth	Basehor-Linwood	183,164	-279,044	-95,880	95,880
464	Leavenworth	Tonganoxie	-26,998	-322,038	-349,035	349,035
469	Leavenworth	Lansing	109,147	-301,893	-192,746	192,746
298	Lincoln	Lincoln	-10,762	-327,143	-337,905	337,905
299	Lincoln	Sylvan Grove	0	-72,558	-72,558	72,558
344	Linn	Pleasanton	18,628	-192,875	-174,247	174,247
346	Linn	Jayhawk	-27,233	-660,809	-688,042	688,042
362	Linn	Prairie View	0	0	0	0
274	Logan	Oakley	0	0	0	0
275	Logan	Triplains	0	0	0	0
251	Lyon	North Lyon County	0	0	0	0
252	Lyon	Southern Lyon County	50,257	-133,607	-83,350	83,350
253	Lyon	Emporia	557,901	-633,906	-76,005	76,005
397	Marion	Centre	45,106	-8,485	36,621	0
398	Marion	Peabody-Burns	0	-125,290	-125,290	125,290
408	Marion	Marion-Florence	0	-134,098	-134,098	134,098
410	Marion	Durham-Hillsboro-Lehigh	58,680	-186,307	-127,627	127,627

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
411	Marion	Goessel	9,414	-85,801	-76,387	76,387
364	Marshall	Marysville	0	-173,754	-173,754	173,754
380	Marshall	Vermillion	30,491	-260,333	-229,841	229,841
498	Marshall	Valley Heights	24,965	-161,729	-136,764	136,764
400	McPherson	Smoky Valley	110,105	-249,239	-139,135	139,135
418	McPherson	McPherson	148,145	-688,878	-540,733	540,733
419	McPherson	Canton-Galva	13,823	-188,068	-174,245	174,245
423	McPherson	Moundridge	0	-121,534	-121,534	121,534
448	McPherson	Inman	24,032	-220,421	-196,389	196,389
225	Meade	Fowler	0	-89,000	-89,000	89,000
226	Meade	Meade	0	0	0	0
367	Miami	Osawatomie	78,675	-313,930	-235,255	235,255
368	Miami	Paola	231,900	-47,738	184,162	0
416	Miami	Louisburg	149,710	-172,834	-23,125	23,125
272	Mitchell	Waconda	0	-197,983	-197,983	197,983
273	Mitchell	Beloit	76,722	-203,131	-126,409	126,409
436	Montgomery	Caney Valley	22,058	-239,531	-217,473	217,473
445	Montgomery	Coffeyville	55,251	-389,721	-334,470	334,470
446	Montgomery	Independence	70,276	-627,014	-556,737	556,737
447	Montgomery	Cherryvale	44,627	-103,575	-58,948	58,948
417	Morris	Morris County	56,732	-164,849	-108,118	108,118
217	Morton	Rolla	0	0	0	0
218	Morton	Elkhart	151,571	60,515	212,086	0
113	Nemaha	Prairie Hills	72,950	-383,134	-310,184	310,184
115	Nemaha	Nemaha Central	0	-15,619	-15,619	15,619
101	Neosho	Erie-Galesburg	42,938	-165,559	-122,621	122,621
413	Neosho	Chanute Public Schools	202,962	-319,215	-116,253	116,253
106	Ness	Western Plains	0	0	0	0
303	Ness	Ness City	0	0	0	0
211	Norton	Norton Community Schools	36,424	-253,864	-217,440	217,440
212	Norton	Northern Valley	14,466	-89,530	-75,064	75,064
420	Osage	Osage City	24,153	-131,009	-106,857	106,857
421	Osage	Lyndon	29,991	-105,099	-75,108	75,108
434	Osage	Santa Fe Trail	34,670	-212,642	-177,972	177,972
454	Osage	Burlingame Public School	0	-68,019	-68,019	68,019
456	Osage	Marais Des Cygnes Valley	0	-155,879	-155,879	155,879
392	Osborne	Osborne County	19,440	-150,376	-130,936	130,936
239	Ottawa	North Ottawa County	-29,753	-222,723	-252,476	252,476
240	Ottawa	Twin Valley	29,667	-258,276	-228,609	228,609
495	Pawnee	Ft Larned	-74,248	-389,566	-463,813	463,813
496	Pawnee	Pawnee Heights	0	-85,280	-85,280	85,280
110	Phillips	Thunder Ridge Schools	1,237	-205,051	-203,813	203,813
325	Phillips	Phillipsburg	32,150	-92,430	-60,280	60,280
326	Phillips	Logan	0	-46,844	-46,844	46,844
320	Pottawatomie	Wamego	61,788	-327,496	-265,708	265,708
321	Pottawatomie	Kaw Valley	0	0	0	0
322	Pottawatomie	Onaga-Havensville-Wheaton	31,240	-145,165	-113,925	113,925
323	Pottawatomie	Rock Creek	0	-164,492	-164,492	164,492
382	Pratt	Pratt	109,265	-373,782	-264,517	264,517
438	Pratt	Skyline Schools	31,108	-181,179	-150,071	150,071
105	Rawlins	Rawlins County	5,221	-218,936	-213,715	213,715
308	Reno	Hutchinson Public Schools	163,146	-762,972	-599,826	599,826

3/22/2016			Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
309	Reno	Nickerson	54,188	-272,711	-218,523	218,523
310	Reno	Fairfield	0	0	0	0
311	Reno	Pretty Prairie	12,863	-164,188	-151,324	151,324
312	Reno	Haven Public Schools	66,528	-383,753	-317,224	317,224
313	Reno	Buhler	238,318	-331,796	-93,478	93,478
109	Republic	Republic County	0	-241,846	-241,846	241,846
426	Republic	Pike Valley	8,614	-152,081	-143,467	143,467
376	Rice	Sterling	49,189	-126,574	-77,386	77,386
401	Rice	Chase-Raymond	0	0	0	0
405	Rice	Lyons	70,841	19,028	89,869	0
444	Rice	Little River	0	0	0	0
378	Riley	Riley County	45,573	-292,576	-247,003	247,003
383	Riley	Manhattan-Ogden	0	-1,536,205	-1,536,205	1,536,205
384	Riley	Blue Valley	0	-62,896	-62,896	62,896
269	Rooks	Palco	0	0	0	0
270	Rooks	Plainville	0	0	0	0
271	Rooks	Stockton	0	-80,629	-80,629	80,629
395	Rush	LaCrosse	7,025	-90,382	-83,358	83,358
403	Rush	Otis-Bison	0	0	0	0
399	Russell	Paradise	0	0	0	0
407	Russell	Russell County	70,624	257,388	328,012	0
305	Saline	Salina	560,848	-1,248,914	-688,066	688,066
306	Saline	Southeast Of Saline	0	-255,415	-255,415	255,415
307	Saline	Ell-Saline	33,772	-252,817	-219,044	219,044
466	Scott	Scott County	21,880	-135,092	-113,212	113,212
259	Sedgwick	Wichita	4,508,756	-6,045,648	-1,536,892	1,536,892
260	Sedgwick	Derby	822,104	-735,024	87,080	0
261	Sedgwick	Haysville	-24,663	-422,672	-447,335	447,335
262	Sedgwick	Valley Center Pub Sch	176,871	-299,711	-122,841	122,841
263	Sedgwick	Mulvane	246,570	-55,372	191,198	0
264	Sedgwick	Clearwater	99,239	-194,003	-94,764	94,764
265	Sedgwick	Goddard	417,394	-680,851	-263,457	263,457
266	Sedgwick	Maize	629,126	-1,165,811	-536,684	536,684
267	Sedgwick	Renwick	154,108	-486,381	-332,273	332,273
268	Sedgwick	Cheney	49,452	-138,423	-88,971	88,971
480	Seward	Liberal	0	-495,290	-495,290	495,290
483	Seward	Kismet-Plains	0	0	0	0
345	Shawnee	Seaman	354,751	-714,134	-359,383	359,383
372	Shawnee	Silver Lake	45,831	-157,086	-111,255	111,255
437	Shawnee	Auburn Washburn	776,699	-622,735	153,964	0
450	Shawnee	Shawnee Heights	307,760	-596,977	-289,218	289,218
501	Shawnee	Topeka Public Schools	829,524	-1,804,935	-975,411	975,411
412	Sheridan	Hoxie Community Schools	0	-64,249	-64,249	64,249
352	Sherman	Goodland	-22,702	-568,624	-591,325	591,325
237	Smith	Smith Center	11,968	-274,626	-262,658	262,658
349	Stafford	Stafford	6,337	-145,450	-139,113	139,113
350	Stafford	St John-Hudson	0	0	0	0
351	Stafford	Macksville	0	0	0	0
452	Stanton	Stanton County	0	0	0	0
209	Stevens	Moscow Public Schools	0	0	0	0
210	Stevens	Hugoton Public Schools	0	0	0	0
353	Sumner	Wellington	164,453	-349,018	-184,565	184,565

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
356	Sumner	Conway Springs	49,413	-135,100	-85,687	85,687
357	Sumner	Belle Plaine	38,894	-118,039	-79,145	79,145
358	Sumner	Oxford	45,956	67,172	113,128	0
359	Sumner	Argonia Public Schools	0	-73,925	-73,925	73,925
360	Sumner	Caldwell	10,773	-143,827	-133,054	133,054
509	Sumner	South Haven	9,665	44,602	54,267	0
314	Thomas	Brewster	0	0	0	0
315	Thomas	Colby Public Schools	44,730	-457,878	-413,148	413,148
316	Thomas	Golden Plains	0	-162,331	-162,331	162,331
208	Trego	Wakeeney	0	0	0	0
329	Wabaunsee	Mill Creek Valley	9,206	-290,683	-281,477	281,477
330	Wabaunsee	Mission Valley	52,513	-136,896	-84,383	84,383
241	Wallace	Wallace County Schools	0	0	0	0
242	Wallace	Weskan	0	-17,107	-17,107	17,107
108	Washington	Washington Co. Schools	3,908	-166,153	-162,245	162,245
223	Washington	Barnes	0	-175,837	-175,837	175,837
224	Washington	Clifton-Clyde	0	-127,159	-127,159	127,159
467	Wichita	Leoti	0	-157,678	-157,678	157,678
387	Wilson	Altoona-Midway	0	-39,888	-39,888	39,888
461	Wilson	Neodesha	46,331	-250,286	-203,955	203,955
484	Wilson	Fredonia	20,189	-140,475	-120,285	120,285
366	Woodson	Woodson	2,648	-33,810	-31,162	31,162
202	Wyandotte	Turner-Kansas City	218,981	-484,713	-265,733	265,733
203	Wyandotte	Piper-Kansas City	162,149	-269,147	-106,997	106,997
204	Wyandotte	Bonner Springs	281,143	-427,970	-146,826	146,826
500	Wyandotte	Kansas City	1,262,158	-2,502,864	-1,240,706	1,240,706
	TOTALS		23,489,840	-82,908,792	-59,418,952	61,792,947

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4 FINAL ACTION ON:

5 .

6 SB515 - AMENDMENTS TO THE CLASS ACT

7 REGARDING SUPPLEMENTAL

8 GENERAL STATE AID AND

9 CAPITAL OUTLAY STATE AID

10 .

11 .

12 .

13 .

14 TRANSCRIPT

15 OF

16 PROCEEDINGS,

17 beginning at 1:10 p.m. on the 23rd day of March,

18 2016, in Room 548S, Kansas State Capitol Building,

19 Topeka, Kansas, before the Senate Ways and Means

20 Committee consisting of Senator Masterson,

21 Chairman; Senator Denning, Senator Kelly, Senator

22 Fitzgerald, Senator Kerschen, Senator Arpke,

23 Senator Melcher, Senator Powell, Senator Tyson and

24 Senator O'Donnell.

25 .



1 CHAIRMAN MASTERSON: We are ready to  
2 start. We will to come to order. We will take up  
3 the business on 515. Given some of the comments  
4 that we've had, both yesterday and today, and on  
5 the record I think there might be a handful - I  
6 have three on my list - of appropriate changes to  
7 make the product a better working product. And  
8 with that, Senator Denning.

9 SENATOR DENNING: Thank you, Mr.  
10 Chairman. I will be bringing three technical type  
11 amendments to Senate Bill 515. And we can start  
12 with Amendment No. 1.

13 CHAIRMAN MASTERSON: I think we have that  
14 to hand out. We'll pause and get that handed out  
15 to everybody. And actually, if you want, you can  
16 continue to explain and if there is -- I'll pause  
17 when everybody has the material.

18 Senator Denning.

19 SENATOR DENNING: Thank you, Mr.  
20 Chairman. What this is, is just adding a section  
21 that lays out the legislative intent and the  
22 findings of fact that we have been doing with our  
23 special recording of our hearings on this  
24 particular bill. So it's just again legislative  
25 intent and identifying -- identifying findings of



1 fact.

2 CHAIRMAN MASTERSON: So, committee, for  
3 clarification, in the unique situation we are  
4 responding to the Court, this is simply putting in  
5 the content of the bill a preamble and a finding  
6 of fact, if you will, so that there is no doubt,  
7 as we pass this, this is -- this is why we did it  
8 and these are the facts that we used to make our  
9 decision. I'll give you a few minutes. It's  
10 relatively lengthy. I'll give you just a minute  
11 for those of you who have not seen it to read it  
12 through in case you have any questions.

13 I have to admit the jeopardy song is my mind  
14 right now.

15 Does anybody desire more time? We will  
16 continue to wait.

17 I'm pleased to inform the committee the only  
18 objection I'm hearing so far is grammar. In the  
19 last whereas on page 1, Senator Kelly would like  
20 to see some grammatical correction to "provide  
21 every Kansas student the opportunity to pursue  
22 their chosen desires" to changing that --  
23 actually, Senator Kelly, I'll let you express how  
24 you'd like to do that change.

25 Senator Kelly.





1           SENATOR KELLY: Well, it should either be  
2 -- it should either read "to provide all Kansas  
3 students the opportunity to pursue their" or  
4 change it to "to provide every Kansas student the  
5 opportunity to pursue his or her."

6           CHAIRMAN MASTERSON: Does the committee  
7 have a preference as to which way we correct that?  
8 Senator Francisco, I might lean on you for that  
9 one.

10          SENATOR FRANCISCO: And I would ask the  
11 Revisors. I haven't often seen his or her, so I  
12 think the first proposal that Senator Kelly made,  
13 "to provide all Kansas students the opportunity."

14          CHAIRMAN MASTERSON: So, committee, I  
15 would like you to consider that as corrected on  
16 this balloon so that we don't have to amend for  
17 that purpose. We will assume the balloon actually  
18 says that and the Revisor is free to make that  
19 change.

20                 With that, questions on the amendment.

21                 Senator Francisco?

22          SENATOR FRANCISCO: Thank you, Mr. Chair.  
23 I did -- and I should have underlined it. In new  
24 Section 2, it says that the legislature considered  
25 the best way to meet this standard, and I'm -- I



1 heard some testimony that there were some  
2 different ways we could meet the standard, and I'm  
3 wondering if we might say an appropriate way to  
4 meet this Constitutional standard. I'm not sure  
5 that we have determined it's the best.

6 CHAIRMAN MASTERSON: I would probably be  
7 amenable to using the word "the obvious", as that  
8 came from the Court's opinion. Because I would  
9 agree that it's not necessarily the best, but  
10 according to their opinion we attempted the most  
11 obvious solution.

12 Senator Francisco.

13 SENATOR FRANCISCO: Would you think the  
14 obvious solution might be an appropriate solution?

15 CHAIRMAN MASTERSON: Or maybe obviously  
16 appropriate. Meet you in the middle and use them  
17 both. Is it a strong enough opinion, Senator  
18 Francisco, you'd like to amend this?

19 SENATOR FRANCISCO: Mr. Chair, I -- I  
20 don't know that we took the time to -- we looked  
21 at 512 and we looked at 515. We only looked at  
22 some of the evidence, so I'm not ready to say that  
23 this is the legislature's consideration of the  
24 best way. So I would propose we replace "best"  
25 with "considered an appropriate way".



1 CHAIRMAN MASTERSON: What line are you  
2 on?

3 SENATOR FRANCISCO: It's new Section 2,  
4 the balloon. And maybe I'm reading that -- again,  
5 I'm not sure we were saying this is the best. It  
6 is, actually, more broad than I had first thought  
7 in the initial reading because the legislature was  
8 considering. If you say "shared as the  
9 legislature considered the best way to meet these  
10 standards," it might be important to say that we  
11 considered more than one way. "We endeavored to  
12 memorialize the legislative evidence and  
13 deliberations conferees shared as the legislature  
14 considered ways to meet this Constitutional  
15 standard." If you say the best way, it assumes we  
16 are only considering one and that someone knew  
17 what the best way was.

18 CHAIRMAN MASTERSON: Senator Fitzgerald.

19 SENATOR FITZGERALD: Not to be too picky,  
20 but I think considered in this context means tried  
21 to. The legislature tried to determine the best  
22 way. I think that's the meaning of considered in  
23 that context.

24 CHAIRMAN MASTERSON: Senator Francisco.

25 SENATOR FRANCISCO: I will accept that



1 and go on to a second concern.

2 CHAIRMAN MASTERSON: All right.

3 Senator Francisco.

4 SENATOR FRANCISCO: This is on the second  
5 page, part (c)(2) where it says "the prior  
6 equalization formulas used for capital outlay  
7 state aid and supplemental general state aid had  
8 no basis in educational policy, and that it is  
9 preferable to apply a single equalization formula  
10 to both categories of state aid."

11 I understand concern about the prior  
12 equalization formulas, but the action was, as my  
13 understanding, to apply not just a single  
14 equalization formula, but the equalization formula  
15 previously used for capital outlay.

16 CHAIRMAN MASTERSON: This was drawn from  
17 the finding of fact that there were several  
18 comments on the record, and in your transcribed  
19 testimony from yesterday, that there was no  
20 educational policy and that it would be preferably  
21 simplified. This would be my impression and that  
22 will be the committee's impression that it would  
23 be preferable to have a single method by which you  
24 equalize. I understand you probably are not of  
25 the same opinion as myself.



1 SENATOR FRANCISCO: Thank you, Mr. Chair.

2 I don't know that -- we may have heard some  
3 testimony, but the committee had no discussion  
4 about that. A single equalization formula will  
5 always skew the results in the same direction.  
6 Having more than one formula might provide some  
7 balance. So again, my comment is just I'm not --  
8 I'm not sure that -- we may have heard testimony,  
9 but I didn't hear any discussion about why this  
10 formula is better, other than it, perhaps,  
11 requires less local option budget state aid and  
12 frees up the opportunity to provide the hold  
13 harmless aid.

14 CHAIRMAN MASTERSON: I don't necessarily  
15 disagree. Obviously, this time is for discussion  
16 of these very issues. And I would say that it  
17 would be most appropriate to have the same because  
18 you want them both skewing towards more equal. So  
19 it would be better to have a unified method by  
20 which you equalize because the whole purpose of  
21 that formula is to draw the poles closer together  
22 for similar taxing effort.

23 I would also say this is not really a  
24 discussion about what we individually necessarily  
25 think is best. The Court has given us, in their



1 opinion, the fact that this was a, in their  
2 opinion, a proper way to determine equalization  
3 because they approved that by approving the  
4 capital outlay account. So it would follow that  
5 this would be a Court-approved method by which you  
6 would equalize, i.e., bringing the poles closer  
7 together.

8 Further question or comment?

9 Senator Kerschen.

10 SENATOR KERSCHEN: Thank you, Mr.  
11 Chairman. I have the same question. It goes back  
12 to it has no basis in educational policy. We are  
13 deciding that that's what the case is, basically?

14 CHAIRMAN MASTERSON: That was the  
15 testimony of the experts from -- it was Tuesday --  
16 my days are bleeding together -- when we heard from  
17 the Department, from the Commissioner, second  
18 Commissioner, Association of School Boards. That  
19 was the testimony of the conferees that day.

20 SENATOR KERSCHEN: That he agreed that it  
21 had no place in the educational policy?

22 CHAIRMAN MASTERSON: That was the  
23 testimony. That's in your transcript.

24 SENATOR KERSCHEN: Okay. I didn't get  
25 all the way through it. I did have a suggestion



1 to make it more preferable. It is preferable to  
2 apply a single equalization formula to both  
3 categories of state aid, provided they are held  
4 harmless when they are new additions. We would  
5 have to appropriate a little more money to make  
6 sure that that was going to be --

7 CHAIRMAN MASTERSON: Actually, the hold  
8 harmless in 515 does hold them harmless exactly as  
9 you described, and it does add \$2,000,000.

10 SENATOR KERSCHEN: So if the LOB, though,  
11 is lowered, then how do they make that up?

12 CHAIRMAN MASTERSON: The hold harmless  
13 makes that up. Actually, it makes up in a way  
14 that creates more flexibility for them because the  
15 way the bill was written, and this was another  
16 point of discussion, it's not mandated that they  
17 go into that account. It is general aid which  
18 gives them a greater degree of flexibility. It  
19 holds them harmless and gives them greater  
20 flexibility.

21 SENATOR KERSCHEN: I understand that  
22 part, okay. All right. Thank you.

23 CHAIRMAN MASTERSON: Further questions,  
24 comment on the preamble?

25 Senator Kelly.



1           SENATOR KELLY: Thank you, Mr. Chair.  
2 I'm on page 2 now. On Subsection B, it says there  
3 that the funding certainty of, essentially, Senate  
4 Bill 7 is critical to the effective operation of  
5 school districts. I did hear some testimony that  
6 suggested that knowing what you had coming was  
7 good news, but I also heard some testimony  
8 suggesting that knowing that you don't have enough  
9 coming is the bad news. I think we heard that  
10 from districts who had, you know, higher  
11 enrollment and other issues coming up. So, I  
12 don't know, I don't have a wording suggestion on  
13 that, but I think that the testimony really was  
14 that they appreciated knowing what was coming, but  
15 there were still concerns about what was coming  
16 and the adequacy of that to provide for the  
17 operation of their school districts. I need to  
18 think about -- if you would be willing to reword  
19 that, I need to think about how that might also be  
20 done.

21           I have another question down in No. 4. What  
22 does -- this is where we are switching over  
23 responsibility for the emergency funds to go to  
24 the Board of Education, and it says there that  
25 they might be able to more quickly respond and





1 address concerns raised by school districts,  
2 including, without limitation, emergency needs or  
3 a demonstrated inability. What does without  
4 limitation mean?

5 CHAIRMAN MASTERSON: Other than its face  
6 value? I think you would not be limiting the  
7 department in making that decision; that they  
8 would be without limits on how they decided to  
9 make those distributions on that particular pot of  
10 money.

11 SENATOR KELLY: So might we say something  
12 about within means the appropriation, rather than  
13 just without limitation, because the way it looks  
14 is that --

15 CHAIRMAN MASTERSON: It is limited by  
16 appropriation. There is X amount of dollars. I  
17 don't know that it would be necessary to put some  
18 type of limit that is already stated by dollar.  
19 They'd be without limit to make those decisions on  
20 that front.

21 SENATOR KELLY: Okay. So it would be a  
22 limited fund then?

23 CHAIRMAN MASTERSON: Correct. This would  
24 be referring to what was prior known as the  
25 extraordinary needs limit. We are allowing this



1 action to, for equity, to also relieve concern and  
2 give all of that authority without limit to the  
3 department.

4 SENATOR KELLY: Well, in our standard  
5 budget, though, we have no limit funds and then we  
6 have capped funds. This is a capped fund?

7 CHAIRMAN MASTERSON: Correct. This is an  
8 appropriated amount which they would not be  
9 limited how they distributed it.

10 SENATOR KELLY: All right. So --

11 CHAIRMAN MASTERSON: They could, for  
12 example, they could take the entire thing, if they  
13 wanted to apply it to equity, apply it to those  
14 districts that are the poorest in its entirety.  
15 They could -- there is some concerns with other  
16 extraordinary needs that we have been made aware  
17 of this year. I think there is a little district  
18 like South Barber that has some local issues that  
19 are truly extraordinary. They could choose to  
20 take care of that first. We wouldn't be telling  
21 them you must do this first or that first, they  
22 would be able to evaluate the system.

23 I think we've heard sufficient testimony that  
24 they are -- they are more nimble in their ability  
25 and knowledgeable in their ability which need



1 might have priority.

2 SENATOR KELLY: Okay. I don't disagree  
3 with that perhaps in this because this really is  
4 for the Court and they may not care as much. I'm  
5 sure that some other place we will define it for  
6 the State Board of Education what they can and  
7 can't do with that money and how much they've got  
8 to spend.

9 So if we go back up, then, is there any  
10 interest in my trying to rewrite the Senate Bill 7  
11 being critical to the effect of the operation of  
12 school districts?

13 CHAIRMAN MASTERSON: There is no interest  
14 on my part to redraw that, but if you have you are  
15 perfectly within your rights to offer an amendment  
16 and discussion.

17 Does anyone have any further while she is  
18 considering that?

19 Senator Kerschen.

20 SENATOR KERSCHEN: Thank you, Mr.  
21 Chairman. In the spirit of looking at other  
22 possibilities, my general question would be had we  
23 funded the less than 1 percent difference we were  
24 talking about earlier this morning, voluntarily  
25 added that, is that -- in your opinion, does that



1 help our case or hurt our case?

2 CHAIRMAN MASTERSON: I think the answer  
3 to that would be neither.

4 SENATOR KERSCHEN: Okay.

5 CHAIRMAN MASTERSON: Because this case is  
6 about equity and the distribution of those funds.

7 SENATOR KERSCHEN: It might seem more  
8 equitable to me.

9 CHAIRMAN MASTERSON: That would go to  
10 adequacy. I'm not saying it wouldn't go to  
11 adequacy.

12 SENATOR KERSCHEN: All right, thank you.

13 CHAIRMAN MASTERSON: Further question or  
14 comment?

15 Senator Francisco.

16 SENATOR FRANCISCO: Thank you, Mr. Chair.  
17 Back on (c)(2) where we talk about prior  
18 equalization formulas, is there an argument that  
19 equalization formulas should have a basis in  
20 educational policy?

21 CHAIRMAN MASTERSON: That would be a  
22 political argument that could be made.

23 SENATOR FRANCISCO: I mean, I'm assuming  
24 that the policy is that we want to provide equal  
25 funding for all our students or equitable funding



1 for all of our students across Kansas. So, so to  
2 that end, equalization formulas would attempt to  
3 do that.

4 CHAIRMAN MASTERSON: I would say on that,  
5 Senator, there is some confusion I hear in the  
6 testimony about what equalization does.  
7 Equalization really addresses the similar taxing  
8 effort. We heard a lot about English as second  
9 language children or special needs children. That  
10 goes more to the general aid which was the  
11 weighting section of things prior to determining  
12 the cost of that. When you equalize, we are  
13 really talking about the disparity between rich  
14 and poor. It doesn't necessarily have a basis in  
15 the educational policy other than it really is  
16 based in tax policy.

17 SENATOR FRANCISCO: I agree with that and  
18 so I'm saying I don't -- I don't think that the  
19 formulas had a basis in educational policy. But  
20 if neither of them had a basis, then choosing one  
21 also leaves you without that basis.

22 CHAIRMAN MASTERSON: I would agree that  
23 there is no basis even in this, but this is a  
24 formula that was predetermined to be an acceptable  
25 method of equalization by the Supreme Court.



1           SENATOR FRANCISCO: Then I would argue we  
2 might be clearer if we said that the prior  
3 equalization formulas used for capital outlay  
4 state aid and supplemental general state aid both  
5 seemed acceptable to the Court and the legislature  
6 believes it's preferable to apply a single  
7 equalization formula. I think the "had no basis  
8 in educational policy" doesn't apply to them  
9 before, it doesn't apply to the one we have chosen  
10 now.

11           CHAIRMAN MASTERSON: That amendment is in  
12 order if you have one in mind.

13           Senator Francisco.

14           SENATOR FRANCISCO: I would like to amend  
15 (c)(2) to say that different equalization formulas  
16 had been used for capital outlay state aid and  
17 supplemental general state aid and it is  
18 preferable to apply a single equalization formula  
19 to both categories of state aid.

20           CHAIRMAN MASTERSON: I'll take that as a  
21 motion. Is there a second? Second by Senator  
22 Kelly. Discussion on the motion?

23           Senator Fitzgerald.

24           SENATOR FITZGERALD: Thank you, Mr.  
25 Chairman. The -- we are talking about simply



1 taking out the part about the finding that there  
2 was no basis in educational policy for these  
3 formulas, and that's the whole thing. I think  
4 that's a significant finding and where else would  
5 you put that if not here? Thank you, Mr.  
6 Chairman.

7 CHAIRMAN MASTERSON: I would agree,  
8 Senator.

9 Further discussion? Seeing none, all those  
10 in favor, say aye. Opposed, no. Motion failed.

11 Back on the amendment. Senator Francisco.

12 SENATOR FRANCISCO: I have a second  
13 amendment then to say that the prior equalization  
14 formulas used for capital outlay state aid and  
15 supplemental general state aid had no basis in  
16 educational policy and it is preferable to apply a  
17 single equalization formula to both categories of  
18 state aid that also has no basis in educational  
19 policy. I make that motion.

20 CHAIRMAN MASTERSON: We have a motion.  
21 Is there a second? Senator Kelly.

22 Discussion? Seeing none, all in favor, say  
23 aye. Opposed, no. Motion fails.

24 Back on the amendment. Senator Kelly, do you  
25 have a --



1           SENATOR KELLY: I do have it. And it  
2 would read this way -- this is Section (b), little  
3 b, at the top, page 2: "The legislature has been  
4 advised that funding disruptions and uncertainty  
5 are counter-productive to public education and  
6 that funding certainty and adequacy are critical  
7 to the effective operation of school districts."

8           CHAIRMAN MASTERSON: I have a motion. Is  
9 there a second? Second by Senator Francisco.  
10 Discussion on the motion?

11           SENATOR KELLY: Mr. Chair, I think that  
12 more accurately reflects what we actually heard.  
13 We did hear that certainty was important, but we  
14 also heard that adequacy was important.

15           CHAIRMAN MASTERSON: My comment on that  
16 would be 515 deals with the Court's objection to  
17 equity, and there is no -- there is no addressing  
18 adequacy in this action and this amendment is  
19 addressing the rationale of why we are doing what  
20 we are doing as it addresses equity.

21           Further discussion or questions?  
22           Senator Fitzgerald.

23           SENATOR FITZGERALD: Thank you, Mr.  
24 Chairman. Going down in the same paragraph, one  
25 reads, "The evidence before the legislature





1 confirms that the total amount of school funding  
2 meets or exceeds the Supreme Court's standard for  
3 adequacy." We would be contradicting ourselves  
4 from one sentence to the next. I think it would  
5 only add confusion.

6 CHAIRMAN MASTERSON: Further discussion?  
7 Senator Kelly.

8 SENATOR KELLY: Thank you, Mr. Chair. I  
9 disagree with that. I don't think just because we  
10 say that that's the testimony that we heard, that  
11 that means that we are not providing adequate  
12 funding, so I don't think that. But I do think  
13 the -- it sort of opens the door for including  
14 adequacy as testimony that we heard, given the  
15 fact that we deal with that in the very next  
16 sentence.

17 CHAIRMAN MASTERSON: Further question or  
18 comment?

19 Senator Francisco.

20 SENATOR FRANCISCO: Thank you, Mr. Chair.  
21 Do we have a Supreme Court standard for adequacy?

22 CHAIRMAN MASTERSON: Not to my knowledge.

23 SENATOR FRANCISCO: Then how do we have  
24 evidence that confirms that the total amount of  
25 school funding meets or exceeds that standard for



1 adequacy?

2 CHAIRMAN MASTERSON: Is that a question  
3 to me or the carrier?

4 SENATOR FRANCISCO: That's a question for  
5 the carrier.

6 CHAIRMAN MASTERSON: Senator Kelly.

7 SENATOR FRANCISCO: This is not -- this  
8 is not the amendment, this is the language.

9 CHAIRMAN MASTERSON: If your question is  
10 on the -- not on the amendment, then we'll wait  
11 and hold action on the amendment.

12 Further questions for Senator Kelly on  
13 amending the balloon? Seeing none, all in favor,  
14 say aye. Opposed, no.

15 Back on the balloon.

16 Senator Francisco.

17 SENATOR FRANCISCO: Thank you, Mr. Chair.  
18 I would like to strike the sentence that says,  
19 "Furthermore, the evidence before this legislature  
20 confirms that the total amount of school funding  
21 meets or exceeds the Supreme Court's standard for  
22 adequacy." I make that motion.

23 CHAIRMAN MASTERSON: I have a motion.  
24 Second by Senator Kelly. Discussion? Seeing  
25 none, all those in favor, say aye. Opposed, no.



1 Back on the balloon. Further discussion.

2 Senator Francisco.

3 SENATOR FRANCISCO: Thank you, Mr. Chair.

4 Then could we include a reference to that standard

5 for adequacy? The standard for adequacy as

6 determined by the legislature or -- I mean, it's

7 the Supreme Court's standard for adequacy and I'm

8 not sure how we determined it.

9 CHAIRMAN MASTERSON: Senator Denning.

10 SENATOR DENNING: Thank you, Mr. Chair.

11 I think the Court continues to circle back around

12 to the Rose standards, is what I remember from the

13 testimony. I don't think anything else was

14 -- was -- I think that is a given.

15 CHAIRMAN MASTERSON: Senator Francisco.

16 SENATOR FRANCISCO: Thank you, Mr. Chair.

17 I understood that there was not an agreement,

18 necessarily, or an understanding of what the

19 meaning of that standard was. So again, I'm

20 wondering how did we confirm that the total amount

21 of school funding met or exceeded the Supreme

22 Court's standard for adequacy?

23 CHAIRMAN MASTERSON: We should be getting

24 the comments from the vice-chairman on Rose. I

25 certainly heard good information about the results



1 our schools are getting, and there is certainly no  
2 compelling evidence they are not meeting the Rose  
3 standards. By default, I assume you are meeting.

4 SENATOR FRANCISCO: But this talks about  
5 the total amount of school funding meeting or  
6 exceeding the standard, not -- my understanding is  
7 the Rose standards were not funding, right? They  
8 were outcomes. So I -- I would argue that we do  
9 have schools that are meeting outcomes, but I'm  
10 confused by the wording about amount of funding.

11 CHAIRMAN MASTERSON: How would you  
12 separate outcomes from an adequate result?

13 SENATOR FRANCISCO: By speaking to the  
14 issue of outcomes as opposed to, furthermore, the  
15 evidence before the legislature confirms that  
16 schools are meeting appropriate educational  
17 outcomes.

18 CHAIRMAN MASTERSON: Isn't another term  
19 for appropriate adequate?

20 Senator Francisco.

21 SENATOR FRANCISCO: My suggestion is that  
22 we take the sentence out, so I'm not sure that I  
23 can fix it.

24 CHAIRMAN MASTERSON: We have a motion to  
25 remove that sentence. Second? It dies for lack



1 of a second.

2 Back on the balloon. Anything further?

3 Seeing none, Senator Denning, you can make your  
4 motion.

5 SENATOR DENNING: Thank you, Mr.  
6 Chairman. I would move this balloon out favorably  
7 with the amendment to go to the Revisor to make  
8 those technical and grammar corrections.

9 CHAIRMAN MASTERSON: The motion is to  
10 amend 515 with this balloon and make the technical  
11 corrections. Second by Senator Melcher.  
12 Discussion? Seeing none. All in favor, say aye.  
13 Opposed, no.

14 Would you like to be recorded as no on that  
15 amendment?

16 SENATOR KELLY: Yes.

17 CHAIRMAN MASTERSON: Very well. Senator  
18 Francisco and Senator Kelly recorded as no.  
19 Senator Denning.

20 SENATOR DENNING: Thank you, Mr.  
21 Chairman. I do have another technical amendment.  
22 Its on the ancillary school facilities tax, and I  
23 can explain this one as it gets handed out to you.

24 CHAIRMAN MASTERSON: Go ahead.

25 SENATOR DENNING: The ancillary school



1 was in the block grant, it was in all the  
2 iterations of the school financing bills that  
3 we've been preparing. We left it out of 515 and  
4 we need to put it back in so that's -- again,  
5 that's the technical correction.

6 CHAIRMAN MASTERSON: I have a motion to  
7 amend. Is there a second? Second by Senator  
8 Arpke. Discussion on this one? Seeing none, all  
9 in favor, say aye. Opposed, no. The bill is  
10 amended.

11 Senator Denning.

12 SENATOR DENNING: Thank you, Mr.  
13 Chairman. Amendment No. 3 has to do with the  
14 extraordinary need fund. I can explain it once it  
15 gets passed out.

16 Thank you, Mr. Chairman. This third  
17 amendment is ensuring legislative intent that  
18 would hold all the school districts harmless, be  
19 it general state aid or capital outlay state aid.  
20 And third, if an unforeseen shortfall does arise,  
21 we'll go to the extraordinary need fund first.  
22 And if it gets exhausted, then we'll go to SGF  
23 second.

24 CHAIRMAN MASTERSON: So for clarification  
25 of the committee, it wasn't in the runs, but on



1 the cover sheet provided by the department there  
2 was this line item that said potential growth  
3 \$2,000,000. What this would do is if there is  
4 growth that is required in the entitlement section  
5 of that, the 4,000,000,000/2,000,000, becomes a  
6 4,000,000/4,000,000, but that money would be first  
7 drawn from that extraordinary needs pot to make  
8 sure the entitlement section is fully funded.  
9 Then, therefore, for simple math, 15,000,000  
10 that's set aside for the department to distribute  
11 would become 13.

12 Any questions on that amendment?

13 Senator Tyson.

14 SENATOR TYSON: Thank you, Mr. Chairman.  
15 Is it on a first-come-first-serve basis then for  
16 the funding for --

17 CHAIRMAN MASTERSON: No, the entitlement  
18 is going to be driven strictly by how the block  
19 and the equalization formulas work and the  
20 department's determination of that entitlement  
21 section of that. This guarantees that would be  
22 fully funded.

23 Now, as it pertains to the remaining 15 to 13  
24 million, the answer is, yes, that is discretionary  
25 at the department level without limit.



1 SENATOR TYSON: Thank you.

2 CHAIRMAN MASTERSON: Further questions?  
3 Senator Kelly.

4 SENATOR KELLY: Thank you, Mr. Chair.  
5 Just for clarification, all that we are doing here  
6 is a one-year transition, right? This is not --  
7 we are not putting this into law?

8 CHAIRMAN MASTERSON: Thank you for that  
9 reminder. It's easy to get lost in this  
10 discussion and feel like we are building a brand  
11 new formula.

12 This is simply the stopgap because we do not  
13 want the schools to close. Thank you for that,  
14 Senator Kelly.

15 Further question? Seeing none, I have a  
16 motion and a second. So all those in favor, say  
17 I. Opposed, no. Bill is amended.

18 Committee, is there anything further on this  
19 bill? Actually, I have a procedural action I'd  
20 like to take.

21 Senator Denning.

22 SENATOR DENNING: Thank you, Mr.  
23 Chairman. I'd like to make the motion to move the  
24 contents of House Bill 2655 be deleted from the  
25 bill and that the provisions of Senate Bill 515,





1 including any amendments adopted by the committee,  
2 be placed in the gutted House Bill 2655 and that  
3 the Senate substitute for House Bill 2655 be  
4 passed out favorably.

5 CHAIRMAN MASTERSON: Second by Senator  
6 Arpke.

7 So everybody understands what we are doing,  
8 because of the time frame and the pressure that we  
9 are under, this would put the contents in the  
10 House bill to where, if it were to pass our floor  
11 tomorrow, the House would be in a position to make  
12 a motion to concur and send it to the Governor's  
13 desk. The purpose for that is to maximize the  
14 time frame by which the Court would have to review  
15 and the schools would have to plan. Because if we  
16 wait until the veto session and we are in May,  
17 that time frame is extremely short. So we are  
18 trying to create surety for the stopgap measures.

19 Any questions on that procedure? Seeing none,  
20 there is motion and a second. All those in favor,  
21 say aye? Opposed, no. Would you like to be  
22 recorded? Senator Kelly votes no. The bill  
23 passes out.

24 If there is nothing further, committee, you  
25 are adjourned.



1 Senator Francisco, I'm sorry.

2 SENATOR FRANCISCO: Was it a combined  
3 motion to put it into --

4 CHAIRMAN MASTERSON: He did. It was a  
5 combined motion. I will note it's going to be on  
6 the floor, on GO and there will be opportunities  
7 to amend.

8 Now seeing nothing further, we are adjourned.

9 (THEREUPON, the hearing concluded at 1:52  
10 p.m.)

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800 E. 1<sup>st</sup> Street, Suite 305  
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**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 24th day of March, 2016.

*Lora J. Appino*

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



**SENATE BILL No. 515**

By Committee on Ways and Means

3-22

1 AN ACT concerning education; relating to the financing and instruction  
2 thereof; making and concerning appropriations for the fiscal year  
3 ending June 30, 2017, for the department of education; relating to the  
4 classroom learning assuring student success act; amending K.S.A. 2015  
5 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing  
6 the existing sections.

8 *Be it enacted by the Legislature of the State of Kansas:*  
9 Section 1.

10 DEPARTMENT OF EDUCATION

11 (a) There is appropriated for the above agency from the state general  
12 fund for the fiscal year ending June 30, 2017, the following:

13 Supplemental general state aid.....\$367,582,721  
14 School district equalization state aid.....\$61,792,947

15 (b) There is appropriated for the above agency from the following  
16 special revenue fund or funds for the fiscal year ending June 30, 2017, all  
17 moneys now or hereafter lawfully credited to and available in such fund or  
18 funds, except that expenditures other than refunds authorized by law and  
19 transfers to other state agencies shall not exceed the following:

20 School district capital outlay state aid fund.....No limit

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above  
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016  
23 House Substitute for Senate Bill No. 161 from the state general fund in the  
24 block grants to USDs account (652-00-1000-0500), the sum of  
25 \$477,802,500 is hereby lapsed.

26 (d) On July 1, 2016, the expenditure limitation established for the  
27 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015  
28 Session Laws of Kansas on the school district extraordinary need fund of  
29 the department of education is hereby decreased from \$17,521,425 to  
30 \$15,167,962.

31 (e) On July 1, 2016, or as soon thereafter as moneys are available, the  
32 director of accounts and reports shall transfer \$15,167,962 from the state  
33 general fund to the school district extraordinary need fund of the  
34 department of education.

35 New Sec. 2. (a) For school year 2016-2017, each school district that  
36 has adopted a local option budget is eligible to receive an amount of

WHEREAS, The people of Kansas, through article 6 § 6(b) of constitution of the state of Kansas, declared that "the legislature shall make suitable provision for finance of the educational interests of the state." According to the supreme court, this provision contains both an adequacy and equity component. On February 11, 2016, the supreme court ruled that funds provided to the school districts under the existing school finance legislation for local option budget equalization and capital outlay equalization were not equitably distributed among the school districts; and

WHEREAS, The supreme court issued an order directing the legislature to fairly allocate resources among the school districts by providing "reasonably equal access to substantially similar education opportunity through similar tax effort." The supreme court warned that, if no action is taken by June 30, 2016, and because an unconstitutional system is invalid, it may entertain a motion to enjoin funding the school system for the 2016-17 school year; and

WHEREAS, The legislature is committed to a avoiding any disruption to public education and desires to meet its obligation; and

WHEREAS, After hearing evidence concerning varying proposals for this body to continue providing an adequate public education while satisfying the supreme court's equity issue, the legislature is acting on this bill in an expedited manner so that the schools will open, as scheduled, for the 2016-17 school year; and

WHEREAS, This step, while important, is only the first of many, upon enactment of this legislation, the legislature will immediately return to the task of finding a long-term solution, based upon a broad base of stakeholders, that will continue to provide every Kansas student the opportunity to pursue their chosen desires through an excellent public education;

Now, therefore,

New Sec. 2. (a) The legislature hereby declares that the intent of this act is to ensure that public school students receive a constitutionally adequate education through a fair allocation of resources among the school districts and that the distribution of these funds does not result in unreasonable wealth-based disparities among districts. In particular, the legislature: (1) Has been advised of the constitutional standard for equity as set forth in Supreme Court's ruling in *Gannon v. State*, Case No. 113,267, \_\_\_ Kan. \_\_\_, 2016 WL 540725 (Feb. 11, 2016), including preceding school finance decisions; (ii) endeavored to memorialize the legislative evidence and deliberations conferees shared as the legislature considered the best way to meet this constitutional standard; and (iii) arrived at the best solution to discharge its constitutional duty to make suitable provision for finance of the educational interests of the state. To this end, this legislation shall be liberally construed so as to make certain that no funding for public schools will be enjoined.

1 supplemental general state aid. A school district's eligibility to receive  
 2 supplemental general state aid shall be determined by the state board as  
 3 provided in this subsection. The state board of education shall:

4 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
 5 of each school district in the state and round such amount to the nearest  
 6 \$1,000. The rounded amount is the AVPP of a school district for the  
 7 purposes of this section;

8 (2) determine the median AVPP of all school districts;

9 (3) prepare a schedule of dollar amounts using the amount of the  
 10 median AVPP of all school districts as the point of beginning. The  
 11 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
 12 from the point of beginning to and including an amount that is equal to the  
 13 amount of the AVPP of the school district with the highest AVPP of all  
 14 school districts and shall range downward in equal \$1,000 intervals from  
 15 the point of beginning to and including an amount that is equal to the  
 16 amount of the AVPP of the school district with the lowest AVPP of all  
 17 school districts;

18 (4) determine a state aid percentage factor for each school district by  
 19 assigning a state aid computation percentage to the amount of the median  
 20 AVPP shown on the schedule, decreasing the state aid computation  
 21 percentage assigned to the amount of the median AVPP by one percentage  
 22 point for each \$1,000 interval above the amount of the median AVPP, and  
 23 increasing the state aid computation percentage assigned to the amount of  
 24 the median AVPP by one percentage point for each \$1,000 interval below  
 25 the amount of the median AVPP. The state aid percentage factor of a  
 26 school district is the percentage assigned to the schedule amount that is  
 27 equal to the amount of the AVPP of the school district, except that the state  
 28 aid percentage factor of a school district shall not exceed 100%. The state  
 29 aid computation percentage is 25%;

30 (5) determine the amount of the local option budget adopted by each  
 31 school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments  
 32 thereto; and

33 (6) multiply the amount computed under subsection (a)(5) by the  
 34 applicable state aid percentage factor. The resulting product is the amount  
 35 of payment the school district is to receive as supplemental general state  
 36 aid in the school year.

37 (b) The state board shall prescribe the dates upon which the  
 38 distribution of payments of supplemental general state aid to school  
 39 districts shall be due. Payments of supplemental general state aid shall be  
 40 distributed to school districts on the dates prescribed by the state board.  
 41 The state board shall certify to the director of accounts and reports the  
 42 amount due each school district, and the director of accounts and reports  
 43 shall draw a warrant on the state treasury payable to the treasurer of the

(b) The legislature has been advised that funding disruptions and uncertainty are counter-productive to public education and that the funding certainty of the classroom learning assuring student success act is critical to the effective operation of school districts. Furthermore, the evidence before the legislature confirms that the total amount of school funding meets or exceeds the Supreme Court's standard for adequacy. As a result, the legislature believes that it has enacted legislation that both fairly meets the equity requirements of Article 6 and does not run afoul of the already adequate funding as demonstrated by the excellent results of the public education system made known to the legislature.

(c) The legislature hereby finds and declares the following:

(1) That, based on testimony from the state department of education and other parties involved in the public education system, a hold harmless fund is necessary in light of the fact that many school budgets are set based upon the provisions of the classroom learning assuring student success act;

(2) that the prior equalization formulas used for capital outlay state aid and supplemental general state aid had no basis in educational policy, and that it is preferable to apply a single equalization formula to both categories of state aid;

(3) that this act fully complies with the supreme court's order, but that there is an untenable risk the act may be found to be unconstitutional and, as a result, all educational funding could be enjoined. The risk of disrupting education in this regard is unacceptable to the legislature, and as a result, the provisions of this act should be considered as severable; and

(4) that, based on testimony from the state department of education, the state board of education may be able to more quickly respond to and address concerns raised by the school districts, including, without limitation, emergency needs or a demonstrated inability to have reasonably equal access to substantially similar educational opportunities through similar tax effort.

**SENATE BILL No. 515**

By Committee on Ways and Means

3-22

Balloon Amendments for SB 515 #2  
Senate Committee on Ways and Means  
Prepared by Jason Long  
Office of Revisor of Statutes  
March 23, 2016

1 AN ACT concerning education; relating to the financing and instruction  
2 thereof; making and concerning appropriations for the fiscal year  
3 ending June 30, 2017, for the department of education; relating to the  
4 classroom learning assuring student success act; amending K.S.A. 2015  
5 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing  
6 the existing sections.  
7

72-6474,

8 *Be it enacted by the Legislature of the State of Kansas:*  
9 Section 1.

10 DEPARTMENT OF EDUCATION

11 (a) There is appropriated for the above agency from the state general  
12 fund for the fiscal year ending June 30, 2017, the following:

13 Supplemental general state aid.....\$367,582,721  
14 School district equalization state aid.....\$61,792,947

15 (b) There is appropriated for the above agency from the following  
16 special revenue fund or funds for the fiscal year ending June 30, 2017, all  
17 moneys now or hereafter lawfully credited to and available in such fund or  
18 funds, except that expenditures other than refunds authorized by law and  
19 transfers to other state agencies shall not exceed the following:

20 School district capital outlay state aid fund.....No limit

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above  
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016  
23 House Substitute for Senate Bill No. 161 from the state general fund in the  
24 block grants to USDs account (652-00-1000-0500), the sum of  
25 \$477,802,500 is hereby lapsed.

26 (d) On July 1, 2016, the expenditure limitation established for the  
27 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015  
28 Session Laws of Kansas on the school district extraordinary need fund of  
29 the department of education is hereby decreased from \$17,521,425 to  
30 \$15,167,962.

31 (e) On July 1, 2016, or as soon thereafter as moneys are available, the  
32 director of accounts and reports shall transfer \$15,167,962 from the state  
33 general fund to the school district extraordinary need fund of the  
34 department of education.

35 New Sec. 2. (a) For school year 2016-2017, each school district that  
36 has adopted a local option budget is eligible to receive an amount of

1 supplemental general state aid. A school district's eligibility to receive  
2 supplemental general state aid shall be determined by the state board as  
3 provided in this subsection. The state board of education shall:

4 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
5 of each school district in the state and round such amount to the nearest  
6 \$1,000. The rounded amount is the AVPP of a school district for the  
7 purposes of this section;

8 (2) determine the median AVPP of all school districts;

9 (3) prepare a schedule of dollar amounts using the amount of the  
10 median AVPP of all school districts as the point of beginning. The  
11 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
12 from the point of beginning to and including an amount that is equal to the  
13 amount of the AVPP of the school district with the highest AVPP of all  
14 school districts and shall range downward in equal \$1,000 intervals from  
15 the point of beginning to and including an amount that is equal to the  
16 amount of the AVPP of the school district with the lowest AVPP of all  
17 school districts;

18 (4) determine a state aid percentage factor for each school district by  
19 assigning a state aid computation percentage to the amount of the median  
20 AVPP shown on the schedule, decreasing the state aid computation  
21 percentage assigned to the amount of the median AVPP by one percentage  
22 point for each \$1,000 interval above the amount of the median AVPP, and  
23 increasing the state aid computation percentage assigned to the amount of  
24 the median AVPP by one percentage point for each \$1,000 interval below  
25 the amount of the median AVPP. The state aid percentage factor of a  
26 school district is the percentage assigned to the schedule amount that is  
27 equal to the amount of the AVPP of the school district, except that the state  
28 aid percentage factor of a school district shall not exceed 100%. The state  
29 aid computation percentage is 25%;

30 (5) determine the amount of the local option budget adopted by each  
31 school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments  
32 thereto; and

33 (6) multiply the amount computed under subsection (a)(5) by the  
34 applicable state aid percentage factor. The resulting product is the amount  
35 of payment the school district is to receive as supplemental general state  
36 aid in the school year.

37 (b) The state board shall prescribe the dates upon which the  
38 distribution of payments of supplemental general state aid to school  
39 districts shall be due. Payments of supplemental general state aid shall be  
40 distributed to school districts on the dates prescribed by the state board.  
41 The state board shall certify to the director of accounts and reports the  
42 amount due each school district, and the director of accounts and reports  
43 shall draw a warrant on the state treasury payable to the treasurer of the

1 school district. Upon receipt of the warrant, the treasurer of the school  
2 district shall credit the amount thereof to the supplemental general fund of  
3 the school district to be used for the purposes of such fund.

4 (c) If any amount of supplemental general state aid that is due to be  
5 paid during the month of June of a school year pursuant to the other  
6 provisions of this section is not paid on or before June 30 of such school  
7 year, then such payment shall be paid on or after the ensuing July 1, as  
8 soon as moneys are available therefor. Any payment of supplemental  
9 general state aid that is due to be paid during the month of June of a school  
10 year and that is paid to school districts on or after the ensuing July 1 shall  
11 be recorded and accounted for by school districts as a receipt for the  
12 school year ending on the preceding June 30.

13 (d) If the amount of appropriations for supplemental general state aid  
14 is less than the amount each school district is to receive for the school year,  
15 the state board shall prorate the amount appropriated among the school  
16 districts in proportion to the amount each school district is to receive as  
17 determined under subsection (a).

18 (e) The provisions of this section shall be part of and supplemental to  
19 the classroom learning assuring student success act.

20 (f) The provisions of this section shall expire on June 30, 2017.

21 New Sec. 3. (a) There is hereby established in the state treasury the  
22 school district capital outlay state aid fund. Such fund shall consist of all  
23 amounts transferred thereto under the provisions of subsection (c).

24 (b) For school year 2016-2017, each school district which levies a tax  
25 pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall receive  
26 payment from the school district capital outlay state aid fund in an amount  
27 determined by the state board of education as provided in this subsection.  
28 The state board of education shall:

29 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
30 of each school district in the state and round such amount to the nearest  
31 \$1,000. The rounded amount is the AVPP of a school district for the  
32 purposes of this section;

33 (2) determine the median AVPP of all school districts;

34 (3) prepare a schedule of dollar amounts using the amount of the  
35 median AVPP of all school districts as the point of beginning. The  
36 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
37 from the point of beginning to and including an amount that is equal to the  
38 amount of the AVPP of the school district with the highest AVPP of all  
39 school districts and shall range downward in equal \$1,000 intervals from  
40 the point of beginning to and including an amount that is equal to the  
41 amount of the AVPP of the school district with the lowest AVPP of all  
42 school districts;

43 (4) determine a state aid percentage factor for each school district by



1 assigning a state aid computation percentage to the amount of the median  
2 AVPP shown on the schedule, decreasing the state aid computation  
3 percentage assigned to the amount of the median AVPP by one percentage  
4 point for each \$1,000 interval above the amount of the median AVPP, and  
5 increasing the state aid computation percentage assigned to the amount of  
6 the median AVPP by one percentage point for each \$1,000 interval below  
7 the amount of the median AVPP. The state aid percentage factor of a  
8 school district is the percentage assigned to the schedule amount that is  
9 equal to the amount of the AVPP of the school district, except that the state  
10 aid percentage factor of a school district shall not exceed 100%. The state  
11 aid computation percentage is 25%;

12 (5) determine the amount levied by each school district pursuant to  
13 K.S.A. 72-8801 et seq., and amendments thereto; and

14 (6) multiply the amount computed under subsection (b)(5), but not to  
15 exceed 8 mills, by the applicable state aid percentage factor. The resulting  
16 product is the amount of payment the school district is to receive from the  
17 school district capital outlay state aid fund in the school year.

18 (c) The state board shall certify to the director of accounts and reports  
19 the amount of school district capital outlay state aid determined under the  
20 provisions of subsection (b), and an amount equal thereto shall be  
21 transferred by the director from the state general fund to the school district  
22 capital outlay state aid fund for distribution to school districts. All transfers  
23 made in accordance with the provisions of this subsection shall be  
24 considered to be demand transfers from the state general fund.

25 (d) Payments from the school district capital outlay state aid fund  
26 shall be distributed to school districts at times determined by the state  
27 board of education. The state board of education shall certify to the  
28 director of accounts and reports the amount due each school district, and  
29 the director of accounts and reports shall draw a warrant on the state  
30 treasury payable to the treasurer of the school district. Upon receipt of the  
31 warrant, the treasurer of the school district shall credit the amount thereof  
32 to the capital outlay fund of the school district to be used for the purposes  
33 of such fund.

34 (e) The provisions of this section shall be part of and supplemental to  
35 the classroom learning assuring student success act.

36 (f) The provisions of this section shall expire on June 30, 2017.

37 New Sec. 4. (a) For school year 2016-2017, the state board of  
38 education shall disburse school district equalization state aid to each  
39 school district that is eligible to receive such state aid. In determining  
40 whether a school district is eligible to receive school district equalization  
41 state aid, the state board shall:

42 (i) Determine the aggregate amount of supplemental general state aid  
43 and capital outlay state aid such school district is to receive for school year

1 2016-2017 under sections 2 and 3, and amendments thereto, respectively;

2 (2) determine the aggregate amount of supplemental general state aid  
3 and capital outlay state aid such school district received as a portion of  
4 general state aid for school year 2015-2016 under K.S.A. 2015 Supp. 72-  
5 6465, and amendments thereto;

6 (3) subtract the amount determined under subsection (a)(1) from the  
7 amount determined under (a)(2). If the resulting difference is a positive  
8 number, then the school district is eligible to receive school district  
9 equalization state aid.

10 (b) The amount of school district equalization state aid an eligible  
11 school district is to receive shall be equal to the amount calculated under  
12 subsection (a)(3).

13 (c) The state board shall prescribe the dates upon which the  
14 distribution of payments of school district equalization state aid to school  
15 districts shall be due. Payments of school district equalization state aid  
16 shall be distributed to school districts on the dates prescribed by the state  
17 board. The state board shall certify to the director of accounts and reports  
18 the amount due each school district, and the director of accounts and  
19 reports shall draw a warrant on the state treasury payable to the treasurer  
20 of the school district. Upon receipt of the warrant, the treasurer of the  
21 school district shall credit the amount thereof to the general fund of the  
22 school district to be used for the purposes of such fund.

23 (d) The provisions of this section shall be part of and supplemental to  
24 the classroom learning assuring student success act.

25 (e) The provisions of this section shall expire on June 30, 2017.

26 Sec. 5. K.S.A. 2015 Supp. 72-6463 is hereby amended to read as  
27 follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463  
28 through 72-6481, and sections 2 through 4, and amendments thereto, shall  
29 be known and may be cited as the classroom learning assuring student  
30 success act.

31 (b) The legislature hereby declares that the intent of this act is to  
32 lessen state interference and involvement in the local management of  
33 school districts and to provide more flexibility and increased local control  
34 for school district boards of education and administrators in order to:

35 (1) Enhance predictability and certainty in school district funding  
36 sources and amounts;

37 (2) allow school district boards of education and administrators to  
38 best meet their individual school district's financial needs; and

39 (3) maximize opportunities for more funds to go to the classroom.

40 To meet this legislative intent, state financial support for elementary  
41 and secondary public education will be met by providing a block grant for  
42 school years 2015-2016 and 2016-2017 to each school district. Each  
43 school district's block grant will be based in part on, and be at least equal

1 to, the total state financial support as determined for school year 2014-  
2 2015 under the school district finance and quality performance act, prior to  
3 its repeal. All school districts will be held harmless from any decreases to  
4 the final school year 2014-2015 amount of total state financial support.

5 (c) The legislature further declares that the guiding principles for the  
6 development of subsequent legislation for the finance of elementary and  
7 secondary public education should consist of the following:

- 8 (1) Ensuring that students' educational needs are funded;
- 9 (2) providing more funding to classroom instruction;
- 10 (3) maximizing flexibility in the use of funding by school district  
11 boards of education and administrators; and
- 12 (4) achieving the goal of providing students with those education  
13 capacities established in K.S.A. 72-1127, and amendments thereto.

14 (d) The provisions of this section shall be effective from and after  
15 July 1, 2015, through June 30, 2017.

16 Sec. 6. K.S.A. 2015 Supp. 72-6465 is hereby amended to read as  
17 follows: 72-6465. (a) For school year 2015-2016 ~~and school year 2016-~~  
18 ~~2017~~, the state board shall disburse general state aid to each school district  
19 in an amount equal to:

20 (1) Subject to the provisions of subsections ~~(b)~~ (c) through ~~(f)~~ (g), the  
21 amount of general state aid such school district received for school year  
22 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as  
23 prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:

24 (A) The amount directly attributable to the ancillary school facilities  
25 weighting as determined for school year 2014-2015 under K.S.A. 72-6443,  
26 prior to its repeal;

27 (B) the amount directly attributable to the cost-of-living weighting as  
28 determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,  
29 prior to its repeal;

30 (C) the amount directly attributable to declining enrollment state aid  
31 as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-  
32 6452, prior to its repeal; and

33 (D) the amount directly attributable to virtual school state aid as  
34 determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,  
35 and amendments thereto, plus;

36 (2) the amount of supplemental general state aid such school district  
37 received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434,  
38 prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to  
39 its repeal, plus;

40 (3) the amount of capital outlay state aid such school district received  
41 for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814,  
42 prior to its repeal, plus;

43 (4) (A) an amount that is directly attributable to the proceeds of the

1 tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,  
2 and amendments thereto, provided; the school district has levied such tax;

3 (B) an amount that is directly attributable to the proceeds of the tax  
4 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and  
5 amendments thereto, provided; the school district has levied such tax; *and*

6 (C) an amount that is directly attributable to the proceeds of the tax  
7 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and  
8 amendments thereto, provided; the school district has levied such tax, plus;

9 (5) the amount of virtual school state aid such school district is to  
10 receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

11 (6) an amount certified by the board of trustees of the Kansas public  
12 employees retirement system which is equal to the participating employer's  
13 obligation of such school district to the system, less;

14 (7) an amount equal to 0.4% of the amount determined under  
15 subsection (a)(1).

16 (b) *For school year 2016-2017, the state board shall disburse*  
17 *general state aid to each school district in an amount equal to:*

18 (1) *Subject to the provisions of subsections (c) through (g), the*  
19 *amount of general state aid such school district received for school year*  
20 *2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as*  
21 *prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:*

22 (A) *The amount directly attributable to the ancillary school facilities*  
23 *weighting as determined for school year 2014-2015 under K.S.A. 72-6443,*  
24 *prior to its repeal;*

25 (B) *the amount directly attributable to the cost-of-living weighting as*  
26 *determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,*  
27 *prior to its repeal;*

28 (C) *the amount directly attributable to declining enrollment state aid*  
29 *as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-*  
30 *6452, prior to its repeal; and*

31 (D) *the amount directly attributable to virtual school state aid as*  
32 *determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,*  
33 *and amendments thereto, plus;*

34 (2) (A) *an amount that is directly attributable to the proceeds of the*  
35 *tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,*  
36 *and amendments thereto, provided the school district has levied such tax;*

37 (B) *an amount that is directly attributable to the proceeds of the tax*  
38 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and*  
39 *amendments thereto, provided the school district has levied such tax; and*

40 (C) *an amount that is directly attributable to the proceeds of the tax*  
41 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and*  
42 *amendments thereto, provided the school district has levied such tax, plus;*

43 (3) *the amount of virtual school state aid such school district is to*

1 *receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;*  
2 *(4) an amount certified by the board of trustees of the Kansas public*  
3 *employees retirement system which is equal to the participating employer's*  
4 *obligation of such school district to the system, less;*  
5 *(5) an amount equal to 0.4% of the amount determined under*  
6 *subsection (b)(1).*  
7 ~~(b)~~ *(c) For any school district whose school financing sources*  
8 *exceeded its state financial aid for school year 2014-2015 as calculated*  
9 *under the school district finance and quality performance act, prior to its*  
10 *repeal, the amount such school district is entitled to receive under*  
11 *subsection (a)(1) or (b)(1) shall be the proceeds of the tax levied by the*  
12 *school district pursuant to K.S.A. 2015 Supp. 72-6470, and amendments*  
13 *thereto, less the difference between such school district's school financing*  
14 *sources and its state financial aid for school year 2014-2015 as calculated*  
15 *under the school district finance and quality performance act, prior to its*  
16 *repeal.*  
17 ~~(e)~~ *(d) For any school district formed by consolidation in accordance*  
18 *with article 87 of chapter 72 of the Kansas Statutes Annotated, and*  
19 *amendments thereto, prior to the effective date of this act, and whose state*  
20 *financial aid for school year 2014-2015 was determined under K.S.A.*  
21 *2014 Supp. 72-6445a, prior to its repeal, the amount of general state aid*  
22 *for such school district determined under subsection (a)(1) or (b)(1) shall*  
23 *be determined as if such school district was not subject to K.S.A. 2014*  
24 *Supp. 72-6445a, prior to its repeal, for school year 2014-2015.*  
25 ~~(d)~~ *(e) For any school district that consolidated in accordance with*  
26 *article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments*  
27 *thereto, and such consolidation becomes effective on or after July 1, 2015,*  
28 *the amount of general state aid for such school district determined under*  
29 *subsection (a)(1) or (b)(1) shall be the sum of the general state aid each of*  
30 *the former school districts would have received under subsection (a)(1) or*  
31 *(b)(1).*  
32 ~~(e)~~ *(f) (1) For any school district that was entitled to receive school*  
33 *facilities weighting for school year 2014-2015 under K.S.A. 2014 Supp.*  
34 *72-6415b, prior to its repeal, and which would not have been eligible to*  
35 *receive such weighting for school year 2015-2016 under K.S.A. 2014*  
36 *Supp. 72-6415b, prior to its repeal, an amount directly attributable to the*  
37 *school facilities weighting as determined for school year 2014-2015 under*  
38 *K.S.A. 72-6415, prior to its repeal, for such school district shall be*  
39 *subtracted from the amount of general state aid for such school district*  
40 *determined under subsection (a)(1) or (b)(1).*  
41 *(2) For any school district which would have been eligible to receive*  
42 *school facilities weighting for school year 2015-2016 under K.S.A. 2014*  
43 *Supp. 72-6415b, prior to its repeal, but which did not receive such*

1 weighting for school year 2014-2015, an amount directly attributable to  
 2 the school facilities weighting as would have been determined under  
 3 K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be  
 4 added to the amount of general state aid for such school district  
 5 determined under subsection (a)(1) *or* (b)(1).

6 (3) For any school district which would have been eligible to receive  
 7 school facilities weighting for school year 2016-2017 under K.S.A. 2014  
 8 Supp. 72-6415b, prior to its repeal, but which did not receive such  
 9 weighting for school year 2014-2015, and which would not have been  
 10 eligible to receive such weighting for school year 2015-2016 under K.S.A.  
 11 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to  
 12 the school facilities weighting as would have been determined under  
 13 K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be  
 14 added to the amount of general state aid for such school district  
 15 determined under subsection (a)(1) *or* (b)(1).

16 ~~(f)~~ (g) (1) For any school district that received federal impact aid for  
 17 school year 2014-2015, if such school district receives federal impact aid  
 18 in school year 2015-2016 in an amount that is less than the amount such  
 19 school district received in school year 2014-2015, then an amount equal to  
 20 the difference between the amount of federal impact aid received by such  
 21 school district in such school years shall be added to the amount of general  
 22 state aid for such school district for school year 2015-2016 as determined  
 23 under subsection (a)(1) *or* (b)(1).

24 (2) For any school district that received federal impact aid for school  
 25 year 2014-2015, if such school district receives federal impact aid in  
 26 school year 2016-2017 in an amount that is less than the amount such  
 27 school district received in school year 2014-2015, then an amount equal to  
 28 the difference between the amount of federal impact aid received by such  
 29 school district in such school years shall be added to the amount of general  
 30 state aid for such school district for school year 2016-2017 as determined  
 31 under subsection (a)(1) *or* (b)(1).

32 ~~(g)~~ (h) The general state aid for each school district shall be disbursed  
 33 in accordance with appropriation acts. In the event the appropriation for  
 34 general state aid exceeds the amount determined under subsection (a) *or*  
 35 (b) for any school year, then the state board shall disburse such excess  
 36 amount to each school district in proportion to such school district's  
 37 enrollment.

38 ~~(h)~~ (i) The provisions of this section shall be effective from and after  
 39 July 1, 2015, through June 30, 2017.

40 Sec. 7. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as  
 41 follows: 72-6476. (a) Each school district may submit an application to the  
 42 state ~~finance council~~ board of education for approval of extraordinary need  
 43 state aid. Such application shall be submitted in such form and manner as

See attached insert

And by renumbering remaining sections accordingly

1 prescribed by the state ~~finance-council~~ board, and shall include a  
2 description of the extraordinary need of the school district that is the basis  
3 for the application.

4 (b) The state ~~finance-council~~ board shall review all submitted  
5 applications and approve or deny such application based on whether the  
6 applicant school district has demonstrated extraordinary need. As part of  
7 its review of an application, the state ~~finance-council~~ board may conduct a  
8 hearing and provide the applicant school district an opportunity to present  
9 testimony as to such school district's extraordinary need. In determining  
10 whether a school district has demonstrated extraordinary need, the state  
11 ~~finance-council~~ board shall consider: (1) Any extraordinary increase in  
12 enrollment of the applicant school district for the current school year; (2)  
13 any extraordinary decrease in the assessed valuation of the applicant  
14 school district for the current school year; ~~and~~ (3) any other unforeseen  
15 acts or circumstances which substantially impact the applicant school  
16 district's general fund budget for the current school year; *and (4) in lieu of*  
17 *any of the foregoing considerations, whether the applicant school district*  
18 *has reasonably equal access to substantially similar educational*  
19 *opportunity through similar tax effort.*

20 (c) If the state ~~finance-council~~ board approves an application it shall  
21 ~~certify to the state board of education that such application was approved~~  
22 ~~and determine~~ the amount of extraordinary need state aid to be disbursed  
23 to the applicant school district from the school district extraordinary need  
24 fund. In approving any application for extraordinary need state aid, the  
25 state ~~finance-council~~ board may approve an amount of extraordinary need  
26 state aid that is less than the amount the school district requested in the  
27 application. If the state ~~finance-council~~ board denies an application, then  
28 within 15 days of such denial ~~it the state board~~ shall send written notice of  
29 such denial to the superintendent of such school district. ~~The decision of~~  
30 ~~the state finance-council shall be final~~ *All administrative proceedings*  
31 *pursuant to this section shall be conducted in accordance with the*  
32 *provisions of the Kansas administrative procedure act. Any action by the*  
33 *state board pursuant to this section shall be subject to review in*  
34 *accordance with the Kansas judicial review act.*

35 (d) There is hereby established in the state treasury the school district  
36 extraordinary need fund which shall be administered by the state  
37 department of education. All expenditures from the school district  
38 extraordinary need fund shall be used for the disbursement of  
39 extraordinary need state aid as approved by the state ~~finance-council~~ board  
40 under this section. All expenditures from the school district extraordinary  
41 need fund shall be made in accordance with appropriation acts upon  
42 warrants of the director of accounts and reports issued pursuant to  
43 vouchers approved by the state board of education, or the designee of the

1 state board of education. At the end of each fiscal year, the director of  
2 accounts and reports shall transfer to the state general fund any moneys in  
3 the school district extraordinary need fund on each such date in excess of  
4 the amount required to pay all amounts of extraordinary need state aid  
5 approved by the state finance council for the current school year.

6 ~~(c) For school year 2015-2016 and school year 2016-2017, the state~~  
7 ~~board of education shall certify to the director of accounts and reports an~~  
8 ~~amount equal to the aggregate of the amount determined under K.S.A.~~  
9 ~~2015 Supp. 72-6465(a)(7), and amendments thereto, for all school~~  
10 ~~districts. Upon receipt of such certification, the director shall transfer the~~  
11 ~~certified amount from the state general fund to the school district~~  
12 ~~extraordinary need fund. All transfers made in accordance with the~~  
13 ~~provisions of this subsection shall be considered to be demand transfers~~  
14 ~~from the state general fund.~~

15 ~~(f) The approvals by the state finance council required by this section~~  
16 ~~are hereby characterized as matters of legislative delegation and subject to~~  
17 ~~the guidelines prescribed in K.S.A. 75-3711e(e), and amendments thereto.~~  
18 ~~Such approvals may be given by the state finance council when the~~  
19 ~~legislature is in session.~~

20 ~~(g) The provisions of this section shall expire on July 1 June 30,~~  
21 ~~2017.~~

22 Sec. 8. K.S.A. 2015 Supp. 72-6481 is hereby amended to read as  
23 follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-6463  
24 through 72-6481, *and sections 2 through 4*, and amendments thereto, shall  
25 ~~not~~ be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through  
26 72-6481, *and sections 2 through 4*, and amendments thereto, *or any*  
27 *application of such provision to any person or circumstance* is held to be  
28 invalid or unconstitutional by court order, ~~all provisions the invalidity~~  
29 ~~shall not affect other provisions or applications~~ of K.S.A. 2015 Supp. 72-  
30 6463 through 72-6481, *and sections 2 through 4*, and amendments thereto,  
31 ~~shall be null and void which can be given effect without the invalid~~  
32 ~~provision or application.~~

33 (b) The provisions of this section shall be effective from and after  
34 July 1, 2015, through June 30, 2017.

35 Sec. 9. K.S.A. 2015 Supp. 74-4939a is hereby amended to read as  
36 follows: 74-4939a. On and after the effective date of this act for each fiscal  
37 year commencing with fiscal year 2005, notwithstanding the provisions of  
38 K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys  
39 appropriated for the department of education from the state general fund  
40 commencing with fiscal year 2005, and each ensuing fiscal year thereafter,  
41 by appropriation act of the legislature, in the KPERS — employer  
42 contributions account and all moneys appropriated for the department of  
43 education from the state general fund or any special revenue fund for each



1 fiscal year commencing with fiscal year 2005, and each ensuing fiscal year  
 2 thereafter, by any such appropriation act in that account or any other  
 3 account for payment of employer contributions for school districts, shall  
 4 be distributed by the department of education to school districts in  
 5 accordance with this section. Notwithstanding the provisions of K.S.A. 74-  
 6 4939, and amendments thereto, *for school year 2015-2016*, the department  
 7 of education shall disburse to each school district that is an eligible  
 8 employer as specified in K.S.A. 74-4931(1), and amendments thereto, an  
 9 amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and  
 10 amendments thereto, which shall be disbursed pursuant to K.S.A. 2015  
 11 Supp. 72-6465, and amendments thereto. *Notwithstanding the provisions*  
 12 *of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,*  
 13 *the department of education shall disburse to each school district that is*  
 14 *an eligible employer as specified in K.S.A. 74-4931(1), and amendments*  
 15 *thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),*  
 16 *and amendments thereto, which shall be disbursed pursuant to K.S.A.*  
 17 *2015 Supp. 72-6465, and amendments thereto.* Upon receipt of each such  
 18 disbursement of moneys, the school district shall deposit the entire amount  
 19 thereof into a special retirement contributions fund of the school district,  
 20 which shall be established by the school district in accordance with such  
 21 policies and procedures and which shall be used for the sole purpose of  
 22 receiving such disbursements from the department of education and  
 23 making the remittances to the system in accordance with this section and  
 24 such policies and procedures. Upon receipt of each such disbursement of  
 25 moneys from the department of education, the school district shall remit,  
 26 in accordance with the provisions of such policies and procedures and in  
 27 the manner and on the date or dates prescribed by the board of trustees of  
 28 the Kansas public employees retirement system, an equal amount to the  
 29 Kansas public employees retirement system from the special retirement  
 30 contributions fund of the school district to satisfy such school district's  
 31 obligation as a participating employer. Notwithstanding the provisions of  
 32 K.S.A. 74-4939, and amendments thereto, each school district that is an  
 33 eligible employer as specified in K.S.A. 74-4931(1), and amendments  
 34 thereto, shall show within the budget of such school district all amounts  
 35 received from disbursements into the special retirement contributions fund  
 36 of such school district. Notwithstanding the provisions of any other statute,  
 37 no official action of the school board of such school district shall be  
 38 required to approve a remittance to the system in accordance with this  
 39 section and such policies and procedures. All remittances of moneys to the  
 40 system by a school district in accordance with this subsection and such  
 41 policies and procedures shall be deemed to be expenditures of the school  
 42 district.

[ ]

43 Sec. 10. K.S.A. 2015 Supp. 72-6463, 72-6465, ~~72-6476~~, 72-6481 and

72-6474,

- 1 74-4939a are hereby repealed.
- 2 Sec. 11. This act shall take effect and be in force from and after its
- 3 publication in the statute book.

Sec. 7. K.S.A. 2015 Supp. 72-6474 is hereby amended to read as follows: 72-6474. (a) The board of any school district to which the provisions of this subsection apply may levy an ad valorem tax on the taxable tangible property of the school district for school years 2015-2016 and 2016-2017 in an amount not to exceed the amount authorized by the state court of tax appeals for school year 2014-2015 pursuant to K.S.A. 72-6441, prior to its repeal, for the purpose set forth in K.S.A. 72-6441, prior to its repeal. The provisions of this subsection apply to any school district that imposed a levy pursuant to K.S.A. 72-6441, prior to its repeal, for school year 2014-2015.

(b) The board of any school district which would have been eligible to levy an ad valorem tax pursuant to K.S.A. 72-6441, prior to its repeal, for ~~school year 2015-2016 or 2016-2017~~ the operation of a school facility whose construction was financed by the issuance of bonds approved for issuance at an election held on or before June 30, 2015, may levy an ad valorem tax on the taxable tangible property of the school district each year for a period of time not to exceed two years in an amount not to exceed the amount authorized by the state board of tax appeals under this subsection for the purpose of financing the costs incurred by the school district that are directly attributable to ancillary school facilities. The state board of tax appeals may authorize the school district to make a levy which will produce an amount that is not greater than the difference between the amount of costs directly attributable to commencing operation of one or more new school facilities and the amount that is financed from any other source provided by law for such purpose.

(c) The state board of tax appeals shall certify to the state board of education the amount authorized to be produced by the

levy of a tax under subsection (a). The state board of tax appeals may adopt rules and regulations necessary to effectuate the provisions of this section, including rules and regulations relating to the evidence required in support of a school district's claim that the costs attributable to commencing operation of one or more new school facilities are in excess of the amount that is financed from any other source provided by law for such purpose.

(d) The board of any school district that has levied an ad valorem tax on the taxable tangible property of the school district each year for a period of two years under authority of subsection (b) may continue to levy such tax under authority of this subsection each year for an additional period of time not to exceed six years in an amount not to exceed the amount computed by the state board of education as provided in this subsection if the board of education of the school district determines that the costs attributable to commencing operation of one or more new school facilities are significantly greater than the costs attributable to the operation of other school facilities in the school district. The tax authorized under this subsection may be levied at a rate which will produce an amount that is not greater than the amount computed by the state board of education as provided in this subsection. In computing such amount, the state board shall:

(1) Determine the amount produced by the tax levied by the school district under authority of subsection (b) in the second year for which such tax was levied;

(2) compute 90% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the

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school district may levy in the first year of the six-year period for which the school district may levy a tax under authority of this subsection;

(3) compute 75% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the second year of the six-year period for which the school district may levy a tax under authority of this subsection;

(4) compute 60% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the third year of the six-year period for which the school district may levy a tax under authority of this subsection;

(5) compute 45% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the fourth year of the six-year period for which the school district may levy a tax under authority of this subsection;

(6) compute 30% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the fifth year of the six-year period for which the school district may levy a tax under authority of this subsection; and

(7) compute 15% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the

school district may levy in the sixth year of the six-year period for which the school district may levy a tax under authority of this subsection.

(e) The proceeds from any tax levied by a school district under authority of this section shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury and shall credit the same to the state school finance fund. All moneys remitted to the state treasurer pursuant to this subsection shall be used for paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state.

(f) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

Session of 2016

SENATE BILL No. 515

By Committee on Ways and Means

3-22

1 AN ACT concerning education; relating to the financing and instruction  
2 thereof; making and concerning appropriations for the fiscal year  
3 ending June 30, 2017, for the department of education; relating to the  
4 classroom learning assuring student success act; amending K.S.A. 2015  
5 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing  
6 the existing sections.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*  
9 Section 1.

10 DEPARTMENT OF EDUCATION

11 (a) There is appropriated for the above agency from the state general  
12 fund for the fiscal year ending June 30, 2017, the following:

13 Supplemental general state aid.....\$367,582,721  
14 School district equalization state aid.....\$61,792,947

15 (b) There is appropriated for the above agency from the following  
16 special revenue fund or funds for the fiscal year ending June 30, 2017, all  
17 moneys now or hereafter lawfully credited to and available in such fund or  
18 funds, except that expenditures other than refunds authorized by law and  
19 transfers to other state agencies shall not exceed the following:

20 School district capital outlay state aid fund.....No limit

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above  
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016  
23 House Substitute for Senate Bill No. 161 from the state general fund in the  
24 block grants to USDs account (652-00-1000-0500), the sum of  
25 \$477,802,500 is hereby lapsed.

26 (d) On July 1, 2016, the expenditure limitation established for the  
27 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015  
28 Session Laws of Kansas on the school district extraordinary need fund of  
29 the department of education is hereby decreased from \$17,521,425 to  
30 \$15,167,962.

31 (e) On July 1, 2016, or as soon thereafter as moneys are available, the  
32 director of accounts and reports shall transfer \$15,167,962 from the state  
33 general fund to the school district extraordinary need fund of the  
34 department of education.

35 New Sec. 2. (a) For school year 2016-2017, each school district that  
36 has adopted a local option budget is eligible to receive an amount of

\$50,780,296

*Provided*, That if the amount of the demand transfer from the state general fund to the school district capital outlay state aid fund of the department of education pursuant to section 3(c), and amendments thereto, exceeds the expenditure limitation established pursuant to this subsection on the school district capital outlay state aid fund, then the expenditure limitation on the school district capital outlay state aid fund is hereby increased by the amount of moneys transferred from the school district extraordinary need fund of the department of education to the school district capital outlay state aid fund pursuant to subsection (e)

*: Provided, however*, That if any transfer of moneys by the director of accounts and reports from the school district extraordinary need fund of the department of education is made pursuant to subsection (e), then the expenditure limitation established pursuant to this subsection on the school district extraordinary need fund is hereby decreased from \$15,167,962 to \$15,167,962 minus the amount of moneys certified by the state board of education to be transferred pursuant to subsection (e)

*: Provided, however*, That if sufficient moneys are not available in the supplemental general state aid account of the state general fund to fully fund the provisions of section 2, and amendments thereto, then the state board of education shall certify the amount of moneys of such insufficient funds to the director of accounts and reports: *And provided*, That upon receipt of any such certification, the director of accounts and reports shall transfer the amount of such insufficient funds certified from the school district extraordinary need fund of the department of education to the supplemental general state aid account of the state general fund: *And provided however*, That if the amount of the demand transfer from the state general fund to the school district capital outlay state aid fund of the department of education pursuant to section 3(c), and amendments thereto, exceeds \$50,780,296, then the state board of education shall certify the amount of moneys equal to the difference between \$50,780,296 and the amount of such demand transfer to the director of accounts and reports: *And provided*, That upon receipt of any such certification, the director of accounts and reports shall transfer the amount of such difference certified from the school district extraordinary need fund of the department of education to the school district capital outlay state aid fund of the department of education: *And provided further*, That, at the same time as the state board of education transmits each such certification to the director of accounts and reports, the state board of education shall transmit a copy of such certification to the director of legislative research.

(f) During the fiscal year ending June 30, 2017, the total amount of transfers from the school district extraordinary need fund of the department of education pursuant to this section shall not exceed \$15,167,962

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FINAL ACTION ON:

HB2740 - AMENDMENTS TO THE CLASS ACT  
REGARDING SUPPLEMENTAL  
GENERAL STATE AID  
AND CAPITAL OUTLAY STATE AID

TRANSCRIPT  
OF PROCEEDINGS,

beginning at 2:10 p.m. on the 23rd day of March,  
2016, in Room 112N, Kansas State Capitol Building,  
Topeka, Kansas, before the House Appropriations  
Committee consisting of Rep. Ryckman, Chairman;  
Rep. Schwartz, Rep. Henry, Rep. Ballard, Rep.  
Barker, Rep. Carlin, Rep. Carpenter, Rep. Claeys,  
Rep. Finney, Rep. Grosserode, Rep. Hawkins, Rep.  
Highland, Rep. Hoffman, Rep. Hutton, Rep. Kahrs,  
Rep. Kleeb, Rep. Lunn, Rep. Macheers, Rep. Proehl,  
Rep. Rhoades, Rep. Suellentrop, Rep. Waymaster and  
Rep. Wolfe Moore.





1 CHAIRMAN RYCKMAN: Is there objection to  
2 working HB2740 today? If not, I call for a  
3 motion. Representative Barker.

4 REP. BARKER: Motion to suspend the rules  
5 and work -- not the rules, the roll and work the  
6 bill today.

7 CHAIRMAN RYCKMAN: Second by  
8 Representative Claeys. Any discussion? All in  
9 favor, say aye. Opposed? The bill is suspended.

10 At this point I call for any discussion or  
11 amendments to HB2740.

12 Representative Lunn.

13 REP. LUNN: Thank you, Mr. Chairman. I  
14 do have an amendment, a technical amendment. If  
15 Jason could explain it, I'd appreciate it.

16 MR. LONG: Mr. Chairman, the amendment  
17 that was just passed out labeled Balloon  
18 Amendments for House Bill 2740, No. 2, would add a  
19 section of law to the bill to amend K.S.A. 72-  
20 6474. This is a statute authorizing the school  
21 districts to levy a local property tax to cover  
22 the cost of operation of new school facilities.

23 The amendment is in the insert on page 1.  
24 You can see the change in Subsection B of the  
25 statute. This is to clarify that school districts



1 will be able to go to the Board of Tax Appeals  
2 next school year to seek authorization to levy a  
3 property tax for the operation of those new school  
4 facilities whose construction was financed by the  
5 issuance of bonds approved for issuance at  
6 election held on or before June 30th of 2015.

7 CHAIRMAN RYCKMAN: Do we have a second?  
8 Second by Representative Grosserode. Any further  
9 discussion, questions?

10 Representative Schwartz.

11 REP. SCHWARTZ: Thank you, Mr. Chair. My  
12 question is, does this -- I read the amendment,  
13 but you mentioned that it was for new school  
14 facilities and the amendment does not read that  
15 way. It is for any? Or am I missing something?

16 MR. LONG: This is based on the  
17 authorization under the prior school formula to  
18 cover the cost related to ancillary school  
19 facilities, the cost of operating those new  
20 facilities once they have opened.

21 REP. SCHWARTZ: So it has to be a new  
22 facility?

23 MR. LONG: So it is a new facility, yes.

24 CHAIRMAN RYCKMAN: Any other discussion?  
25 Representative Lunn?



1 REP. LUNN: Thank you, Mr. Chairman. I  
2 close.

3 CHAIRMAN RYCKMAN: All in favor, say Aye.  
4 Opposed? Amendment carries.

5 Representative Barker.

6 REP. BARKER: I have an amendment. Have  
7 they handed it out? Jason, did you hand it out.

8 MR. LONG: I'm not sure which amendment  
9 you are offering.

10 REP. BARKER: Well, you prepared it. It  
11 was as to the balloon. It was on 515 and had the  
12 preamble. I think we are handing it out now.

13 And, Mr. Chair, the reason we are doing it is  
14 the Court has said build a record, build a record,  
15 build a record, build a record, and that's what  
16 this preamble attempts to do. Other than that,  
17 I'll let Jason explain.

18 CHAIRMAN RYCKMAN: Thank you. Mr. Long.

19 MR. LONG: Yes, Mr. Chairman. The  
20 balloon that's being passed out now would first  
21 add a preamble following line 7 of the bill,  
22 making statements as to the -- the bill, and then  
23 it would also add a new Section 2 following line  
24 34 on page 1. That balloon continues on to the  
25 back page that's being distributed to you, and



1 that new Section 2 is what expressed legislative  
2 intent with this bill and findings of fact based  
3 on the hearings that were conducted by this  
4 committee during this week.

5 CHAIRMAN RYCKMAN: We'll pause and allow  
6 everyone to read the amendment.

7 REP. BARKER: Mr. Chairman, while they  
8 are reading it, findings of facts are very  
9 important in case law. Before a judge makes a  
10 decision, he makes his findings of fact and he  
11 reaches his conclusions of law. What I'm trying  
12 to assist the Court in being able to -- they will  
13 know what our findings of facts are, and I think  
14 that would assist them in their deliberations.  
15 And that was the purpose of this amendment. Thank  
16 you, sir.

17 CHAIRMAN RYCKMAN: Do we have a second?  
18 Seconded by Representative Kleeb.

19 Representative Ballard.

20 REP. BALLARD: Thank you, Mr. Chairman.  
21 I've finished reading it. And just to clarify  
22 some of this for me, may I ask you, please, in  
23 terms of new Section 1, just tell me what is that  
24 really addressing? It's talking about the intent  
25 of this in my book. Can you say it -- may I ask



1 him in plain language?

2 REP. BARKER: In plain language, this is  
3 the preamble which is before the enactment.

4 Basically, what we are doing is a -- these are our  
5 -- this is our statement of facts because courts  
6 often look and say what is the legislative intent  
7 here? And they go back and look at legislative  
8 intent. I think this amendment is clarifying our  
9 legislative intent so it will assist them. And  
10 that's the other reason. The other reason we are  
11 making a record of a transcript with the court  
12 reporter -- I'm not sure she qualifies -- but I'm  
13 trying to assist the Court, and I'm not trying to  
14 do anything other than that, to assist them in  
15 letting them understand what our legislative  
16 intent is. And that's the reason we have that  
17 preamble. Thank you. I hope it was helpful.

18 REP. BALLARD: Yes, thank you very much,  
19 it was. And I'm so sorry because I stopped here  
20 and I didn't turn to the back. So I apologize,  
21 but that clarified because I finished reading it  
22 and I still would have had that question. So  
23 thank you very much.

24 CHAIRMAN RYCKMAN: Has everyone had a  
25 chance to read the back page, as well?



1 Representative Henry.

2 REP. HENRY: Representative Barker, I'm  
3 going to the back page, Item 3, where you talk  
4 about severability. Can you talk about the --  
5 what your amendment talks about here? Is this --  
6 or is this bill --

7 REP. BARKER: Could you give me the page?

8 REP. HENRY: Back page.

9 REP. BARKER: Very last page?

10 REP. HENRY: Of your balloon.

11 REP. BARKER: All right, of the balloon.  
12 Your question, sir?

13 REP. HENRY: No. 3, and it's almost to  
14 the last sentence in No. 3, severability.

15 REP. BARKER: Right.

16 REP. HENRY: Severability.

17 REP. BARKER: I'm going to turn to Jason  
18 on that. He was the -- go ahead, Jason.

19 MR. LONG: In that balloon, Subsection  
20 (c)(3) is a statement, a finding of fact by the  
21 legislature. The final sentence would be the  
22 finding that the risk of disrupting education is  
23 unacceptable to the legislature, and as a result,  
24 provisions of this act should be considered as  
25 severability.



1           If the committee recalls, I believe there was  
2 testimony yesterday on the severability provision.  
3 I believe Representative Barker inquired as to  
4 what a severability provision does in an Act, and  
5 so this is a finding of fact by the legislature  
6 supporting the policy change to  
7 -- in the bill to make the Act severable.

8           CHAIRMAN RYCKMAN: And again, to fully  
9 clarify, our intent here is to do everything we  
10 can to make sure the schools are open. If there  
11 are sections the Supreme Court wants to revisit,  
12 this gives them flexibility because we are  
13 considering over \$4,000,000,000 in funds and we  
14 want to make sure our schools can be open.

15           REP. BARKER: And also, if they should  
16 find part of it unconstitutional, they could  
17 proceed with -- we could proceed with the rest of  
18 the statute until we got Court clarification and  
19 the schools would remain open.

20           CHAIRMAN RYCKMAN: Any other discussion  
21 of the preamble? Representative Wolfe Moore.

22           REP. WOLFE MOORE: I just have a  
23 question, Mr. Chair. So on the back side on B, it  
24 talks about adequacy also: "Furthermore, the  
25 evidence before the legislature confirms the total



1 amount of school funding meets or exceeds the  
2 Supreme Court's standard for adequacy." We  
3 haven't really -- we haven't really talked about  
4 adequacy, yet. Why is that in there?

5 REP. BARKER: Well, we have until the  
6 Court tells us what adequacy is. That's pending.  
7 So we are saying it's adequate now, but the Court  
8 took that matter under advisement. They are going  
9 to render a decision at some point in time and I  
10 want them to understand that that's -- our  
11 position is that we -- we are adequate until they  
12 tell us what we need to do, if they choose to do  
13 it.

14 CHAIRMAN RYCKMAN: Also, I'd like to add  
15 that we heard testimony again in our Joint  
16 Committee that demonstrated the funding to produce  
17 excellent results of public education, and that's  
18 the final sentence in Section B.

19 Representative Ballard.

20 REP. BALLARD: Thank you, Mr. Chairman.  
21 Just a question. If we said or exceeds the  
22 Supreme Court's standard for adequacy, is that  
23 comparable to what we say in the Constitution as  
24 suitable or are they totally different things?

25 CHAIRMAN RYCKMAN: I believe the Supreme





1 Court defined it as two different things. They  
2 took suitability and split it between adequacy and  
3 equity.

4 REP. BALLARD: Adequacy and what?

5 CHAIRMAN RYCKMAN: Equity.

6 REP. BALLARD: Oh, equity. Thank you.

7 CHAIRMAN RYCKMAN: Not seeing any further  
8 questions, Representative, do you close?

9 REP. BARKER: I close.

10 CHAIRMAN RYCKMAN: All in favor of the  
11 Barker amendment say aye? Opposed? Amendment  
12 carries.

13 Any other discussion, amendments? I'm not  
14 seeing any.

15 Committee, we will turn our attention to  
16 Senate Bill 59. This bill was heard in  
17 Appropriations on March 15th. I'll ask our  
18 Revisor Daniel to confirm if the bill's contents  
19 were passed into the bill and 2015 needs to be HB  
20 2111.

21 MR. YOZA: That's correct. The contents  
22 of this bill have already been passed into law.

23 CHAIRMAN RYCKMAN: Representative  
24 Schwartz.

25 REP. SCHWARTZ: I move to remove the



1 contents of Senate Bill 59 and place the contents  
2 of House Bill 2740 as amended into Senate Bill 59.  
3 The House substitute for Senate Bill 59 we  
4 recommend it favorably for passage.

5 CHAIRMAN RYCKMAN: Second by  
6 Representative Carpenter. Discussion? I'm not  
7 seeing any. Representative, you may close.

8 REP. SCHWARTZ: I close.

9 CHAIRMAN RYCKMAN: All in favor --  
10 Representative Henry.

11 REP. HENRY: Mr. Chairman, I just was  
12 trying to ascertain if the motion from  
13 Representative Schwartz was to put it into 59, but  
14 I was going to ask her, is this the double motion?  
15 And once we agree to this, then all discussion is  
16 over and we've voted the bill out of committee and  
17 no longer discussion is not available?

18 REP. SCHWARTZ: I did have a motion, yes.  
19 I made a motion to remove the contents of Senate  
20 Bill 59 and place the contents of House Bill 2740  
21 as it was amended into Senate Bill 59. And then  
22 the double motion, the next part of it was that  
23 House substitute for Senate Bill 59 be recommended  
24 favorably for passage. Is that clear? Okay.

25 REP. HENRY: May I have discussion, Mr.



1 Chairman?

2 CHAIRMAN RYCKMAN: Representative Henry.

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

4 I'll be voting no on the substitute for Senate  
5 Bill 59. And to explain, I believe that became  
6 pretty evident in our hearings that we had numbers  
7 -- we'll have some school districts that -- and  
8 I'm now hearing a number of school districts that  
9 have a lot of concern about the motion of passing  
10 Senate Bill 59 in the way of are we adequately  
11 addressing equity in our schools. I guess it's no  
12 more evident than we had a Bill 2731 that required  
13 the state to put some additional funding into  
14 school finance to take care of the equity issue.

15 I believe there are also a number of school  
16 districts out there that are -- that have  
17 experienced enrollment increases, they have  
18 experienced cost increases. They've also -- we've  
19 had a number of issues on property tax valuations  
20 that have dropped dramatically. That all tends to  
21 work on equity, and that's exactly why the Supreme  
22 Court put those issues in there on equity is  
23 because no two school years are the same for all  
24 school districts and some have tremendous amounts  
25 of variations in pupils, at-risk pupils and the



1 cost of providing schools.

2 So for us to say that our answer to equity is  
3 to just give the same amount of money, I believe  
4 the courts may have some issues to discuss on  
5 that. So I will be voting no. And I really  
6 wanted to make a statement, since we are now  
7 putting into Court proceedings into the record, I  
8 believe that I want it to reflect that we did have  
9 a number of questions on whether this is truly an  
10 equity solution for schools and I hope that the  
11 schools will look at it.

12 As you know, I requested and hoped that the  
13 state school board, the Department of Education  
14 keeps very good track of how schools are going to  
15 react to this bill, if it is passed, and if it is  
16 enacted by the Governor. Will the property  
17 taxpayer, the people that pay property taxes in  
18 this state, some that were probably going to be  
19 due some property tax reductions because of the  
20 equity issue now will not receive it. I think we  
21 are going to see some property taxes increased  
22 because of this bill because there will be some  
23 school districts that will have to go find  
24 additional operating expenditures and so there  
25 will be escalation of property taxes because of



1 the inaction of the legislature.

2 So, Mr. Chairman, that's my explanation for  
3 my no vote. Thank you for the time.

4 CHAIRMAN RYCKMAN: Any other discussion?  
5 Representative Rhoades.

6 REP. RHOADES: Thank you, Mr. Chair. I'm  
7 convinced, in 10 years of being here, that it  
8 doesn't matter what we do. Unless we put more  
9 money in each year, you know, somebody is going to  
10 be upset.

11 You know, I think it was evident by the fact  
12 that we had four neutrals on a bill that basically  
13 met the Court's requirements to the letter,  
14 winners and losers, and everybody was neutral. I  
15 don't buy this idea that, well, we didn't have  
16 time to get up here. Well, no, I think they  
17 purposely said let's just stay -- you know, let's  
18 just stay quiet on this issue.

19 I think this is the better way to go. But as  
20 I said in our discussions on that first bill, I  
21 believe it's the legislature's job to provide an  
22 amount of money and that's where it stops.

23 And suitable, adequate, one of the  
24 superintendents of a large district told us he  
25 believes that we are doing an adequate job. I



1 agree with him.

2 So, and to the point of this not meeting the  
3 equity issue, I think one of the proponents we had  
4 has had 27 years in the legislature, has been an  
5 attorney for all those times, went through Montoy,  
6 went through Gannon, has gone through all these.

7 As he said, he slept with it under his pillow. I  
8 think he well and objectively knows that this  
9 addresses the Court's opinion on every letter.

10 And so for that reason, I will be supporting this  
11 bill. I don't think it solves our problem, but it  
12 does for one year and I look forward to the debate  
13 on the next part. Thank you.

14 CHAIRMAN RYCKMAN: Thank you.

15 Representative Grosserode.

16 REP. GROSSERODE: Thank you, Mr. Chair.  
17 I will be supporting this bill. And going back to  
18 what has been the discussion for now the last  
19 couple weeks in regards to the equity formula and  
20 -- and the information that we have found out in  
21 the creation of these formulas that --  
22 specifically with the LOB formula, that the  
23 percentage line of equalization or no equalization  
24 was based not on anything of fact, but on a pot of  
25 money that was available at that time. That isn't



1 a scientific reality, that's just what money do we  
2 have, let's create it.

3 There is nothing that says that the equity  
4 formulas should not be the same. I would suggest  
5 that the way we fund equity one way we, should  
6 fund it the other way. So this brings it together  
7 so that they are funded the same.

8 In addition, with what we had seen in  
9 previous bills, districts were going to be harmed.  
10 Some are going to be helped. Some of -- quite a  
11 bit of that money in previous bills was not going  
12 to reach the classroom. So, yes, there may have  
13 been taxpayers that would have received a -- that  
14 the benefit would have been to the taxpayers, not  
15 to the district classrooms. And in this bill we  
16 do not see that. We see all districts being held  
17 harmless. There are no winners or losers.

18 In addition, I think everyone in this room  
19 could agree that we want our schools to open up  
20 next fall. We want to take that threat that our  
21 schools will not open off the table. We want to  
22 quiet the fear that was raised by the Court  
23 decision that the issue that the schools may not  
24 open is not the case.

25 So thank you, Mr. Chair, I will be voting



1 yes.

2 CHAIRMAN RYCKMAN: Representative Wolfe  
3 Moore.

4 REP. WOLFE MOORE: I will be voting no on  
5 this bill. I don't know how we can say we are  
6 holding people harmless when the districts are  
7 harmed, and so we didn't fix the deficiencies in  
8 Senate Bill 7. So I think all we've done is sort  
9 of we changed the formula. We haven't added any  
10 new money to this or we have very little new money  
11 to this. And so I don't know that this will  
12 satisfy the courts. I too want the schools to  
13 open, but I will not be supporting this bill.  
14 Thank you, Mr. Chair.

15 CHAIRMAN RYCKMAN: Representative Kleeb.

16 MR. KLEEB: Thank you, Mr. Chairman.  
17 Just recently we had House Bill 2731 which would  
18 have created these disparities and would have  
19 created winners and losers. And despite millions  
20 going to some winners, none of them showed up.  
21 And I think what we have seen here is that the  
22 stakeholders want to be involved in the  
23 deliberative process to actually define what  
24 equity might mean. And we have a district or two  
25 or a number of them actually closing schools, and





1 we find that that's not part of equity. And we  
2 find that a good education and equal work means in  
3 some districts that because they are declared  
4 wealthy they have to shut schools down. That  
5 doesn't seem right.

6 So I think we need to buy this time. I think  
7 this is a good option. We've heard that this hold  
8 harmless is definitely a process that's been done  
9 in the past. If we have this winner/loser  
10 situation, we are going to be taking money out of  
11 the classroom, out of school operations from one  
12 school and transferring it to another. How is  
13 that equity? How is that positive for the  
14 children?

15 And with that, this is an answer that we have  
16 here with 2740 that will get us through the next  
17 year so we can actually have a sensible  
18 deliberative process with the stakeholders at the  
19 table. Thank you.

20 CHAIRMAN RYCKMAN: Representative  
21 Ballard.

22 REP. BALLARD: Thank you, Mr. Chairman.  
23 I will be voting no on this, and my comment would  
24 be we heard testimony this morning that reflects,  
25 at least for me, the dilemma we find ourselves in



1 today. We heard from a superintendent from one of  
2 the wealthiest districts as a proponent because,  
3 you know, his comment was fix it. And yet, we  
4 heard from another superintendent with a growing  
5 population in their district that also indicated  
6 they were one of the poorest districts in the  
7 district. And that, to me, is what our dilemma  
8 is, between those people that have and those  
9 people that do not have.

10 2740 will not fix that because of just  
11 holding them harmless and they'll get what they  
12 had before. So maybe it's the best we can do, but  
13 it's not good enough for me to vote yes. Thank  
14 you very much.

15 CHAIRMAN RYCKMAN: Representative Lunn.

16 REP. LUNN: Thank you, Mr. Chairman. I  
17 appreciate all the discussion and I know this is  
18 something that's been going on way too long. We  
19 had, going back, I think one of the previous  
20 speakers has been here quite a while and talked  
21 about it. This started way, way back when  
22 basically a consultant came in and did a report  
23 and said here's what you need to do. And out of  
24 that report, they excluded a very key important  
25 part that I still believe is something that we



1 need to address at some point in the future. We  
2 are not going to do it this year, obviously, but  
3 it has to do with efficiency.

4 I'd remind the body, or this committee, that  
5 we had this block grant program that we started  
6 that was in response to -- let's just look at the  
7 last 10-year snapshot where we had only growth of  
8 about 3 percent over the last 10 years of  
9 students, up to 461,000 students in the State of  
10 Kansas in K through 12. However, we funded  
11 through full-time equivalent funding. Over that  
12 same period of time, it grew 24 percent to over  
13 800,000 FTE. I think it's been reported that we  
14 are currently spending close to \$4,000,000,000. I  
15 think the last three or four years, the Chairman  
16 reported the other day, it was something over  
17 400,000 in the last. There is no end.

18 To Representative Rhoades' remark, I don't  
19 think you can get enough money. And until we  
20 figure out a way to focus on the classroom and  
21 getting the money in the classroom and not worry  
22 about funding the institution on all sorts of  
23 weightings that may or may not be reliable in  
24 terms of determining what we really need to get  
25 into the classroom, I -- I would accept this and



1 encourage the committee to vote for this as a  
2 stopgap, allow us to get back to the business of  
3 trying to fix the formula on a permanent basis.  
4 Until we do that, I think we are going to continue  
5 this continued cycle of paying with the courts.

6 I think let's get this one behind us. They  
7 kind of interrupted our process of trying to  
8 accomplish that. The threat of closing our  
9 schools is not something that we can go into the  
10 summer with allowing our kids and parents to be  
11 worried about. So I think this will be a terrific  
12 fix for the short term and let's get back to the  
13 business of trying to do something about it over  
14 the long term. Thank you.

15 CHAIRMAN RYCKMAN: Representative Henry.

16 REP. HENRY: Thank you, Mr. Chairman. My  
17 remarks or questions are more for procedures here.  
18 Since we now have these proceedings not only  
19 recorded for minutes but also for the Court, will  
20 our votes, if we -- if we request a no vote, will  
21 those be shown up in the Court proceedings that we  
22 do have some individuals on the committee that did  
23 vote no?

24 CHAIRMAN RYCKMAN: Yes. If they are  
25 asked to be recorded, they will be recorded.



1           REP. HENRY: My next question: When we  
2 hear this bill, and I guess since we now put it  
3 into a Senate bill, I guess -- I know you probably  
4 can't answer this because this is beyond your  
5 capabilities because you're not -- the Speaker  
6 will do this. Will the whole body, all 125  
7 members, get a chance to discuss this bill on the  
8 House floor?

9           CHAIRMAN RYCKMAN: I think you answered  
10 your own question. Everything in this committee  
11 will be prepared to go to the floor for a full  
12 debate, or at least discussion on.

13           REP. HENRY: Will either floor, either  
14 body, when they do discuss this, will those --  
15 will that debate and discussion be part of the  
16 Court proceedings? Will there be a court reporter  
17 on the floor of the Senate or the floor of the  
18 House?

19           CHAIRMAN RYCKMAN: That is to be  
20 determined, but if it's something you find  
21 beneficial, we can have that discussion.

22           REP. HENRY: I'm not running this ship.  
23 I'm just asking if that is going to be part of the  
24 record for this bill?

25           CHAIRMAN RYCKMAN: Again, that's probably



1 not a question for me. The committee that I'm  
2 chairing, we did provide the transcriptionist to  
3 aid in the record. You bring up a good topic and  
4 we can ask those who make that decision to make  
5 the determination.

6 REP. HENRY: I'm just speaking for the  
7 people and for the conferees who so eloquently  
8 said that this is a great process that we have  
9 Court proceedings, to get a lot of the recording.  
10 Hopefully, they won't shortchange that process by  
11 limiting debate on the floor -- in the full body  
12 so that all members could have the opportunity to  
13 make their -- make their issues known about the  
14 school funding and the equity part of this issue.

15 So thank you, Mr. Chairman. Just trying to  
16 get questions answered as to the process and the  
17 proceedings.

18 CHAIRMAN RYCKMAN: Thank you. You know,  
19 many of us in here, we wonder -- sometimes we want  
20 to do the same -- do things the same way and  
21 expect that result. And if we were to continue  
22 with the formula, we go back to the additional  
23 equalization money that went in in HB2506 in 2014.  
24 We heard today testimony that a district received  
25 over \$11,000,000, but as a result they dropped



1 their mills to 14. The money did not get to the  
2 schools. This bill does not do that. That same  
3 district has a mill right now of 49. That's one  
4 of the ones that showed up and opposed this bill.  
5 The other district that signed up in opposition  
6 was at 56. I believe one of the districts that  
7 showed up today and testified in favor, their mill  
8 rate is at 68.

9 It's very difficult to find equity with a  
10 math-like formula. Our schools are different, our  
11 kids are different, our evaluations fluctuate.  
12 But this is certainty that we will allow our  
13 schools to be open and that we've done our best to  
14 find a situation that's satisfied what the Court  
15 has asked us to do.

16 With that, you've heard the motion for the  
17 House substitute for Senate Bill 59 be recommended  
18 favorable passage. All in favor, say aye.  
19 Opposed?

20 Division has been requested. All in favor,  
21 raise your right hand. All opposed.

22 Representative Henry would like his no vote  
23 recorded. Representative Carlin would like her no  
24 voted recorded. Representative Ballard would like  
25 her no vote recorded. Representative Wolfe Moore



1 would like her no vote recorded. And not to be  
 2 left out, Representative Finney would like her no  
 3 vote recorded, as well. Final tally, 17 to 5.  
 4 The motion carries.

5 Any other work for -- we do not have any  
 6 other work for today. Tomorrow we are on call to  
 7 the Chair. I'm not sure we'll rise, but right now  
 8 nothing is scheduled. Thank you. We are  
 9 adjourned.

10 (THEREUPON, the hearing concluded at 2:45  
 11 p.m.)

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800 E. 1<sup>st</sup> Street, Suite 305  
 Wichita, KS 67202  
 316-291-1612

5111 SW 21<sup>st</sup> Street  
 Topeka, KS 66604  
 785-273-3063  
[www.appinobiggs.com](http://www.appinobiggs.com)

6420 W. 95<sup>th</sup> Street, Suite 101  
 Overland Park, KS 66212  
 913-383-1131



CERTIFICATE

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 24th day of March, 2016.



*Lora J Appino*

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



**HOUSE BILL No. 2740**

By Committee on Appropriations

3-22

1 AN ACT concerning education; relating to the financing and instruction  
2 thereof; making and concerning appropriations for the fiscal year  
3 ending June 30, 2017, for the department of education; relating to the  
4 classroom learning assuring student success act; amending K.S.A. 2015  
5 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing  
6 the existing sections.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*  
9 Section 1.

10 DEPARTMENT OF EDUCATION

11 (a) There is appropriated for the above agency from the state general  
12 fund for the fiscal year ending June 30, 2017, the following:

13 Supplemental general state aid.....\$367,582,721  
14 School district equalization state aid.....\$61,792,947

15 (b) There is appropriated for the above agency from the  
16 following special revenue fund or funds for the fiscal year ending June 30,  
17 2017, all moneys now or hereafter lawfully credited to and available in  
18 such fund or funds, except that expenditures other than refunds authorized  
19 by law and transfers to other state agencies shall not exceed the following:

20 School district capital outlay state aid fund.....No limit

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above  
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016  
23 House Substitute for Senate Bill No. 161 from the state general fund in the  
24 block grants to USDs account (652-00-1000-0500), the sum of  
25 \$477,802,500 is hereby lapsed.

26 (d) On July 1, 2016, the expenditure limitation established for the  
27 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015  
28 Session Laws of Kansas on the school district extraordinary need fund of  
29 the department of education is hereby decreased from \$17,521,425 to  
30 \$15,167,962.

31 (e) On July 1, 2016, or as soon thereafter as moneys are available, the  
32 director of accounts and reports shall transfer \$15,167,962 from the state  
33 general fund to the school district extraordinary need fund of the  
34 department of education.

35 New Sec. 2. (a) For school year 2016-2017, each school district that  
36 has adopted a local option budget is eligible to receive an amount of

WHEREAS, The people of Kansas, through article 6 § 6(b) of constitution of the state of Kansas, declared that "the legislature shall make suitable provision for finance of the educational interests of the state." According to the supreme court, this provision contains both an adequacy and equity component. On February 11, 2016, the supreme court ruled that funds provided to the school districts under the existing school finance legislation for local option budget equalization and capital outlay equalization were not equitably distributed among the school districts; and

WHEREAS, The supreme court issued an order directing the legislature to fairly allocate resources among the school districts by providing "reasonably equal access to substantially similar education opportunity through similar tax effort." The supreme court warned that, if no action is taken by June 30, 2016, and because an unconstitutional system is invalid, it may entertain a motion to enjoin funding the school system for the 2016-17 school year; and

WHEREAS, The legislature is committed to a avoiding any disruption to public education and desires to meet its obligation; and

WHEREAS, After hearing evidence concerning varying proposals for this body to continue providing an adequate public education while satisfying the supreme court's equity issue, the legislature is acting on this bill in an expedited manner so that the schools will open, as scheduled, for the 2016-17 school year; and

WHEREAS, This step, while important, is only the first of many, upon enactment of this legislation, the legislature will immediately return to the task of finding a long-term solution, based upon a broad base of stakeholders, that will continue to provide every Kansas student the opportunity to pursue their chosen desires through an excellent public education;

Now, therefore,

New Sec. 2. (a) The legislature hereby declares that the intent of this act is to ensure that public school students receive a constitutionally adequate education through a fair allocation of resources among the school districts and that the distribution of these funds does not result in unreasonable wealth-based disparities among districts. In particular, the legislature: (i) Has been advised of the constitutional standard for equity as set forth in Supreme Court's ruling in *Gannon v. State*, Case No. 113,267, \_\_\_ Kan. \_\_\_, 2016 WL 540725 (Feb. 11, 2016), including preceding school finance decisions; (ii) endeavored to memorialize the legislative evidence and deliberations conferees shared as the legislature considered the best way to meet this constitutional standard; and (iii) arrived at the best solution to discharge its constitutional duty to make suitable provision for finance of the educational interests of the state. To this end, this legislation shall be liberally construed so as to make certain that no funding for public schools will be enjoined.

1 supplemental general state aid. A school district's eligibility to receive  
2 supplemental general state aid shall be determined by the state board as  
3 provided in this subsection. The state board of education shall:

4 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
5 of each school district in the state and round such amount to the nearest  
6 \$1,000. The rounded amount is the AVPP of a school district for the  
7 purposes of this section;

8 (2) determine the median AVPP of all school districts;

9 (3) prepare a schedule of dollar amounts using the amount of the  
10 median AVPP of all school districts as the point of beginning. The  
11 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
12 from the point of beginning to and including an amount that is equal to the  
13 amount of the AVPP of the school district with the highest AVPP of all  
14 school districts and shall range downward in equal \$1,000 intervals from  
15 the point of beginning to and including an amount that is equal to the  
16 amount of the AVPP of the school district with the lowest AVPP of all  
17 school districts;

18 (4) determine a state aid percentage factor for each school district by  
19 assigning a state aid computation percentage to the amount of the median  
20 AVPP shown on the schedule, decreasing the state aid computation  
21 percentage assigned to the amount of the median AVPP by one percentage  
22 point for each \$1,000 interval above the amount of the median AVPP, and  
23 increasing the state aid computation percentage assigned to the amount of  
24 the median AVPP by one percentage point for each \$1,000 interval below  
25 the amount of the median AVPP. The state aid percentage factor of a  
26 school district is the percentage assigned to the schedule amount that is  
27 equal to the amount of the AVPP of the school district, except that the state  
28 aid percentage factor of a school district shall not exceed 100%. The state  
29 aid computation percentage is 25%;

30 (5) determine the amount of the local option budget adopted by each  
31 school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments  
32 thereto; and

33 (6) multiply the amount computed under subsection (a)(5) by the  
34 applicable state aid percentage factor. The resulting product is the amount  
35 of payment the school district is to receive as supplemental general state  
36 aid in the school year.

37 (b) The state board shall prescribe the dates upon which the  
38 distribution of payments of supplemental general state aid to school  
39 districts shall be due. Payments of supplemental general state aid shall be  
40 distributed to school districts on the dates prescribed by the state board.  
41 The state board shall certify to the director of accounts and reports the  
42 amount due each school district, and the director of accounts and reports  
43 shall draw a warrant on the state treasury payable to the treasurer of the

(b) The legislature has been advised that funding disruptions and uncertainty are counter-productive to public education and that the funding certainty of the classroom learning assuring student success act is critical to the effective operation of school districts. Furthermore, the evidence before the legislature confirms that the total amount of school funding meets or exceeds the Supreme Court's standard for adequacy. As a result, the legislature believes that it has enacted legislation that both fairly meets the equity requirements of Article 6 and does not run afoul of the already adequate funding as demonstrated by the excellent results of the public education system made known to the legislature.

(c) The legislature hereby finds and declares the following:

(1) That, based on testimony from the state department of education and other parties involved in the public education system, a hold harmless fund is necessary in light of the fact that many school budgets are set based upon the provisions of the classroom learning assuring student success act;

(2) that the prior equalization formulas used for capital outlay state aid and supplemental general state aid had no basis in educational policy, and that it is preferable to apply a single equalization formula to both categories of state aid;

(3) that this act fully complies with the supreme court's order, but that there is an untenable risk the act may be found to be unconstitutional and, as a result, all educational funding could be enjoined. The risk of disrupting education in this regard is unacceptable to the legislature, and as a result, the provisions of this act should be considered as severable; and

(4) that, based on testimony from the state department of education, the state board of education may be able to more quickly respond to and address concerns raised by the school districts, including, without limitation, emergency needs or a demonstrated inability to have reasonably equal access to substantially similar educational opportunities through similar tax effort.

**HOUSE BILL No. 2740**

By Committee on Appropriations

3-22

Balloon Amendments for HB 2740 #2  
Senate Committee on Appropriations  
Prepared by Jason Long  
Office of Revisor of Statutes  
March 23, 2016

1 AN ACT concerning education; relating to the financing and instruction  
2 thereof; making and concerning appropriations for the fiscal year  
3 ending June 30, 2017, for the department of education; relating to the  
4 classroom learning assuring student success act; amending K.S.A. 2015  
5 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing  
6 the existing sections.

72-6474,

7  
8 *Be it enacted by the Legislature of the State of Kansas:*  
9 Section 1.

10 DEPARTMENT OF EDUCATION

11 (a) There is appropriated for the above agency from the state general  
12 fund for the fiscal year ending June 30, 2017, the following:

13 Supplemental general state aid.....\$367,582,721  
14 School district equalization state aid.....\$61,792,947

15 (b) There is appropriated for the above agency from the  
16 following special revenue fund or funds for the fiscal year ending June 30,  
17 2017, all moneys now or hereafter lawfully credited to and available in  
18 such fund or funds, except that expenditures other than refunds authorized  
19 by law and transfers to other state agencies shall not exceed the following:

20 School district capital outlay state aid fund.....No limit

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above  
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016  
23 House Substitute for Senate Bill No. 161 from the state general fund in the  
24 block grants to USDs account (652-00-1000-0500), the sum of  
25 \$477,802,500 is hereby lapsed.

26 (d) On July 1, 2016, the expenditure limitation established for the  
27 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015  
28 Session Laws of Kansas on the school district extraordinary need fund of  
29 the department of education is hereby decreased from \$17,521,425 to  
30 \$15,167,962.

31 (e) On July 1, 2016, or as soon thereafter as moneys are available, the  
32 director of accounts and reports shall transfer \$15,167,962 from the state  
33 general fund to the school district extraordinary need fund of the  
34 department of education.

35 New Sec. 2. (a) For school year 2016-2017, each school district that  
36 has adopted a local option budget is eligible to receive an amount of

1 weighting for school year 2014-2015, an amount directly attributable to  
 2 the school facilities weighting as would have been determined under  
 3 K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be  
 4 added to the amount of general state aid for such school district  
 5 determined under subsection (a)(1) *or* (b)(1).

6 (3) For any school district which would have been eligible to receive  
 7 school facilities weighting for school year 2016-2017 under K.S.A. 2014  
 8 Supp. 72-6415b, prior to its repeal, but which did not receive such  
 9 weighting for school year 2014-2015, and which would not have been  
 10 eligible to receive such weighting for school year 2015-2016 under K.S.A.  
 11 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to  
 12 the school facilities weighting as would have been determined under  
 13 K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be  
 14 added to the amount of general state aid for such school district  
 15 determined under subsection (a)(1) *or* (b)(1).

16 ~~(f)~~ (g) (1) For any school district that received federal impact aid for  
 17 school year 2014-2015, if such school district receives federal impact aid  
 18 in school year 2015-2016 in an amount that is less than the amount such  
 19 school district received in school year 2014-2015, then an amount equal to  
 20 the difference between the amount of federal impact aid received by such  
 21 school district in such school years shall be added to the amount of general  
 22 state aid for such school district for school year 2015-2016 as determined  
 23 under subsection (a)(1) *or* (b)(1).

24 (2) For any school district that received federal impact aid for school  
 25 year 2014-2015, if such school district receives federal impact aid in  
 26 school year 2016-2017 in an amount that is less than the amount such  
 27 school district received in school year 2014-2015, then an amount equal to  
 28 the difference between the amount of federal impact aid received by such  
 29 school district in such school years shall be added to the amount of general  
 30 state aid for such school district for school year 2016-2017 as determined  
 31 under subsection (a)(1) *or* (b)(1).

32 ~~(g)~~ (h) The general state aid for each school district shall be disbursed  
 33 in accordance with appropriation acts. In the event the appropriation for  
 34 general state aid exceeds the amount determined under subsection (a) *or*  
 35 (b) for any school year, then the state board shall disburse such excess  
 36 amount to each school district in proportion to such school district's  
 37 enrollment.

38 ~~(h)~~ (i) The provisions of this section shall be effective from and after  
 39 July 1, 2015, through June 30, 2017.

40 Sec. 7. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as  
 41 follows: 72-6476. (a) Each school district may submit an application to the  
 42 state finance council board of education for approval of extraordinary need  
 43 state aid. Such application shall be submitted in such form and manner as

See attached insert

And by renumbering remaining sections accordingly

1 fiscal year commencing with fiscal year 2005, and each ensuing fiscal year  
2 thereafter, by any such appropriation act in that account or any other  
3 account for payment of employer contributions for school districts, shall  
4 be distributed by the department of education to school districts in  
5 accordance with this section. Notwithstanding the provisions of K.S.A. 74-  
6 4939, and amendments thereto, *for school year 2015-2016*, the department  
7 of education shall disburse to each school district that is an eligible  
8 employer as specified in K.S.A. 74-4931(1), and amendments thereto, an  
9 amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and  
10 amendments thereto, which shall be disbursed pursuant to K.S.A. 2015  
11 Supp. 72-6465, and amendments thereto. *Notwithstanding the provisions*  
12 *of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,*  
13 *the department of education shall disburse to each school district that is*  
14 *an eligible employer as specified in K.S.A. 74-4931(1), and amendments*  
15 *thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),*  
16 *and amendments thereto, which shall be disbursed pursuant to K.S.A.*  
17 *2015 Supp. 72-6465, and amendments thereto.* Upon receipt of each such  
18 disbursement of moneys, the school district shall deposit the entire amount  
19 thereof into a special retirement contributions fund of the school district,  
20 which shall be established by the school district in accordance with such  
21 policies and procedures and which shall be used for the sole purpose of  
22 receiving such disbursements from the department of education and  
23 making the remittances to the system in accordance with this section and  
24 such policies and procedures. Upon receipt of each such disbursement of  
25 moneys from the department of education, the school district shall remit,  
26 in accordance with the provisions of such policies and procedures and in  
27 the manner and on the date or dates prescribed by the board of trustees of  
28 the Kansas public employees retirement system, an equal amount to the  
29 Kansas public employees retirement system from the special retirement  
30 contributions fund of the school district to satisfy such school district's  
31 obligation as a participating employer. Notwithstanding the provisions of  
32 K.S.A. 74-4939, and amendments thereto, each school district that is an  
33 eligible employer as specified in K.S.A. 74-4931(1), and amendments  
34 thereto, shall show within the budget of such school district all amounts  
35 received from disbursements into the special retirement contributions fund  
36 of such school district. Notwithstanding the provisions of any other statute,  
37 no official action of the school board of such school district shall be  
38 required to approve a remittance to the system in accordance with this  
39 section and such policies and procedures. All remittances of moneys to the  
40 system by a school district in accordance with this subsection and such  
41 policies and procedures shall be deemed to be expenditures of the school  
42 district.

43 Sec. 10. K.S.A. 2015 Supp. 72-6463, 72-6465, ~~72-6474~~, 72-6476, 72-6481 and

72-6474,

Sec. 7. K.S.A. 2015 Supp. 72-6474 is hereby amended to read as follows: 72-6474. (a) The board of any school district to which the provisions of this subsection apply may levy an ad valorem tax on the taxable tangible property of the school district for school years 2015-2016 and 2016-2017 in an amount not to exceed the amount authorized by the state court of tax appeals for school year 2014-2015 pursuant to K.S.A. 72-6441, prior to its repeal, for the purpose set forth in K.S.A. 72-6441, prior to its repeal. The provisions of this subsection apply to any school district that imposed a levy pursuant to K.S.A. 72-6441, prior to its repeal, for school year 2014-2015.

(b) The board of any school district which would have been eligible to levy an ad valorem tax pursuant to K.S.A. 72-6441, prior to its repeal, for ~~school year 2015-2016 or 2016-2017~~ the operation of a school facility whose construction was financed by the issuance of bonds approved for issuance at an election held on or before June 30, 2015, may levy an ad valorem tax on the taxable tangible property of the school district each year for a period of time not to exceed two years in an amount not to exceed the amount authorized by the state board of tax appeals under this subsection for the purpose of financing the costs incurred by the school district that are directly attributable to ancillary school facilities. The state board of tax appeals may authorize the school district to make a levy which will produce an amount that is not greater than the difference between the amount of costs directly attributable to commencing operation of one or more new school facilities and the amount that is financed from any other source provided by law for such purpose.

(c) The state board of tax appeals shall certify to the state board of education the amount authorized to be produced by the

levy of a tax under subsection (a). The state board of tax appeals may adopt rules and regulations necessary to effectuate the provisions of this section, including rules and regulations relating to the evidence required in support of a school district's claim that the costs attributable to commencing operation of one or more new school facilities are in excess of the amount that is financed from any other source provided by law for such purpose.

(d) The board of any school district that has levied an ad valorem tax on the taxable tangible property of the school district each year for a period of two years under authority of subsection (b) may continue to levy such tax under authority of this subsection each year for an additional period of time not to exceed six years in an amount not to exceed the amount computed by the state board of education as provided in this subsection if the board of education of the school district determines that the costs attributable to commencing operation of one or more new school facilities are significantly greater than the costs attributable to the operation of other school facilities in the school district. The tax authorized under this subsection may be levied at a rate which will produce an amount that is not greater than the amount computed by the state board of education as provided in this subsection. In computing such amount, the state board shall:

- (1) Determine the amount produced by the tax levied by the school district under authority of subsection (b) in the second year for which such tax was levied;
- (2) compute 90% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the



school district may levy in the first year of the six-year period for which the school district may levy a tax under authority of this subsection;

(3) compute 75% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the second year of the six-year period for which the school district may levy a tax under authority of this subsection;

(4) compute 60% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the third year of the six-year period for which the school district may levy a tax under authority of this subsection;

(5) compute 45% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the fourth year of the six-year period for which the school district may levy a tax under authority of this subsection;

(6) compute 30% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the school district may levy in the fifth year of the six-year period for which the school district may levy a tax under authority of this subsection; and

(7) compute 15% of the amount of the sum obtained under subsection (d)(1), which computed amount is the amount the

school district may levy in the sixth year of the six-year period for which the school district may levy a tax under authority of this subsection.

(e) The proceeds from any tax levied by a school district under authority of this section shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury and shall credit the same to the state school finance fund. All moneys remitted to the state treasurer pursuant to this subsection shall be used for paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state.

(f) The provisions of this section shall be effective from and after July 1, 2015, through June 30, 2017.

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CONTINUATION HEARING ON:

SB515 - AMENDMENTS TO THE CLASS ACT  
REGARDING SUPPLEMENTAL  
GENERAL STATE AID  
AND CAPITAL OUTLAY STATE AID

TRANSCRIPT  
OF PROCEEDINGS,

beginning at 8:03 a.m. on the 23rd day of March,  
2016, in Room 548S, Kansas State Capitol Building,  
Topeka, Kansas, before the Senate Ways and Means  
Committee consisting of Senator Masterson,  
Chairman; Senator Denning, Senator Kelly, Senator  
Fitzgerald, Senator Kerschen, Senator Arpke,  
Senator Melcher, Senator Powell, Senator Tyson and  
Senator O'Donnell.



1 CHAIRMAN MASTERSON: The committee will  
2 come to order. As you all are aware, this is a  
3 continuation of a hearing we opened up yesterday  
4 on 515. I believe we are ready for Mr. Penner.  
5 If you are ready, Eddie?

6 MR. PENNER: Yes.

7 CHAIRMAN MASTERSON: He's going to walk  
8 us through some of the data as to what the bill  
9 would do.

10 MR. PENNER: Thank you, Mr. Chairman,  
11 members of the committee. I direct your  
12 attention, I believe three pages have been handed  
13 out with the Kansas Legislative Research  
14 Department on top. The first page is a bar graph,  
15 the second page is a set of numbers that are  
16 titled mills required to generate non-state  
17 portion of 25 percent adopted LOB, and then the  
18 third page is three pie charts.

19 The first page is a bar graph that is made  
20 based upon the data in the second page. So I'm  
21 going to kind of go over both of those at the same  
22 time because it is essentially the same  
23 information.

24 What this is, is if every school district had  
25 adopted a 25 percent local option budget, how many



1 mills would it have required those school  
2 districts to have funded their local portion,  
3 essentially the entire portion that is not  
4 provided by state aid.

5 And then what I did was I broke those school  
6 districts into the wealthiest 20 percent, the next  
7 20 percent, the middle 20 percent, the next 20  
8 percent and then the least wealthy 20 percent.  
9 And then I've displayed four years there. 2013  
10 and '14 is the actuals that happened prior to the  
11 enactment of 2506 in the 2014 legislative session.

12 2014 is the first year of the -- of the  
13 formula that was enacted via House -- via Senate  
14 Bill 7 last year. 2015-16 is the current year,  
15 and then 2016-17 is what they would be if Senate  
16 Bill 515 were to pass. And so as you can see, the  
17 wealthiest 20 percent of school districts, that's  
18 by and large the districts that historically have  
19 not received any local option budget state aid.  
20 Obviously, about 1.2 percent of that 20 percent  
21 certainly have received that aid would have had to  
22 have levied 14.66 mills in 2013-14 in order to  
23 have funded an LOB, if they elected to adopt a 25  
24 percent LOB.

25 A lot -- there is, obviously, you see a



1 wealth of mill levy disparity when you look simply  
2 at the total mill levy, much of that disparity is  
3 due to the fact the different school districts  
4 adopted different LOBs. But so what this does is  
5 it removes that wealth disparity.

6 And you can see that that number, it remains  
7 relatively flat across the years, but it is 15.51  
8 under the estimated effects of Senate Bill 515.  
9 The -- I would also -- the next three groups, I'm  
10 just kind of moving along steadily, so then I draw  
11 your attention to the poorest 20 percent which  
12 prior to the enactment of 2506 would have had to  
13 have levied 30.51 mills in order to fund a 25  
14 percent adopted LOB.

15 And moving on along the -- along the data,  
16 that number has declined to 18.66 mills in the 16-  
17 17 school year for this current plan.

18 And then the number at the bottom of that  
19 chart is the disparity between the wealthiest 20  
20 percent and the poorest 20 percent in terms of how  
21 many mills they would have had to have levied if  
22 they had adopted the same percentage LOB, in this  
23 case it being a 25 percent LOB. So you can see  
24 that that was 15.855 mills difference in 13-14,  
25 4.25 mills difference in 14-15, 5.456 mills



1 difference in 15-16. And if this bill were to  
2 pass, that would be 3.148 mills difference in 16-  
3 17. And -- and then that is graphically  
4 represented on the chart that I believe was  
5 actually the top page that was -- the bar graph  
6 that was at the top page that was provided to you.  
7 In that bar graph I did omit school year 14-15.  
8 That was just because the bar graph got a little  
9 bit cumbersome if you include that, but the data  
10 for school year 14-15 is present in the numbers on  
11 the second page for your review.

12 And at this point I would stand for questions  
13 for this, unless the Chairman would like me go to  
14 straight to --

15 SENATOR MASTERSON: We'll take it as they  
16 come. Committee, questions on this graph?

17 Eddie, this is graphically trying to  
18 represent what the courts were trying to hone in  
19 on as it pertained to a relatively similar taxing  
20 effort. Am I correct?

21 MR. PENNER: What this is, is if each  
22 school district adopted the same local option  
23 budget. So I guess, in essence, that would be a  
24 kind of a proxy for similar educational  
25 opportunity. And so what we have done is set the



1 educational opportunity, the percent LOB adopted,  
2 equal to each other across all school districts  
3 and then this chart represents the disparity in  
4 tax effort, the number of mills they would have to  
5 levee in order to have that same so-called  
6 educational opportunity.

7 CHAIRMAN MASTERSON: I think that's what  
8 I'm trying to understand. You see a great  
9 reduction in disparity 14 to 15, but then a slight  
10 increase again in 15-16. So the stage -- can you  
11 talk to me about what caused that?

12 MR. PENNER: Yeah, so the -- that the  
13 cost between 14-15 and 15-16, the difference there  
14 or even that increase because, as you recall, the  
15 amount of supplemental general state aid for those  
16 two years was the exact same based upon the block  
17 grant. And so that disparity is a result of --  
18 that increase in disparity from 14-15 to 15-16, is  
19 essentially a result of the weighted assess  
20 evaluation and enrollment in schools have changed  
21 and nothing else. Because it isn't the result at  
22 all of the amount of state aid that was provided  
23 to those districts.

24 So it just so happened that between 14-15 and  
25 15-16, the wealthiest 20 percent of school





1 districts in the state got, relatively speaking, a  
2 little wealthier and the poorest 20 percent of  
3 school districts in the state, got relatively,  
4 speaking a little poorer than they were the prior  
5 year and that caused that disparity to extend.

6 If that had happened kind of the other way,  
7 so to speak, where the wealthiest 20 percent  
8 worked their way back towards the middle on  
9 average or the poorest 20 percent worked their way  
10 back towards the middle on average, that disparity  
11 would have shrunk from 14-15 to 15-16 without any  
12 effects of the state law itself, just by the  
13 effects of the economy.

14 CHAIRMAN MASTERSON: Senator Kelly.

15 SENATOR KELLY: Thank you, Mr. Chair.  
16 Can you explain then from 13-14 to 14-15 the two  
17 lowest, the 20 percent and the poorest 20 percent  
18 have a significant shift. What's that about?

19 MR. PENNER: That was essentially the  
20 effects of House -- House Bill 2506 that was  
21 passed in 14-15. That moved the state away from  
22 the old proration that had been in place prior to  
23 2506. And so that is the -- the old proration  
24 system resulted in the large disparity that you  
25 see in 13-14 and moving away from that



1 substantially less in that disparity.

2 CHAIRMAN MASTERSON: That was the  
3 130,000,000, 140,000,000 that was added that year  
4 for equalization purposes.

5 MR. PENNER: And so when that's described  
6 as property tax relief, that property tax relief  
7 is that 30 mills going to 19 mills.

8 CHAIRMAN MASTERSON: Senator Denning.

9 SENATOR DENNING: Thank you, Mr.  
10 Chairman. I want to make sure I understood what  
11 you just told the committee. I think you are  
12 referring to the second page where we have our  
13 columns.

14 MR. PENNER: Yes.

15 SENATOR DENNING: And in '14 it was  
16 15.855 and then it significantly reduces to 4.225,  
17 and that was the result of the block grant?

18 MR. PENNER: No, that was the result of  
19 2506.

20 SENATOR DENNING: 2506. So we narrowed  
21 the difference significantly.

22 MR. PENNER: Yes.

23 SENATOR DENNING: And then when we come  
24 to 15-16, we jump back up to 5.456?

25 MR. PENNER: Yes.



1 SENATOR DENNING: And is that the result  
2 of local effort or is something else driving that?

3 MR. PENNER: What the driver behind that  
4 was that we were continuing to use the assessed  
5 valuation per pupils from -- from the previous  
6 year. As you recall, the supplemental general  
7 state aid for all school years under the block  
8 grant was calculated based upon the assessed  
9 valuation per pupils of the first year of the  
10 block program.

11 And since we were continuing to use old  
12 AVPPs, but in reality the AVPPs of those districts  
13 did change over time. That is what resulted in  
14 that change.

15 SENATOR DENNING: And then the 16-17  
16 estimate, is that based on the bill we are  
17 discussing right now?

18 MR. PENNER: Yes. This is what that  
19 disparity would look like if this bill were to  
20 become law.

21 SENATOR DENNING: So we, again, narrowed  
22 again down to 3.148 if this bill should go  
23 forward?

24 MR. PENNER: Yes.

25 SENATOR DENNING: And would any -- could



1 anything spike that on a local level?

2 MR. PENNER: I'm hesitant to conclusively  
3 say that nothing could spike that, but off the top  
4 of my head I don't know what would.

5 SENATOR DENNING: Thank you. Thank you,  
6 Mr. Chairman.

7 CHAIRMAN MASTERSON: Senator Fitzgerald.

8 SENATOR FITZGERALD: Thank you, Mr.  
9 Chairman. Eddie, I appreciate the chart and the  
10 breakout. In understanding this, I assume that a  
11 smaller number has more goodness than a larger  
12 number?

13 MR. PENNER: I don't want to opine on  
14 goodness, but I just would like the committee to  
15 understand that a smaller number is a smaller  
16 disparity in the property taxing effort required  
17 to get to the same adopted percentage of LOB.

18 SENATOR FITZGERALD: And, therefore, a  
19 better equalization?

20 MR. PENNER: It is a more, more equitable  
21 equalization, I guess.

22 SENATOR FITZGERALD: The -- Mr. Chairman,  
23 if I might, the 2506, the effort that the  
24 legislature made of 130,000,000, I think it was,  
25 that resulted in, as Senator Denning says, a



1 significant improvement in that number,  
2 equalization. Did the Court have an opinion upon  
3 that?

4 MR. PENNER: I believe the Court said  
5 that 2506 -- if the estimates of 2506 as -- as it  
6 were in place, the Court did initially dismiss the  
7 equity portion of that, but later re-entered it  
8 when it became apparent that the estimates were  
9 not accurate.

10 SENATOR FITZGERALD: Mr. Chairman, just  
11 to conclude, then we would think that a 4.225  
12 disparity satisfied equalization requirements, at  
13 least as far as the Court was concerned at that  
14 time?

15 MR. PENNER: The caveat I would add there  
16 is that when the estimates were in place, it is  
17 possible that that disparity may have looked  
18 smaller than 4.225 when it was still just  
19 estimates. I don't know what this would have  
20 looked like based purely on the estimates. This  
21 is what the actuals were in 2014-15.

22 SENATOR FITZGERALD: Thank you. Thank  
23 you, Mr. Chairman.

24 CHAIRMAN MASTERSON: Committee, I might  
25 note quickly we again have a transcriptionist with



1 us today. I want everybody to be aware of that.  
2 So we are taking record for the Court's case and I  
3 wanted to make sure that was noted.

4 I have one quick question on -- in this bill,  
5 what used to be described as the extraordinary  
6 needs account transitions from the State Finance  
7 Council to the Department of Education. It also  
8 allows equity concerns to be addressed with that.  
9 What would happen to this disparity if they were  
10 to choose to use that? For example, just drain  
11 the entire account with those poorest groups.

12 MR. PENNER: That 3.148 would shrink  
13 because the 18.658 that is in the bottom line  
14 there would become a smaller number, as well. I  
15 was actually trying to -- trying to do the math on  
16 getting an estimate of what that might shrink to.  
17 If I had been a later conferee, I might have been  
18 able to have that for the committee.

19 CHAIRMAN MASTERSON: On that note,  
20 committee, untraditional, just like a  
21 transcriptionist, once I have come through the  
22 conferees, I'm actually going to allow any of them  
23 that may want to readdress us to come back or if  
24 you have any questions for any of them, it's not  
25 typical, but neither is the situation we are in so



1 I'm going to allow as much conversation as we can  
2 have.

3 Further questions for Eddie? Senator  
4 Francisco.

5 SENATOR FRANCISCO: Thank you, Mr. Chair.  
6 Again, I understand these numbers are based on the  
7 proposal in Senate Bill 515?

8 MR. PENNER: Yes.

9 SENATOR FRANCISCO: Do we have similar  
10 numbers for the proposal from 512?

11 MR. PENNER: I -- I could do that for  
12 you. I don't have those in front of me right now,  
13 but I could do that.

14 SENATOR FRANCISCO: Mr. Chair, we are  
15 making a choice. We've had another bill before us  
16 and it might be interesting to see, although I  
17 don't know how much math time goes into this.

18 CHAIRMAN MASTERSON: On that note, Eddie,  
19 can you tell, without running exact numbers, would  
20 the other positions narrow or widen?

21 MR. PENNER: I would imagine that it  
22 could be narrower, but I -- without having the  
23 numbers in front of me, I wouldn't be able to  
24 speculate.

25 CHAIRMAN MASTERSON: Any further



1 questions for Eddie? Senator Denning?

2 SENATOR DENNING: Thank you, Mr.  
3 Chairman. Eddie, while you're here, could you  
4 just refresh my memory on the total spend on  
5 education between SGF and local effort and  
6 equalization and so forth?

7 MR. PENNER: Actually, if you'll turn to  
8 the -- turn to the third page, that is three pie  
9 charts representing the total amount of state  
10 funds that go into K-12 education. The first is  
11 FY 16 current law. The second one is, which is  
12 off to the right, is FY 17 current law. And then  
13 the bottom one is FY 17 proposed law. And so as  
14 you can see, the total amount on FY 17 under  
15 current law is going to be, doing the addition in  
16 my head quickly, it looks like it will be about  
17 4,000,000,000 and \$4,000,000, of which 477.8  
18 million is equalization.

19 SENATOR DENNING: So that would be -- so  
20 that would be about 25 percent?

21 MR. PENNER: I think that is -- that's  
22 lower than 25 percent. I think that's closer to  
23 about 12 percent. Once again, that's just doing  
24 the math in my head. 477 -- 478 of about  
25 4,000,000,000 is going to be a little over --





1 SENATOR DENNING: Close to 25, isn't it?

2 MR. PENNER: No, because if it was  
3 400,000,000 out of 4,000,000,000, that would be  
4 exactly 10 percent and so --

5 SENATOR DENNING: Gotcha. Gotcha.

6 MR. PENNER: And so it's 480, which would  
7 come out to be about 12 percent.

8 SENATOR DENNING: Thank you, Mr.  
9 Chairman.

10 CHAIRMAN MASTERSON: And to follow up on  
11 that just so everybody understands really what we  
12 are looking at as far as change, for example, even  
13 in 512, which we believe to be the cleanest  
14 obvious answer to the Court, it transferred about  
15 37,000,000, I believe, was the fiscal number on  
16 that. So even if this entire pot of equalization  
17 gets distributed, we are talking about the  
18 difference in how that was distributed. So we are  
19 really having a conversation over less than 1  
20 percent of the pie.

21 MR. PENNER: My recollection is that the  
22 equalization amount proposed in 512 was about  
23 515,000,000 total dollars and the equalization  
24 amount proposed in this bill is about  
25 \$495,000,000. And so that's a \$20,000,000



1 difference between those two, which \$20,000,000 of  
2 that 4,000,000,000 would be about half of a  
3 percent.

4 CHAIRMAN MASTERSON: Okay. So I wanted  
5 to be clear, that our primary concern is the  
6 closing of the schools and we are having this  
7 conversation over less than 1 percent of the  
8 distribution, so I just need that to be clear. So  
9 we need -- and I would also note this is a one-  
10 year solution to finish the block grant. We  
11 really have a much larger and pressing issue to  
12 get to, which is the new formula.

13 Further questions for Eddie? Seeing none,  
14 thank you, Eddie.

15 MR. PENNER: Thank you.

16 CHAIRMAN MASTERSON: And again,  
17 committee, he will be available.

18 First up on my proponent list is Todd White.  
19 Welcome to the committee and congratulations on  
20 your new position.

21 MR. WHITE: Thank you very much.  
22 Chairman Masterson and members of the committee,  
23 thank you for the opportunity to appear before you  
24 today as a proponent for Senate Bill 515.

25 We are mindful of the challenge that you are



1 facing as you seek an appropriate and short-term,  
2 as was just mentioned, solution that will allow us  
3 to continue our goal of providing the quality  
4 education for the students that we serve. We  
5 thank you for your hard work and the very long  
6 hours that you have spent on this legislation. We  
7 also want to thank you for listening to the  
8 concerns that were brought before this committee  
9 previously, which is clearly demonstrated by  
10 providing that all districts will be held harmless  
11 and will not lose funding from their general  
12 operating budgets.

13 Further, we are grateful that you have  
14 honored the spirit of the class act which was to  
15 provide budget certainty for school districts in  
16 the two-year time period so that we might work on  
17 a new finance formula and develop it for all  
18 children throughout this state.

19 Blue Valley is a district that remains  
20 committed to providing a quality education for our  
21 students and being good stewards of our taxpayer  
22 dollars. To that end, we want to work with you to  
23 develop a solid school finance formula that  
24 provides stability and appropriately accounts for  
25 the very needs of the students throughout our



1 state.

2 We do appreciate your challenges you are  
3 facing and we continue to want to work with you to  
4 solve those K-12 challenges and promote the best  
5 outcomes for all the students that we serve in the  
6 State of Kansas.

7 We are happy to stand for any questions at an  
8 appropriate time.

9 CHAIRMAN MASTERSON: Committee, questions  
10 for Mr. White? Senator Denning.

11 SENATOR DENNING: Thank you, Mr.  
12 Chairman.

13 Mr. White, from conversations we had with  
14 your predecessor, now your testimony today, it  
15 appears that you're conditionally supporting 515  
16 on the grounds that, again, we are trying to honor  
17 the block grant fixed funding for two years to  
18 give you some stability in your budgeting process  
19 in our unstable budget time. Would that be  
20 correct?

21 MR. WHITE: That is absolutely correct.

22 SENATOR DENNING: And then the hold  
23 harmless, the way 515 is structured, it brings  
24 back the funding source to almost identically to  
25 what it was in the block grant and has no effect



1 on your operating budget, that is to say we are  
2 not forcing you to go out and raise mill levels.  
3 We are actually keeping your operating budget  
4 stable in 515. So I didn't know if you knew that  
5 or not, but that is the way the bill was  
6 structured. We are not going to force any school  
7 district to go out and raise property taxes, we  
8 are going to hold harmless the operating budget  
9 itself based on the clear intent of Senate Bill 7,  
10 which was to give two years of budget stability.  
11 I just want to make that clear in case you weren't  
12 aware of that.

13 MR. WHITE: Thank you for the  
14 clarification. That is our understanding, but I'd  
15 also say that's the appreciation that we hold for  
16 this body and the work that you are doing. It is  
17 budget certainty for the school districts, but  
18 also time for us to communicate and to work  
19 together on developing a long-term formula of  
20 this.

21 SENATOR DENNING: Thank you. Thank you,  
22 Mr. Chairman.

23 CHAIRMAN MASTERSON: So your -- your  
24 testimony is in line with what we heard in the  
25 findings of fact in earlier days that hold



1 harmless is called, or hold harmless aid, all the  
2 Kansas Association of School Boards, the  
3 Commissioner of Education, the Deputy, all  
4 consider hold harmless an appropriate action to  
5 take. And I think from what I'm hearing from you,  
6 you consider a critical action to take.

7 MR. WHITE: Not only critical, but the  
8 best available option that we have, given the  
9 circumstances that the Court has mandated.

10 CHAIRMAN MASTERSON: Further questions  
11 for the superintendent? Seeing none, thank you  
12 for coming in. Again, I appreciate you being  
13 available later if someone would have questions.

14 MR. WHITE: Certainly.

15 CHAIRMAN MASTERSON: Mike O'Neal.

16 MR. O'NEAL: Thank you, Mr. Chairman,  
17 members of the committee. On behalf of the Kansas  
18 Chamber, we rise in support of your efforts in  
19 Senate Bill 515.

20 Just -- and just a little bit of a review in  
21 terms of the unique circumstances that you find  
22 yourself in. You -- you have worked on a number  
23 of equity types of -- of arrangements with school  
24 finance. You have learned from the Court that the  
25 latest iteration of that is not acceptable. So



1 there is one wrong answer, but the Court has said  
2 that there are any number of right answers. And  
3 so we applaud the efforts of the committee in --  
4 in the circumstances that you're in in trying to  
5 make a good faith response to your understanding  
6 of what the Court is going to find acceptable.  
7 And what I hope to be able to do in the brief time  
8 I have today is point out from the Court's own  
9 language in Gannon how Senate Bill 515 does meet  
10 that expectation and with some degree of  
11 predictability that the Court would find this to  
12 be acceptable.

13 I appreciated the Chairman pointing out the  
14 uniqueness of this is that we are literally under  
15 threat of school closure, albeit over an amount of  
16 money that seems to represent 1 percent, maybe a  
17 tiny bit over 1 percent of the entire budget. It  
18 also is involving school districts that are not  
19 involved in the litigation, nor were they affected  
20 one way or another with a particular equalization  
21 infirmity that the Court found. Yet, those  
22 children who do not have any really stake in this,  
23 so to speak, may indeed be denied a Constitutional  
24 right to a public education if we don't get this  
25 right. And so I appreciate all the time that the



1 Chairman and the committee have taken to try to  
2 get it right.

3 One of the things that we would also applaud  
4 is the fact that what we have found in the course  
5 of school finance litigation is the courts do  
6 things differently than the legislature does. You  
7 spend a great deal of time taking testimony,  
8 looking at data and doing all sorts of analysis,  
9 and yet that does not translate very well into a  
10 Court record. And what we found is not so much  
11 the Court having a fundamental difference of  
12 opinion with you over equalization, is that  
13 technically the finding in Gannon was that the  
14 state had failed to meet its burden of showing  
15 that what you had done was equitable. And so it's  
16 really a burden, and a lack of information in the  
17 record. Not that you didn't have the information,  
18 not that you didn't do all the right analysis,  
19 it's that it didn't get into a Court record such  
20 that the Court had it available to it to make an  
21 informed decision.

22 So in terms of the process that you have  
23 devised this session on the equity phase, and I  
24 assume it would carry over when the Court gets to  
25 the adequacy phase, is that you are making an





1 extra effort to make sure that everything does get  
2 in the record in a way that the Court is used to  
3 -- used to seeing it.

4 The other thing that's a little bit awkward.  
5 And then I'll talk about the bill, is that equity  
6 is not a math equation. It is a concept by which  
7 you want a reasonable educational opportunity and  
8 access to educational opportunities. So it's not  
9 a math equation. Yet, the Court has decided, and  
10 I don't have any particular problem with it, but  
11 it does present a challenge for the legislature in  
12 that most would look at this as you get -- you get  
13 to the adequacy question first. And once you get  
14 to that question, then the distribution of an  
15 adequate amount of funding is done in an equitable  
16 manner. Unfortunately because of the timing and  
17 how this was bifurcated, you are having to deal  
18 with equity before we get to the issue of  
19 adequacy, and to a certain extent that's getting  
20 the cart before the horse. Nevertheless, that's  
21 the posture that the case is in and this is what  
22 you're faced with, and so you need to -- the time,  
23 the deadline is on the equity phase.

24 So we applaud the efforts of you to protect  
25 and take time to devise an equity formula that's



1 going to protect schools beyond June 30th, and I  
2 think that you have done that.

3 Despite the fact that in Gannon the Court did  
4 suggest a preference, and I'll talk about that in  
5 a second. It's key to point out that the Court  
6 said, quote, the equalization infirmity, quote,  
7 can be cured in a variety of ways at the choice of  
8 the legislature. And I do take the Court at its  
9 word on that; that there isn't just one way to  
10 solve this, it is uniquely a legislative question  
11 and it is inherently a political question. You're  
12 going to have to find something that at least 63  
13 and 21 will voluntarily agree to vote for. And so  
14 it's -- the Court has given the legislature the  
15 deference that its due in that you can solve this  
16 in a variety of ways.

17 In terms of the preferred way, the Court has  
18 said, quote, one obvious way the legislature could  
19 comply with Article 6 would be to revive the  
20 relevant portions of the previous school funding  
21 system and fully fund them within the current  
22 block grant system, end quote. That's important  
23 because there had been a little bit of a  
24 misinformation when the Court decision came out  
25 that somehow the block grants had been overturned



1 or ruled unconstitutional. Nothing could be  
2 further from the truth.

3 The equity part that the Court found an  
4 infirmity with that the state had failed to meet  
5 its burden of proof on the equity part can be  
6 solved by resurrecting one or more of the equity  
7 provisions in the prior law and funding it within  
8 the current block grant system, which is what  
9 Senate Bill 515 is doing.

10 There have been questions and there may be  
11 questions raised as to whether or not the Court  
12 would require new or additional funding in this  
13 equity phase. And again, I would repeat equity is  
14 not a math equation. It does not in and of itself  
15 require additional funds, but the Court did speak  
16 to that as well. The Court stated, quote, school  
17 districts must have reasonably equal access to a  
18 substantially similar educational opportunity  
19 through similar tax effort, end quote. The Court  
20 did not define what that meant other than to say  
21 that that formula, if you will, that definition of  
22 that came from the State of Texas, and there may  
23 be further clarification of what that means if we  
24 research Texas. But the equity definition is in  
25 the statute.



1           As the Chairman is aware when we had the  
2 joint informational hearing, no witness who  
3 testified Monday before the Joint Committee, in  
4 response to questioning by legal counsel, was able  
5 to articulate or knew of a metric for determining  
6 how this test is satisfied. And this really comes  
7 as no surprise. That's not a shocker because the  
8 Court itself, when looking at that very issue  
9 said, quote, we acknowledge there was no  
10 testimonial evidence that would have allowed the  
11 panel to assess relative educational opportunities  
12 statewide, end quote. In other words, as you sit  
13 here today, there is not a single bit of evidence  
14 that we don't have equal opportunity statewide in  
15 Kansas as we speak.

16           The problem has been that the legislature has  
17 devised certain methods of allocating funds to  
18 equalize, and in the last iteration failed to meet  
19 the Court's burden of proof on whether that is  
20 truly equitable, not that there is a single  
21 student who is not getting an equal educational  
22 opportunity.

23           I was -- I found comforting what Dale Dennis  
24 said the other day about his wife's study. We've  
25 got smaller school districts in the state that



1 actually have maybe less resources, less  
2 curriculum, maybe less overall opportunities, and  
3 yet the findings are, and I'm living proof of  
4 this, I felt like my educational opportunities in  
5 a 3A school exceeded the educational opportunities  
6 my children got at a 6A school. All great  
7 opportunities, but they are just different.

8 And in terms of whether or not there is a  
9 significant difference in achievement once you get  
10 to the post high school, post secondary phase, I  
11 don't think there is a study that says, at least  
12 in Kansas, that there is not equal educational  
13 opportunity.

14 The Court did speak to the issue of funding,  
15 as I indicated. First, the Court acknowledged  
16 that, quote, equity does not require the  
17 legislature to provide equal funding for each  
18 student or school district, end quote. The Court  
19 went on to say that the test of the funding scheme  
20 becomes a consideration of, quote, whether it  
21 sufficiently reduces the unreasonable wealth-based  
22 disparity so the disparity then becomes  
23 Constitutionally acceptable, not whether the cure  
24 necessarily restores funding to the prior levels,  
25 end quote. The Court went on to say that, quote,



1 equity is not a needs-based determination, rather,  
2 equity is triggered when the legislature bestows  
3 revenue-raising authority on school districts  
4 through a source whose value varies widely from  
5 district to district, such as with the local  
6 option mill levy on property, end quote. So it's  
7 not a matter of needs, it's just a matter of the  
8 function of having disparity with your tax -- with  
9 your tax authority.

10 So given the Court's own language, it would  
11 have been perfectly acceptable for you to pass  
12 Senate Bill 512, by the way, because what you have  
13 done is you have taken equity in its purest form.  
14 You've resurrected those equalization formulas and  
15 then you just -- you've redistributed, creating,  
16 if you will, in districts that by virtue of that  
17 would get more money and districts -- some  
18 districts would get left. It's the purest form of  
19 equity. It's the example of you're pouring one  
20 can of pop for your two kids and you're pouring it  
21 and it's not exactly equal. Nobody's first  
22 thought is to go back to the refrigerator and get  
23 another can of pop and keep pouring. You take --  
24 you take some from the larger cup and you pour it  
25 into the smaller cup until they are equal, and



1 that's essentially what Senate Bill 512 did.

2 Well, as can be predicted, it was a little  
3 bit surprising that districts that gained didn't  
4 come in and say they liked it, but it was  
5 predictable, of course, that you would -- you  
6 would have school districts that are ringing their  
7 hands and gnashing their teeth over the prospect  
8 of having winners and losers, even though that  
9 would have satisfied the Court's -- the Court's  
10 test. And this is where we get to, I think, a  
11 nice good faith effort in a step-wise fashion to  
12 get to where we are today and that's Senate Bill  
13 515.

14 Given the Court's own language again,  
15 reallocation of funds utilizing an approved method  
16 of calculating equalization, in this case using  
17 capital outlay, is proposed, no district -- no  
18 district is losing any funds. That's the hold  
19 harmless part.

20 There is a slice of language in Gannon that  
21 says that you need to fix the equity, but keep in  
22 mind -- keep in mind adequacy. You could have  
23 possibly had some adequacy -- adequacy arguments  
24 from districts who ended up being losers because  
25 of getting less. You've solved that with hold



1 harmless. Hold harmless, as the Chairman has  
2 pointed out from the witnesses who have testified  
3 previously, is a known and acceptable method of  
4 dealing with school finance issues in an  
5 inherently political process. As Assistant  
6 Commissioner Dennis testified on Monday, in his  
7 experience hold harmless is necessary to get votes  
8 sometimes. But it's also important from the  
9 standpoint of what you just heard. It provides  
10 predictability. The beauty of the block grant  
11 system is that you provided budget stability. You  
12 preserve and protect that budget stability by  
13 doing what you did with Senate Bill 515.

14 With regard to the provisions where you're  
15 now sending money from -- under the purview of the  
16 Finance Council for the Kansas State Department of  
17 Education, as I mentioned previously, you're a  
18 part-time legislature, your time is very valuable  
19 and it's very difficult to get your arms around  
20 these issues from time to time. Invariably when  
21 you have a question, you pick up the phone and you  
22 call the Kansas State Department of Education to  
23 do the calculations and do the runs. It makes  
24 perfect sense that you would have an amount of  
25 funds, in this case the extraordinary needs, being





1 handled by Kansas State Department of Education  
2 which has the expertise, not only of this, but  
3 also other aspects of school finance as you -- as  
4 you move forward to do a plan.

5 And lastly, and I think I mentioned this, is  
6 the overall stability that you provide in 515 to  
7 the districts that desperately look forward to  
8 that stability and the reason why many supported  
9 the block grant in the first place.

10 I would be happy to stand for questions at  
11 the appropriate time.

12 CHAIRMAN MASTERSON: Thank you, Mike.  
13 Real quickly, committee, you should have at your  
14 position we have actually printed out the  
15 transcript from earlier so you guys have time to  
16 review the comments from the department and  
17 association. I just want to make sure everybody  
18 is aware you have an actual printed copy of the  
19 transcript.

20 Questions, Senator Melcher.

21 SENATOR MELCHER: Thank you, Mr.  
22 Chairman. And thank you, Mr. O'Neal, for being  
23 here. I appreciate your perspective.

24 In the earlier part of your testimony, you  
25 referred to the Court's speaking that we should



1 have similar educational opportunity for I think  
2 it was similar local tax effort, and I think this  
3 may have come from a Texas case. Could you repeat  
4 that because I had a question about it, but I  
5 couldn't write as fast as you were talking.

6 MR. O'NEAL: And this particular court  
7 reporter has admonished me on prior occasions, we  
8 go back a ways, and she's had to stop me a time or  
9 two in my past history, so I apologize.

10 Quote, school districts must have reasonably  
11 equal access to substantially similar educational  
12 opportunity through similar tax effort.

13 SENATOR MELCHER: So when you say through  
14 similar tax effort, could you help me understand  
15 that?

16 MR. O'NEAL: That's an excellent  
17 question. I believe Jason was asked that question  
18 the other day. I don't have any better answer  
19 than what Jason had. The courts, and I don't know  
20 whether -- that's why I mentioned Texas, but may  
21 need a little bit more of a flushing out of what  
22 they meant in the records in Texas.

23 The concept, I think, goes back to the  
24 overall requirement that the legislature make  
25 suitable provision for the finance of the



1 education interests of the state. Although the  
2 Court has interpreted that to include adequacy,  
3 it's essentially the legislature's responsibility  
4 to create a funding mechanism. And your mechanism  
5 is a combination of state and general fund dollars  
6 and property tax dollars. You provided the  
7 ability for local districts to raise taxes, and  
8 you've done it in a way that is -- has uniform  
9 application, but it has districts being able to  
10 make choices at the local level as to whether they  
11 raise property taxes or not. And as they do and  
12 if they do, that then creates the equity issues  
13 that you need to address and equalize.

14 And so it is -- I think it's saying that you  
15 need to have similar tax effort. And when you  
16 have that similar tax effort, you then measure  
17 that under the rubric of -- and as a result of  
18 that, do you end up with reasonable -- reasonably  
19 equal educational opportunity district by  
20 district.

21 Senator, that's the best I can do because the  
22 Court did not -- did not give further illumination  
23 to what they mean by that.

24 SENATOR MELCHER: Okay. So if we are  
25 talking about similar tax effort, and we have the



1 21 1/2 mill as a state portion of property tax, 20  
2 mills of that goes to education, and that would be  
3 thought to be similar across the board, but then  
4 we have statutorily decided to treat agricultural  
5 property valuation much differently to where we  
6 statutorily undervalue that. So wouldn't we need  
7 to have some sort of an adjustment upward for any  
8 of those properties that are intentionally  
9 undervalued to be able to give the similar tax  
10 burden across the board? Because without that,  
11 don't we have an inequity in similar tax burden  
12 that exists?

13 MR. O'NEAL: If, if that were an  
14 essential component of the school finance formula,  
15 I might tend to agree. I think what you're  
16 getting at is the 20 mills or even the local  
17 option budgets based upon a correct valuation of  
18 the property that is -- as established by the 20  
19 mills in the LOB. Is that what your -- is that  
20 your question?

21 SENATOR MELCHER: We treat all property,  
22 we value all property similarly, it's fair market  
23 value, with the exception of agriculture, which is  
24 a very large -- most of the property in the state.  
25 So when you have agricultural areas which would



1 have a low valuation per pupil, it actually makes  
2 them look poorer because we have statutorily  
3 undervalued that land so they are really not as  
4 poor as they look on paper. Doesn't that really  
5 skew that formula to provide equalization to a  
6 seemingly poor area when they are really not as  
7 poor as they look?

8 MR. O'NEAL: Keep in mind that the key  
9 component of the rule on equity is educational  
10 opportunity, not equal, not equal taxation.

11 SENATOR MELCHER: I was just speaking to  
12 the portion you said about the similar taxation  
13 piece because I wasn't aware that the courts had  
14 stated that, and then I kind of thought back to  
15 some discussions we had had about valuation and it  
16 appears that that inequity would then produce a  
17 school funding inequity.

18 MR. O'NEAL: That would be subject to  
19 Court interpretation. Again, it's -- the key is  
20 whether or not at the end of the day, through  
21 whatever mechanism you have devised, you end up in  
22 a position where children, whether they are in  
23 Johnson City or Johnson County, have an equal  
24 educational opportunity. I don't know it's so  
25 much about the amount. The Court has said it's



1 not about equal funding, it's about equal  
2 educational opportunity. So again, I don't -- I  
3 can't predict how a Court would look at that.

4 SENATOR MELCHER: Thank you.

5 CHAIRMAN MASTERSON: Committee, further  
6 questions? Seeing none, thank you, Mike.

7 Dr. Hinson, welcome back to the committee.

8 DR. HINSON: Thank you. Good morning,  
9 Chairman Masterson, members of the committee.

10 Jim Hinson, Superintendent of Shawnee Mission  
11 School District. I'm here as a proponent of this  
12 bill. I've also been chastised for talking too  
13 fast, so I will slow down. I saw that look.

14 We are a proponent of this bill for several  
15 reasons. This bill holds all school districts  
16 harmless. You've heard about that this morning.  
17 It doesn't create a system of winners and losers.  
18 One of the runs we saw, there would be about 79  
19 school districts in the state that would actually  
20 be losers. This bill allows all districts to be  
21 held harmless. It also truly allows this money to  
22 go to classrooms, not just property tax relief.

23 We believe this bill benefits school  
24 districts in relation to capital outlay  
25 equalization. Shawnee Mission School District



1 does not benefit from capital outlay equalization,  
2 but we do support this provision in the bill.  
3 This is a short-term solution that allows schools  
4 to stay open and allows all of us to work on a  
5 long-term solution.

6 We also believe this bill allows for  
7 stability during very uncertain financial times.

8 In conclusion, it's March 23rd, and this bill  
9 is by far, in our opinion, the best bill to  
10 address the issue that's before us for a one-year  
11 solution. I'll pause right there. You have my  
12 written testimony. I'll be happy to stand for  
13 questions.

14 CHAIRMAN MASTERSON: Thank you.  
15 Committee, questions for Dr. Hinson?

16 Senator Denning.

17 SENATOR DENNING: Thank you, Mr.  
18 Chairman.

19 Dr. Hinson, how far along are you in  
20 preliminary planning for your second year of  
21 budget based on Senate Bill 7?

22 DR. HINSON: Normally, we would be  
23 finished, except for negotiations as required for  
24 our employees, but all the other budgetary  
25 components of our budget would be finished.



1           SENATOR DENNING: So if we can get 515  
2 out of here intact, then you're -- all of your  
3 work on the budget would be preserved and  
4 worthwhile to this point?

5           DR. HINSON: Currently what we are going  
6 through in the Shawnee Mission School District, we  
7 have all kinds of different budget scenarios. In  
8 those budget scenarios there is a wide range  
9 depending on what might happen.

10           A part of our budget scenario includes will  
11 we have the same number of employees starting July  
12 1 or not that we currently have, depending on  
13 certainly what occurs here. So the timing for us  
14 is really crucial. We would absolutely love for  
15 this bill, if it could, to get through this week  
16 because for a school district, the budgetary time  
17 frame, we are already behind in trying to prepare.

18           We are certainly also looking at the, I'm  
19 going to call uncertainty in a different way, the  
20 uncertainty of what might happen in relation to  
21 potential allotments in May and June. So from a  
22 school district perspective, our financial  
23 uncertainty is extremely high. The quicker we can  
24 know what's going on here, it's very important for  
25 us and it's very important in working with our





1 employees on whether they are going to have  
2 employment from July 1 on.

3 SENATOR DENNING: And Dr. Hinson, I'm  
4 probably going to put you on the spot here, with  
5 the Senate Bill 7, will you, and the steady  
6 funding, were you planning any staff reductions  
7 because of your current level of funding? Were  
8 you able to keep your current level?

9 DR. HINSON: With Senate Bill 7, two  
10 answers to your question. One of the things that  
11 we appreciate is being able to have a two-year  
12 budget that would be predictable, even though it  
13 was not additional money for us. That was very  
14 beneficial.

15 The other component is we've continued to  
16 make reductions in the Shawnee Mission School  
17 District even during this process because as all  
18 of my costs continue to go up, we've had to cut  
19 other expenditures just to address the issue  
20 that's before us today.

21 SENATOR DENNING: When you say cut, you  
22 are talking about non teacher salaries? You just  
23 found some efficiencies, I think you mentioned in  
24 your printing area at one point in time.

25 DR. HINSON: We've been working on



1 efficiencies. We've cut administrative costs.  
2 Certainly for us we totally changed what we are  
3 doing in relation to printing costs, out-sourced a  
4 lot of the printing costs, as well. We are  
5 reducing administrative space, currently square  
6 footage in facilities from 500,000 square feet to  
7 70,000 square feet. So we are in the process of  
8 those efficiencies.

9 This last year we rolled out an early  
10 separation incentive plan, called an early  
11 retirement package, if you will, to save us money  
12 in the school district as well. Because in the  
13 Shawnee Mission School District there are a lot of  
14 long-term employees, beneficial to them, but  
15 beneficial for us financially. So we have been  
16 trying to find every way we possibly can to cut  
17 costs during this process, as well.

18 SENATOR DENNING: Thank you,

19 DR. HINSON: Thank you, Mr. Chairman.

20 CHAIRMAN MASTERSON: Senator Melcher.

21 SENATOR MELCHER: Thank you, Mr.

22 Chairman. Thank you, Dr. Hinson, for being here.

23 So you talked about many of the things that  
24 you changed about some changing some printing  
25 costs, consolidating of administration buildings.



1 Are those all good policy to do regardless of  
2 funding levels?

3 DR. HINSON: Yes, sir.

4 SENATOR MELCHER: Okay. So those were  
5 done just as a matter of good, efficient use of  
6 dollars, not necessarily related to funding.

7 DR. HINSON: They are good, efficient use  
8 of taxpayer dollars, but at the same time with I'm  
9 going to call it flat funding, my costs continue  
10 to increase. We increased in student enrollment.  
11 We did not request from the extraordinary needs  
12 fund. My energy costs are increasing rapidly. My  
13 transportation costs, which we contract for, are  
14 increasing rapidly.

15 So really two things: One, those are best  
16 practices. The other component is to continue to  
17 move the teacher salary schedule. That's not a  
18 raise, but you work another year just to move the  
19 salary schedule. We had to make adjustments in  
20 how we are spending our dollars. We call that  
21 reallocation of resources.

22 SENATOR MELCHER: So, transportation  
23 costs, I would think with the dramatic falling  
24 prices in fuel, that you would be able to recover  
25 some savings in transportation. But the -- any of



1 those reductions that you make that create any  
2 excess, is that money then that can be allocated  
3 to be used within the classroom?

4 DR. HINSON: Yes, sir.

5 SENATOR MELCHER: Okay. And, I  
6 appreciate that work that you've done. Thank you.

7 DR. HINSON: Thank you.

8 CHAIRMAN MASTERSON: Senator Kerschen.

9 SENATOR KERSCHEN: Thank you, Mr.  
10 Chairman. I think you answered my question. I  
11 was going to ask you do you have an increase in  
12 enrollment from the previous year, and you said  
13 you did, but you didn't have any extraordinary  
14 needs. If that continues next year, is that an  
15 issue for you or how do you address that?

16 DR. HINSON: I'll try to make the answer  
17 make sense. So, for us in the Shawnee Mission  
18 School District, we have about 1,900 teachers.  
19 So, 1,900 classrooms, if you will. So, if I  
20 picked up 190 students, 380 students, you take the  
21 1,900 teachers, if they were distributed equally  
22 across the district, they're usually not, but if  
23 they were distributed equally, in most cases with  
24 those numbers I would not need to hire new  
25 teachers because of the number of classrooms we



1 have and we can just absorb those students into  
2 the pupil/teacher ratio that we already have in  
3 place.

4 SENATOR KERSCHEN: Thank you.

5 CHAIRMAN MASTERSON: Actually, my  
6 understanding is you have quite good outcomes, as  
7 well. Do you, off the top of your head, know your  
8 percentage of students that meet or achieve all  
9 state assessments?

10 DR. DENNING: We have good outcomes now.  
11 We're looking for great outcomes. We have work  
12 yet to do; we need to do better.

13 CHAIRMAN MASTERSON: Fair enough.  
14 Further questions? Seeing none, thank you.

15 Committee, you are further proponent witness  
16 testimony. That's the end of the oral conferees.  
17 I would open with the opponents.

18 Dr. Lane, welcome to the committee.

19 DR. LANE: Thank you very much. Good  
20 morning, everyone. It's great to be here and we  
21 appreciate the opportunity to share a little bit  
22 different perspective on Senate Bill 515, but let  
23 me just say we too appreciate the efforts of this  
24 committee to be thoughtful and to put forth a  
25 reliable formula that holds districts harmless,



1 all districts. That's always been important to us  
2 to make sure not only students in Kansas City,  
3 Kansas public schools receive quality education,  
4 but it's important that the entire state does, as  
5 well.

6 But, let me speak to the hold harmless piece  
7 first, if I may. Hold harmless has been a very  
8 important strategy over time, as the legislative  
9 body has worked on school finance formulas. What  
10 is different with this hold harmless portion is  
11 that it is holding us harmless to levels of  
12 funding that, frankly, have been deemed not  
13 equitable. So, in past times, you've held  
14 harmless after you corrected the deficiencies in  
15 the formula. So, we want to celebrate the hold  
16 harmless piece, we think that's critically  
17 important so there aren't consistent winners and  
18 losers in the process, but we encourage you to do  
19 so after correcting the challenges.

20 So, but let me speak to the other pieces of  
21 the Senate bill. And we heard from Mr. O'Neal  
22 it's not a math problem, but I'm going to take you  
23 back to algebra class, if you will, and talk with  
24 you about the transitive property. You may  
25 remember that, that we were taught that A is equal



1 to B. And if A is equal to B and we add C, that  
2 A and B are equal, therefore, C is equal. So, how  
3 does that apply to this particular deal? Well, if  
4 you think of A as the equity portion of Senate  
5 Bill 7, if it is equal to B, which has been termed  
6 or deemed by the Court to be unconstitutional, the  
7 equity portion of Senate Bill 7 unconstitutional  
8 as equal to B, and if Senate Bill 515 is a  
9 redistribution of funding that has already been  
10 deemed inequitable, C, then, therefore, this does  
11 not resolve the equity issue. From our  
12 perspective, it redistributes the same amount of  
13 funding that was determined to not to be  
14 equitable. So, we encourage you to truly think  
15 about that.

16 We are held harmless in KCK. We appreciate  
17 the reliability, the predictability, is the word  
18 that's been used. However, this funding level  
19 still does not resolve the equity issue, does not  
20 allow us to provide equal education opportunities  
21 with similar tax benefit.

22 So, those are the two main points, that we  
23 want to share with you today. We appreciate the  
24 effort. Frankly, we want to support you and  
25 encourage you to continue. We must resolve this



1 issue. As Einstein reminded us, nothing changes  
2 until something moves, and we see that you all are  
3 trying to move the dial and resolve the issue.  
4 Appreciate that, but we feel like if it's just a  
5 redistribution of the same level of funding that  
6 is in the block grant, it does not resolve the  
7 issue. So, I'll pause there for questions.

8 CHAIRMAN MASTERSON: Thank you for coming  
9 again, by the way. Actually, in that math  
10 problem, every bill that has come before us, A  
11 plus B has equaled C. And I think that has been  
12 some of the difficulty in all because some out  
13 there believe B should be a different number. The  
14 fact remains that A plus B equals C in every  
15 proposition.

16 DR. LANE: So, without additional  
17 enhancements to that number in B, we still remain  
18 at the level of unconstitutional funding. That's  
19 our point, Senator.

20 CHAIRMAN MASTERSON: I think, then, I  
21 think, that's the -- if you read the actual  
22 opinion -- at this point we are now having an  
23 opinion of an opinion. Because if you read the  
24 actual opinion, the excerpts thereof, that is not  
25 what the Court decided and it was about the





1 distribution between A and B. And equity by  
2 definition, equalization by definition, has givers  
3 and takers, or givers and receivers might be a  
4 better term. That is, by definition, what equity  
5 does, it redistributes a pot.

6 DR. LANE: What it does for us is it  
7 allows us to provide those opportunities that  
8 every child in Kansas deserves. And, so, if I can  
9 talk specifically about our level of state aid on  
10 the local option budget, our total budget  
11 expenditure is around 49,000,000. 38,000,000 of  
12 that comes from equalization state aid. It's  
13 critically important to us. Without that, our  
14 community would not be able to provide the kinds  
15 of education that you all are demanding and  
16 expecting and that we want for our children.

17 CHAIRMAN MASTERSON: So, the hold  
18 harmless would be critical and that's your  
19 opinion --

20 DR. LANE: It is critical, but holding  
21 harmless at a level that allows for that  
22 opportunity to occur.

23 CHAIRMAN MASTERSON: Do you believe your  
24 students then -- trying to go with the Court's  
25 opinion, do you believe your students do not have



1 reasonable access or do not have a similar  
2 opportunity to other schools?

3 DR. LANE: I believe that we're very  
4 challenged to ensure that, when 40 percent of our  
5 students speak languages other than English, when  
6 90 percent of our children come from poverty  
7 backgrounds, they require additional resources and  
8 we are not always able to provide that, and that  
9 is evident. We celebrated Shawnee Mission's  
10 performance, and I appreciate Dr. Hinson said we  
11 need to get better; we all do. Certainly in KCK  
12 we've improved, but not nearly at the level that  
13 we need to to ensure that our students graduate  
14 diploma plus, they exit with a college experience  
15 and technical credentials so they can immediately  
16 contribute to our economy. For me, this is about  
17 our kids --

18 CHAIRMAN MASTERSON: I might need you to  
19 slow down and make sure --

20 DR. LANE: Thank you. Superintendents  
21 like to talk fast. I apologize.

22 But, this is about our kids, but it's also  
23 about adding value to the economy. So, I do  
24 believe that we are very challenged to meet the  
25 needs of our individual students.



1 CHAIRMAN MASTERSON: So, do you have a  
2 metric for us for reasonably similar access and  
3 opportunity?

4 DR. LANE: We believe that the prior  
5 process was as fair and equal as it could get  
6 under the -- the, and, so, you're going back to  
7 that mechanism that's helpful, but the amount of  
8 funding that is available within that needs to be  
9 increased. That's our point.

10 CHAIRMAN MASTERSON: So, it's a dollar  
11 value for you, the reasonable access and  
12 reasonable opportunity is solely a dollar value?

13 DR. LANE: Not solely, but without  
14 additional resources, redistribution does not help  
15 us get to that level of expectation.

16 CHAIRMAN MASTERSON: Committee, further  
17 questions for Dr. Lane?

18 Senator Denning.

19 SENATOR DENNING: Thank you, Mr.  
20 Chairman. Dr. Lane, on Monday we had depositions  
21 in this room for about six hours, and we had  
22 revisors, research and all experts in deposition  
23 fashion discuss the equity portion of the Court  
24 ruling, and it was clear in my mind that the Court  
25 simply didn't like our quintile approach to



1 supplemental state aid and they merely recommended  
2 that we either go with capital or that the old  
3 81.2 ruler method. So, they weren't asking us to  
4 do anything other than that, according to -- and,  
5 I think, it's 200 pages, and I'm sure we can give  
6 you a copy. But the way the testimony sorted out  
7 in my mind was the Courts didn't care for the  
8 quintile approach, even though I personally think  
9 it was very thoughtful and had a lot of algebra in  
10 it. So, it made a lot of sense to me, but Senate  
11 Bill 515, we just come back down to the capital  
12 outlay approach and it is coming up with the same  
13 number, but it appears that they -- and maybe they  
14 were just more comfortable with that because it's  
15 simpler in, you know, sorting high/low and moving  
16 your ruler up to the medium. Pretty simple, not  
17 much algebra in that, but, it doesn't - I think,  
18 what 515 does is satisfy the Court's thinking of  
19 what they think is the best formula at this point  
20 in time. I think that's what 515 does.

21 And then the hold harmless, to a person that  
22 testified, that was -- you know, it's routine in  
23 this process and very necessary. So, I think, we  
24 have satisfied the Court's request to us based on  
25 all of the testimony we sat through for almost six



1 hours.

2 DR. LANE: You know, Senator, I  
3 appreciate that. I learned over time never to try  
4 to determine what the Court meant; that they need  
5 to speak to that. But using the capital outlay  
6 equalization is a much lower level of support and  
7 funding than using the LOB level that had been in  
8 previous formulas. So it does make a difference  
9 in terms of the amount of resources available for  
10 districts to do their work.

11 SENATOR DENNING: Thank you. Thank you,  
12 Mr. Chairman.

13 CHAIRMAN MASTERSON: Would you agree that  
14 if 515 narrows the poles, if you will, lessens the  
15 disparity and creates a more similar taxing  
16 effort, that it would be taking steps towards what  
17 the Court had asked us to do?

18 DR. LANE: You know, Senator, again, I  
19 will leave the Courts to reflect on whether it  
20 meets the test or not. But from our perspective,  
21 just redistribution of the current amount of  
22 funding that is in the formula of the block grant  
23 does not resolve the issue.

24 CHAIRMAN MASTERSON: It doesn't appear to  
25 me you leave the question of adequacy, though, to



1 the Court.

2 DR. LANE: The interpretation --

3 CHAIRMAN MASTERSON: I'm asking about the  
4 equity piece. If we are narrowing the poles,  
5 would you believe that complies with what the  
6 Court is asking us to do on equity then?

7 DR. LANE: I don't know that. The Court  
8 will have to review it and decide. I really  
9 hesitate to speak for the Court, but from our  
10 lens, until additional resources are added to this  
11 pool, the equity issue will continue to be  
12 problematic for all districts in Kansas.

13 CHAIRMAN MASTERSON: Thank you. Further  
14 questions? Senator Melcher.

15 SENATOR MELCHER: Thank you, Mr.  
16 Chairman, and thank you, Dr. Lane, for being here.

17 It appears that through the testimony we are  
18 doing our best to try to achieve the goals the  
19 Court has outlined for us, which may not result in  
20 the increased monies that you would desire. Do  
21 you have -- have you thought of going through a  
22 similar exercise that Dr. Hinson described in  
23 finding those efficiencies so that you can  
24 redirect some of those savings in the classroom to  
25 benefit the students?



1 DR. LANE: A couple of points I'd like to  
2 remind the panel and also, Senator Melcher,  
3 specifically to your question, in terms of the  
4 amount of funding in the classroom, we have  
5 analyzed the actual funding in KCK's classroom  
6 using more broad definitions than the one that's  
7 in the accounting handbook that limits it to,  
8 frankly, teachers and a few other things.

9 When you look at all of the kinds of support  
10 needed to actually function in the classroom,  
11 we're over 82 percent of our resources now  
12 directly expended in that arena and the board  
13 wants to improve that more. So, I -- one of the  
14 things I always ask us to do is really think about  
15 what do we need, how do we clearly define  
16 expenditures into the classroom. So, we have  
17 analyzed that.

18 The other piece is that you may recall that I  
19 volunteered our school district for the first  
20 legislative post audit that occurred three years  
21 ago. We want to be transparent. We opened  
22 ourselves up to say what are we missing? Are  
23 there strategies we might put into place?

24 Some of what you heard Dr. Hinson talk about  
25 is similar in terms of what we have done. There



1 were some recommendations that we implemented from  
2 that process, but there were others that just  
3 didn't meet what we wanted to do locally. For an  
4 example, at that time we -- it was suggested that  
5 we close one of our eight middle schools because  
6 it appeared as if we were under capacity. Well,  
7 we're a growing school district. We've grown 500  
8 students a year on average for the last five  
9 years. And, if we had done -- chosen to  
10 implement that efficiency strategy, today I would  
11 have 600 students without a school.

12 So, yes, we are looking at efficiencies and  
13 trying to ensure that we are running our operation  
14 the best as we can, ensuring that our classrooms  
15 are fully supported. But sometimes things that  
16 are deemed efficient also are not helpful in terms  
17 of meeting our bottom line, which is educating  
18 kids.

19 Our class sizes are enormously high in KCK  
20 right now. The average is 28 students per  
21 teacher, and that is really unacceptable at the  
22 elementary level. So, there is more that we need  
23 to do in terms of resolving those issues.

24 SENATOR MELCHER: Well, those class sizes  
25 are really hard for me to comprehend since your





1 funding per student is so much higher than many of  
2 the other schools that have such dramatically  
3 lower class sizes. So how do you -- how do you  
4 square that?

5 DR. LANE: Our funding per student is  
6 high because we have high numbers of kids with  
7 special needs, high numbers of students who speak  
8 languages other than English, a high numbers of  
9 kids from poverty. And, so, we have resources  
10 that come from many sources to try to help us  
11 resolve that.

12 We use that funding to provide tutoring. In  
13 some cases we try to lower class sizes with that,  
14 but there is a lot intensity that goes around  
15 trying to get students up to grade level when they  
16 come in significantly behind. 34 percent of our  
17 children enter kindergarten kindergarten ready.  
18 So, from the get-go almost 70 percent of our kids  
19 require additional support.

20 So that -- you know, if you look only at  
21 numbers, that's a great question, but when you  
22 look at the needs of my kids, there are -- they're  
23 significant.

24 SENATOR MELCHER: You talked about you  
25 were the one that raised the class size number,



1 but then you talked about this litany of classroom  
2 resources that you have. So, I'm still having a  
3 difficult time understanding how the class sizes  
4 could be so high with all of that enormous amount  
5 of resources.

6 DR. LANE: Those resources don't  
7 necessarily go in to reduce the numbers of pupils  
8 that are assigned to a teacher.

9 SENATOR MELCHER: So you have chosen to  
10 have the large classrooms in lieu of having  
11 smaller classrooms with less of those people in  
12 it?

13 DR. LANE: The choice is based on a  
14 cumulative cut in state aid and increased costs  
15 that were mentioned earlier that districts adjust  
16 to. For Kansas City, Kansas, over the last six  
17 years, we have had a decrease of \$55,000,000 in  
18 state funding and increases in costs. So,  
19 \$55,000,000 less to operate today than we had six  
20 years ago, leaves us with difficult choices about  
21 how to supports our young people and one of those  
22 choices has been that our class sizes had to grow.

23 CHAIRMAN MASTERSON: Dr. Lane, that  
24 confuses me because that number is not anywhere in  
25 the paperwork that I've seen as it pertains to



1 your district. Are you telling me you received  
2 \$55,000,000 less now than you received dollar for  
3 dollar two or three years ago?

4 DR. LANE: That number is less state aid  
5 plus increased costs since 2009-10 school year.

6 CHAIRMAN MASTERSON: So, you have had a  
7 subsequent year in the last few years that you  
8 have received less dollar for dollar state aid  
9 than you did the prior year? That's also runs  
10 counter to the data that I have been provided on  
11 your district.

12 DR. LANE: We will be glad to break that  
13 out for you and the committee if that's helpful.

14 CHAIRMAN MASTERSON: So, the question,  
15 have you received less dollars --

16 DR. LANE: Absolutely less.

17 CHAIRMAN MASTERSON: -- in a sequential  
18 year?

19 DR. LANE: Well, not necessarily  
20 sequential, sir, but since 2009-10 less state aid,  
21 increased costs, yes.

22 CHAIRMAN MASTERSON: So, that would have  
23 happened after the crash of 08-09, so that would  
24 have been a single incident that 08-09. Have you  
25 received more since then?



1 DR. LANE: 08-09 we had an \$11,000,000  
2 cut and we've had cumulative cuts since then.

3 CHAIRMAN MASTERSON: That would again fly  
4 in the face -- against the face of the information  
5 the department has provided me regarding your  
6 district.

7 DR. LANE: We can look at that and be  
8 glad to provide follow-up for you.

9 CHAIRMAN MASTERSON: Thank you. One  
10 final question. Assuming your position on 515  
11 prevails and this bill fails and the legislature,  
12 since it is a body of consensus, fails to reach a  
13 conclusion then, do you think it's an appropriate  
14 action to close the schools over a disagreement of  
15 how 1 percent of our funding is distributed.

16 DR. LANE: It would be catastrophic for  
17 our students and our communities in the state to  
18 close public schools. So, no, we don't think  
19 that's appropriate and we stand ready to support  
20 you in any way that we can in order to make sure  
21 that doesn't happen.

22 CHAIRMAN MASTERSON: Thank you. Thank  
23 you for your time. Sorry, I think we had one more  
24 question. Senator Francisco.

25 SENATOR FRANCISCO: Thank you, Mr. Chair.



1 I'm looking at the way that the estimated payments  
2 are made for the hold harmless dollars. So, it  
3 takes in consideration the capital outlay aid and  
4 then an increase or decrease in LOB aid and then  
5 adds those together. So, my understanding is that  
6 your district would receive capital outlay aid,  
7 and, then, that would be subtracted from the hold  
8 harmless payment you would otherwise get to make  
9 up your LOB aid. So, how do those, the different  
10 -- and you have been given different or more  
11 capital outlay, but you will get less tax help for  
12 LOB, how does putting it in those two different  
13 pots affect your ability to educate children?

14 DR. LANE: You know, I tell my staff a  
15 story about my Aunt Thelma who was a small  
16 business owner in Southeast Kansas. And, she  
17 loved to carry a big pocketbook and frequently you  
18 would see her moving her money from one side of  
19 her purse to the other side of her purse, but  
20 never in that did I hear her say she had more  
21 money. And, so, to respond, Senator, is that we  
22 are flat. It doesn't matter what pool that comes  
23 into, it doesn't provide any additional resources  
24 that we can utilize to educate our kids.

25 CHAIRMAN MASTERSON: A follow-up then.



1 We did, through the block, tear down some of the  
2 silo walls, if you will, so did that or did that  
3 not give you some flexibility with your  
4 operations?

5 DR. LANE: It gave us flexibility in  
6 conversation, but not in decision making because  
7 we have buildings that average 60 years or more,  
8 significant maintenance issues, and so we do not  
9 cross-mingle that. In fact, we just had a study  
10 completed that identified 80 -- \$800,0000,000  
11 worth of maintenance that will need to occur in  
12 our district over the next decade in order to keep  
13 those buildings moving. So, we appreciate the  
14 flexibility, but we did not utilize it.

15 CHAIRMAN MASTERSON: Thank you. Mr.  
16 Freeman?

17 DR. LANE: Thank you very much.

18 CHAIRMAN MASTERSON: Welcome to the  
19 committee.

20 MR. FREEMAN: Thank you. Chairman  
21 Masterson, members of the committee, thank you  
22 very much for allowing me the opportunity to be  
23 here today.

24 And again, I want to reiterate what you've  
25 been hearing. We really do appreciate the efforts



1 being made to try and resolve an issue that could  
2 be catastrophic to our students in terms of  
3 closing down schools. So, again, it's one of  
4 those where, you know, we've got to come to some  
5 sort of resolution to this so we can move forward,  
6 at least, on the -- until we get a new school  
7 finance formula bill and move into some other  
8 area.

9 But, that being said, I stand here and  
10 respectfully believe that this plan does not meet  
11 the needs that we have. And, Dr. Lane mentioned a  
12 couple of them, and I would just reiterate that  
13 the equity portion of it, the redistribution of  
14 funds that she was talking about, we don't really  
15 see that as a viable means. And I understand the  
16 definition of equity and that sort of thing, but I  
17 have to go back to what we see in our district  
18 with regard to the funding levels that we've seen  
19 from the previous year, this year and projected  
20 out to the next year. And, so, the equity part of  
21 it for us is not a single year item, it's a multi-  
22 year item. And, so, that's the other piece of it  
23 for us is that we believe that -- that addressing  
24 only fiscal year '17 does not really answer all of  
25 the question.



1 Now, I realize the challenges that the  
2 legislature has. We have the same sort of  
3 challenges in school districts in terms of  
4 balancing the budget and that sort of thing. So,  
5 I appreciate the efforts that you have to go  
6 through to try and get to a good resolution.  
7 However, I, you know, I think -- I'm not sure that  
8 this will pass muster, is, quite frankly, what I  
9 think we may be seeing.

10 Now, that doesn't mean that it isn't --  
11 doesn't have some benefits to us, but at the same  
12 time there are certainly some drawbacks for us in  
13 terms of us planning and building a budget. Our  
14 budgets are flat budgets, and increasing costs  
15 makes it more difficult for us to move into a new  
16 fiscal year knowing that we're going to have to  
17 reduce, reallocate within our budget because we  
18 are not having any additional funds coming to us.  
19 So, it makes it a challenge for us.

20 And, I look back at the prorations and things  
21 that we've had over the last several years and  
22 have to think about where we would be if that  
23 hadn't happened, if we had the revenue streams  
24 coming in that we really need.

25 But anyway, my general calculations, if we're





1 looking at the prorations, the LOB prorations and  
2 capital outlay aid that we've kind of lost through  
3 equalization changes is about \$26,000,000  
4 projected out to fiscal year 17. And those are  
5 dollars that we have had to find within our budget  
6 to be able to maintain the levels that we tried to  
7 do. And we've done a lot of work on efficiencies.  
8 You've heard others talk about that, but -- and  
9 we've done similar measures there. And, we're in  
10 the process now of trying to build next year's  
11 budget and having to look at those reallocations  
12 as we move forward.

13 So the hold harmless piece of it is, you know  
14 -- again, we appreciate that and we've talked,  
15 I've had a lot of discussions in a lot of areas  
16 about moving to new formulas and that sort of  
17 thing. There is always going to be some hold  
18 harmless provisions. I think the difference is  
19 that what I'm used to seeing in years past when  
20 they've done this is you've set the formula, built  
21 that and then looked to see who was winners and  
22 losers on that. And the losers you try to hold  
23 harmless, but with additional dollars, and I think  
24 that's the one piece of it that's a little bit  
25 different for me in terms of looking at that. I



1 understand the concept of how you're looking at  
2 the equalization formula, so I don't -- I don't --  
3 I just disagree that we're doing the best job that  
4 we can in terms of funding the formula as it is.

5 The one thing that I would indicate that  
6 hasn't been really talked about, too, and, you  
7 know, Senator Francisco kind of brought this up.  
8 When you look at Wichita, we're going to get some  
9 additional state aid for capital outlay. We're  
10 losing state aid from the LOB side, again, because  
11 the formula changed and the capital outlay which  
12 dropped us about \$9,000,000, something like that.  
13 But, then, we are held harmless. Okay, so we're  
14 flat. But, it is going to require us to put that  
15 capital outlay state aid some way into the LOB,  
16 along with the hold harmless, to keep my LOB  
17 budget high enough so that I don't have to raise  
18 property taxes. So, I'm still working the  
19 mechanics of that, still trying to flush through  
20 how all of that works. Because my first look at  
21 it, when I looked at that and saw that LOB drop  
22 and I thought, well, if I'm going to keep my LOB  
23 where I need it to be at our 30 percent, I'm  
24 either going to have to raise property taxes or  
25 put all of the capital outlay money and the -- and



1 the hold harmless into the LOB in some way to keep  
2 that level up.

3 The other thing, too, that I don't -- whether  
4 people have thought about, is when your LOB legal  
5 max budget drops, your state aid drops because  
6 it's a calculation there. So unless I keep that  
7 up high enough, then I'm going to lose even a  
8 little bit more perhaps. Like I said, I haven't  
9 worked all the mechanics on that and what that's  
10 going to actually look like when we get down to  
11 the end of it.

12 Pardon me, I have a cold. And just, you've  
13 got the written testimony that is here, but -- and  
14 again, I'd like to say thank you for spending the  
15 time to try and find a solution to this problem.  
16 We -- we are -- we are -- with everybody else, we  
17 want to work together with the legislature to find  
18 the best way to make all of this happen. Perhaps  
19 this is it, perhaps not, but as we read it, as we  
20 look at this, we don't think this will be a viable  
21 way for us to do this.

22 But again, I appreciate this. I understand  
23 the legislative process is a process and we are  
24 working through that and I appreciate your  
25 efforts. I stand for questions.



1 CHAIRMAN MASTERSON: Thank you for coming  
2 in, especially consideration you're not feeling  
3 100 percent. Questions for Mr. Freeman?

4 Senator Denning.

5 SENATOR DENNING: Thank you, Mr.  
6 Chairman.

7 When we passed out Senate Bill 7 and we had  
8 consistent funding for two years, did you start  
9 working on basically a two-year budget --

10 MR. FREEMAN: Yes.

11 SENATOR DENNING: -- back then.

12 MR. FREEMAN: Yes.

13 SENATOR DENNING: Were you contemplating  
14 any teacher layoffs because of that steady funding  
15 a year ago?

16 MR. FREEMAN: Not in the first year. In  
17 this year of it I think we are going to be looking  
18 at teacher layoffs. And what we did last year,  
19 because of when it came out, how late it was  
20 coming out, we really didn't have time to respond  
21 on the staffing side of it, so we used contingency  
22 reserve funds to fill a hole and we did some other  
23 things within the budget, which is kind of normal  
24 practice, but we used about \$3,000,000 of our  
25 contingency reserve to balance the budget. And I



1 told the board at that time that we weren't going  
2 to be able to do that again next year; we would  
3 probably have to look at staffing reductions in  
4 some fashion.

5 And as everybody else, every other school  
6 district in the state, we are always looking for  
7 efficiencies and that sort of thing. So we look  
8 within our budget to see what we can reduce to  
9 minimize that staffing reduction. But it looks  
10 like this year we're not going to make it without  
11 having to reduce some sort of staff.

12 SENATOR DENNING: So your peer schools  
13 appear to be able to accomplish that without any  
14 staff reductions, but you're planning on actual  
15 staff reductions?

16 MR. FREEMAN: Well, we're looking at  
17 those options right now. As a matter of fact, I  
18 met with the board this Monday, and we have a lot  
19 of options out on the table and we have a lot of  
20 reductions in the budget that are non-personnel.  
21 We have some personnel items too, it just depends  
22 on the direction the board wants us to go.

23 SENATOR DENNING: And, then, Mr. Freeman,  
24 were you involved in the school district when we  
25 passed the original formula that we sunset last



1 year, the one that was in place? Were you around  
2 at that point in time?

3 MR. FREEMAN: I was -- this is my third  
4 year in Wichita public schools, but I have been in  
5 the Kansas schools since the nineties, so --

6 SENATOR DENNING: So you remember when  
7 this body passed the original formula?

8 MR. FREEMAN: Uh-huh.

9 SENATOR DENNING: So during testimony  
10 this summer on the special K-12 Committee, the  
11 reason why that formula was funded in the first  
12 place is that they put a .1 percent cap on KPERS.  
13 So, that was to only fund KPERS at a maximum of  
14 \$4,000,000 over the prior year. So the formula  
15 never would have even gotten launched without that  
16 maneuver. So, to put it into perspective, we fund  
17 KPERS 10 times the amount trying to catch up from  
18 the damage that was done from that maneuver, and  
19 we have a long ways to go. But, you're well aware  
20 of the budget situation and I think you're asking  
21 this body to come up with additional funding and  
22 there is -- the state that we're in right now,  
23 there is no additional funding available unless we  
24 would do the similar maneuver, that is to say put  
25 a cap on KPERS, fund it at one-tenth of what it



1 should be, which was the prior approach. Is that  
2 something that you would support?

3 MR. FREEMAN: Well, no, I don't think so,  
4 because that just serves to move us backwards.  
5 And that's why I said, I appreciate the dilemma  
6 that you have, but I guess I have to characterize  
7 it this way: When I look at my budget, I have a  
8 set revenue amount. Okay? I have no way to  
9 adjust that revenue amount. So I build my budget  
10 based on revenue to start with. So whatever the  
11 legislature decides they can appropriate for me is  
12 what I use. When you're balancing the state  
13 budget, you have the revenue side of it to work  
14 with, too, and I'm not going to go anywhere down  
15 the path of suggesting anything there, but I don't  
16 have the ability to adjust my revenue side, where  
17 the legislature does to some extent.

18 Now, I know your limitations and I understand  
19 all of that, but I -- it is a dilemma. I just  
20 don't believe that 512 addresses everything that  
21 we need for it to address. That doesn't mean that  
22 it's unusable, but it just doesn't address quite  
23 what we need to arrive at this.

24 SENATOR DENNING: And Mr. Chairman, one  
25 more.



1 CHAIRMAN MASTERSON: I have one break  
2 announcement. The House had scheduled a hearing  
3 at 9:30. For those that are concerned about  
4 conflict and maybe conferring, they are going to  
5 open on a different hearing first. So, we should  
6 have about 20 to 30 minutes and we'll try to get  
7 that accomplished so there is no conflict. We'd  
8 like you all to be present for both.

9 Senator Denning.

10 SENATOR DENNING: Thank you, Mr.  
11 Chairman. This will be my last comment.

12 I have been working with the school districts  
13 on healthcare costs because of the A&M study.  
14 Obviously, they're all over the place and I think  
15 there was a slide that was presented at some  
16 meeting that shows yours as being a big outlier  
17 and we sorted that out yesterday. The bottom line  
18 is, because you pay for almost 100 percent of the  
19 healthcare costs of your employees, that is to say  
20 the employee, the family and the spouse, that your  
21 costs are about \$2,000 per employee higher than  
22 your peer, which is about 25 percent. So, if you  
23 take that 25 percent and just lay it on top of  
24 your total spend, it's about \$15,000,000 higher.  
25 Would there be something that you could do there





1 to help your budget issue?

2 MR. FREEMAN: As a matter of fact, we --  
3 that is one of the -- one of the things we are  
4 looking at. And we knew several years ago that we  
5 were headed towards having to change our plan and  
6 make some changes in that. But years ago the  
7 teachers preferred that we keep money going into  
8 the health plan rather than their salaries. So  
9 that \$15,000,000 that you are talking about, and I  
10 don't have a calculator so I'll just use your  
11 number, had it not been in the health insurance  
12 plan probably would have been in the teacher  
13 salaries. That was a choice that they made  
14 through negotiations.

15 So, but to answer your question directly, one  
16 of our big cost drivers for next year that we have  
17 to address is that health care issue and we will  
18 be changing that plan and looking at different  
19 things and perhaps starting to charge for  
20 premiums. I don't know at this point, they'll  
21 have to go through negotiations, but it's  
22 something we are looking at.

23 SENATOR DENNING: Mr. Chairman, I guess I  
24 didn't tell you the truth. I have one more  
25 question that just popped in my head.



1 But if the Cadillac tax stays intact in any  
2 fashion, you'll have to address that because you  
3 are right in the cross-hairs of that.

4 MR. FREEMAN: Right, Exactly. Well, one  
5 of the things about our plan, too, that's a little  
6 bit different. When you look at our plan, the  
7 dental insurance is all included in that, as well.  
8 So one of the first things we are going to do is  
9 carve out the dental side of it. So that will  
10 bring the actual health care plan down and give us  
11 a few more years on that before we hit that  
12 Cadillac tax. That's another plan we are looking  
13 at.

14 SENATOR DENNING: Thank you, Mr.  
15 Chairman.

16 CHAIRMAN MASTERSON: There was a recent  
17 article about some of the proposals the district  
18 had on deficiencies and cuts. I didn't see that  
19 in the list, what Senator Denning mentioned,  
20 changing what was somewhat an extraordinary  
21 lucrative benefit down to what would just be a  
22 normal benefit. That wasn't listed. It seemed to  
23 me the things listed in the paper were much more  
24 painful options.

25 MR. FREEMAN: And, well, part of that is



1 because what you saw most recently -- I was just  
2 talking about the cuts. A couple of board  
3 meetings before that we talked about the health  
4 insurance plan and some of the options that we had  
5 at that time. We got those over on the cost  
6 increase side and are trying to address those. So  
7 we have been talking about it, but we have some  
8 negotiation issues that go along with that. So we  
9 don't have resolution of that yet, but we have a  
10 couple of different options that that will take a  
11 look at that. So it is being addressed.

12 CHAIRMAN MASTERSON: Another comment that  
13 struck me is your comment that you had no control  
14 on your revenue side at the local level. Are you  
15 30 or 33 percent?

16 MR. FREEMAN: 30.

17 CHAIRMAN MASTERSON: So you could move to  
18 33 percent?

19 MR. FREEMAN: Yeah.

20 CHAIRMAN MASTERSON: So there is some --

21 MR. FREEMAN: There would be, yes.

22 CHAIRMAN MASTERSON: Also, it struck me,  
23 in information provided by the Kansas Association  
24 of School Boards, that Kansas actually is a high  
25 contributor compared to the states -- state



1 contribution to schools, the Federal IS  
2 comparative was very low. Do you have a similar  
3 effort going at the federal level? Have you taken  
4 any legal action with the Federal government or  
5 done anything to draw down the portion of that pie  
6 that appears to believe lacking?

7 MR. FREEMAN: We would not be taking any  
8 legal action. We -- since we house our own  
9 special ed department, we actually draw federal  
10 money directly, Title VI (B) money directly, and  
11 we have done things within our budget to maximize  
12 that draw-down there. But, but other than that,  
13 we haven't taken any other action.

14 CHAIRMAN MASTERSON: Have you seen the  
15 data from KASB on that proportion that goes to our  
16 educational system which is local, state and  
17 federal? They broke it down in comparative states  
18 and the state is comparatively high. Locals was  
19 similar and I think a little lower than our  
20 competitive states or comparison states, and the  
21 Federal significantly lower, but it strikes me  
22 that we are focusing on that entity which is  
23 already the largest giver to expand.

24 MR. FREEMAN: I think I have seen that  
25 data, but I haven't really researched it. I don't



1 have any detail on it.

2 CHAIRMAN MASTERSON: It seems to me the  
3 concerns from the opponents, yourself and Kansas  
4 City, are adequacy issues more than equity issues.  
5 Your concern is we need more money, is I think the  
6 theme I'm hearing.

7 MR. FREEMAN: Well, I think the two are  
8 certainly tied together, but -- and that's why I  
9 said from the onset I understand what you're doing  
10 to balance the equity, and -- but our position is  
11 that rather than equalizing down, we need to  
12 equalize up.

13 CHAIRMAN MASTERSON: Further questions?  
14 Senator Melcher.

15 SENATOR MELCHER: Thank you, Mr.  
16 Chairman.

17 I'm actually astounded to learn that anybody  
18 would be funding health benefits near 100 percent  
19 for individual and family. I don't know how one  
20 could ever agree to some terms like that, but  
21 that's kind of an aside the point of my question,  
22 which is there was reference was made to laying  
23 off teachers. Does that include layoff of  
24 administrative staff and what's the -- what would  
25 be the ratio of teacher layoffs compared to



1 administrative layoffs?

2 MR. FREEMAN: Well, first of all, we  
3 haven't made any decisions yet at all. We've just  
4 laid out some options to the board about what that  
5 might look like. Yes, it does include  
6 administrative staff, as well as teaching staff.  
7 But most of the things that are on the list are  
8 support staff that have teacher contracts that are  
9 support staff, those types of things. There is  
10 very little classroom teacher options in here.  
11 And we've got a pretty good size of hole to fill.  
12 We are going to do a big chunk of it through the  
13 non-personnel side, but we think there probably  
14 will have to be some staff layoffs. And the  
15 position the board has always taken in the past is  
16 to try and keep those cuts as far away from the  
17 classroom as they can, and I'm sure they will  
18 continue to do that. I can't really give you a  
19 number because we are just looking at some options  
20 and proposals. I don't have any solid numbers on  
21 what our recommendations will be yet.

22 SENATOR MELCHER: It sounds maybe some  
23 layoffs are in the future for your district, but  
24 would you be inclined to skew more of those  
25 layoffs on the administrative side or the side



1 that goes into the classrooms?

2 MR. FREEMAN: Well, we have to look at  
3 still being able to do the work. Since 2008-9,  
4 we've -- we've dropped our central administration,  
5 this would be the district level staff,  
6 administrative staff has dropped by about 20  
7 percent, while our teachers over that same time  
8 period has actually come up about 6 percent. So  
9 we have already been pulling back on that  
10 administrative side through over the last five  
11 years. So we don't have a lot of room to go in  
12 that, but there are some administrator staff in  
13 there.

14 But in terms of FTE that we might be  
15 dropping, I can't tell you what that might be at  
16 this point because there will probably about some  
17 administrators involved in there.

18 SENATOR MELCHER: Because I looked at  
19 your per pupil funding. It was high, similar to  
20 Kansas City, and actually I think yours may be  
21 higher. It sounds like you probably have quite a  
22 bit of room to go.

23 MR. FREEMAN: Well again, we have some of  
24 the same issues that Kansas City does in terms of  
25 demographics of students that we have. We are 70,



1 75 percent free and reduced, we have 34 percent  
2 Hispanic/English second language people. We have  
3 90 languages in our district. So we have a lot of  
4 special needs, I guess, special academic needs.  
5 So the funding level provides support. We've got  
6 classroom -- our class sizes aren't near as high  
7 as Kansas City is, fortunately, but we do provide  
8 a lot of additional support in the buildings and  
9 in the classrooms, either through instruction  
10 support, people we put in there, paras or just  
11 extra staff that helps with those various  
12 programs. We have a pretty good sized bilingual  
13 programmed. It's staffed and supports all of  
14 those classes that need that support. So that's  
15 generally why some of those expenses get a little  
16 bit higher that way is because of the needs that  
17 are actually in the classrooms.

18 SENATOR MELCHER: I would think with such  
19 a high Hispanic population, I think you said, one  
20 would think you would achieve some level of  
21 economies of scale because you have so many that  
22 you would be able to achieve those, where maybe a  
23 district that has a much smaller component would  
24 have to have probably more people on a per capita  
25 basis just because they aren't able to achieve





1 those economies. So I think that doesn't  
2 necessarily work against you, but thank you for  
3 your comments.

4 MR. FREEMAN: Certainly.

5 CHAIRMAN MASTERSON: Actually, a final  
6 question. Assuming 515 were to fail and no  
7 conclusion would come, do you think it's an  
8 appropriate action to close the schools over a  
9 disagreement of less than 1 percent of the  
10 distribution.

11 MR. FREEMAN: No, sir, I don't. I really  
12 don't.

13 CHAIRMAN MASTERSON: Thank you. Thank  
14 you, Jim. I only had the two listed opponents. I  
15 don't have any written opposition. I do have one  
16 final neutral conferee, and then I will ask if  
17 there is anyone else present wishing to speak.

18 My neutral is Mr. Trabert.

19 MR. TRABERT: Good morning, Mr. Chairman,  
20 members of the committee. For the record, my name  
21 is Dave Trabert. I'm President of the Kansas  
22 Policy Institute.

23 I want to also thank the committee for the  
24 hard work on this bill and other bills. There has  
25 been an, obviously, a very strong effort to try to



1 resolve this issue and avoid the unnecessarily  
2 closure of schools over a half a percent of  
3 funding, which, frankly, I think is absurd.

4 But let me start by saying that we generally  
5 concur with certainly concur -- with everything  
6 that you heard from Mr. O'Neal -- excuse me, from  
7 Mr. O'Neal, from Dr. Hinson, from Dr. White. I  
8 won't bother reiterating a lot of that.

9 We are neutral on this bill for one reason:  
10 It's not the only good way to resolve equity  
11 without spending more money. That's clearly what  
12 the Court said can be done. I won't reiterate the  
13 reasons that Mr. O'Neal explained, but it is an  
14 option. It's one of many options. You had a good  
15 option last week. You had a good option last  
16 year, frankly, in Senate bill 71. That's the only  
17 reason that we are neutral. I want to also touch  
18 on the fact, because adequacy has been raised here  
19 several times by two of the opponents, that there  
20 should be a concern about whether this would  
21 create an adequacy issue, for several reasons.  
22 First of all, the Supreme Court said adequacy is  
23 first determined by whether or not schools are  
24 meeting or exceeding the Rose capacities. Now, we  
25 have school districts and the Department of



1 Education and the Kansas Association of School  
2 Boards all on record as saying that they don't  
3 know how to define or measure the Rose capacities.  
4 So it begs credulity to say that they don't know  
5 basically where home is but they don't have enough  
6 money to get there.

7 Further, their own records show that they  
8 have not spent all of the money that has been  
9 provided over the last 10 years. My testimony  
10 shows that \$385,000,000 of aid that was provided  
11 between 2005 and 2015 to run schools has been used  
12 to increase cash reserves, clearly indicating that  
13 they didn't need that money to operate schools  
14 and, therefore, another reason it shouldn't create  
15 an adequacy issue.

16 They are also on record testifying that they  
17 choose to operate inefficiently and be organized  
18 inefficiently. In fact, there -- just this  
19 legislative session school districts have and  
20 unions have opposed every single legislative  
21 effort to try to reduce the costs for school  
22 districts, whether it be for procurement or other  
23 reasons, that would allow more money to be used in  
24 classrooms. So we think there is ample reason to  
25 not be concerned about the adequacy issue.



1           There is one new thing in my testimony that I  
2 wanted to point out from last time, and that's in  
3 response to a -- and this is just a very partial,  
4 it's not a full response to a school district --  
5 Kansas Association of School District claim that  
6 no state spends more -- or spends less and gets  
7 more. I just went through the, you know, the  
8 Cadillac gold standard of student achievement, the  
9 National Assessment of Educational Progress. If  
10 you look at page 4 of your testimony, there is a  
11 table there that shows the fourth grade and eighth  
12 grade reading and math scores for low income kids  
13 and not low income kids. And what you see is that  
14 of those 16 measures -- I'm sorry, of the eight  
15 measures, Florida -- we're comparing Kansas, Texas  
16 and Florida. And I think Texas and Florida  
17 because they spend significantly less per pupil  
18 than Kansas does. Kansas -- and this is 2013  
19 census spending. It's on a head count basis, so  
20 it's not going to be the same per pupil number you  
21 would see in KSDE's numbers because they use an  
22 FTE. But in 2013 census data, Kansas spent  
23 \$11,496 per pupil. Texas spent \$10,313 per pupil.  
24 Florida spent \$9,420 per pupil. Now, if you go  
25 down through the scores, you see that of the eight



1 scores here, Florida wins on four of them, Texas  
2 wins on three of them, Kansas wins on one. If you  
3 do a composite of all eight scores, you find that  
4 Florida would be, of these three states, would be  
5 in first place, Texas would be in second place and  
6 Kansas would be in third place.

7 Completely the opposite of what the school  
8 board association would like to have you hear.  
9 Because this -- there is ample evidence, and we  
10 can spend all day on this, frankly, demonstrating  
11 that just spending more does not do anything to  
12 change achievements. Money matters, certainly,  
13 but it's how many is spent that matters, not how  
14 much money is spent.

15 Now, I'd like to also address a couple of the  
16 comments that were made here by the opponents.  
17 You know, I'm a -- as you probably know, a bit of  
18 a math geek. My -- I think my favorite high  
19 school teacher in a public school, by the way, was  
20 Miss Clara Siedler (spelled phonetically). She  
21 was a strict by-the-book teacher, no nonsense.  
22 And that was back in the days when you could make  
23 your feelings clear known to students as a  
24 teacher. She held no truck with nonsense, with  
25 someone trying to pull her leg on something.



1           So, for example, Miss Siedler, when you --  
2     the question was asked to clarify by Dr. Lane, did  
3     you get less money? Now, she tried not to answer  
4     the question. She eventually said no, we got less  
5     money, but Miss Siedler would call foul on that.  
6     Let me read you the state aid from the Kansas --  
7     or Kansas Department of Education. This is the  
8     state dollar aid in 2009. It was -- I will just  
9     round it, 168,000,000. Now, in 2010, because of  
10    the recession, the state aid did go down to  
11    149,000,000. What she didn't tell you is that it  
12    was almost all replaced by federal dollars. You  
13    had money from the feds that you could use to  
14    backfill. That was the whole purpose. So while  
15    you saw a \$19,000,000 decline in state aid, you  
16    also saw a \$13,000,000 increase in federal aid.  
17    So it was almost held harmless. The next year  
18    state aid went from 149 to 156 million, and then  
19    it went to 167 million - we are in 2012 now. Then  
20    it went to 169 million, then it went to 178  
21    million, and last year it was 205 million. So  
22    Miss Siedler would call foul on the claim that the  
23    Kansas City School District got less money.

24           Now, they have their own way of trying to get  
25    to that, and it's more of a matter of we didn't



1 get as much as we want and so we are going to call  
2 that a cut. That's not a cut. It's getting --  
3 they actually got more money. I'd also point to  
4 part of the testimony from Dr. Lane, Miss Siedler  
5 would say the transitive property doesn't apply  
6 here. And what she would actually say is what Dr.  
7 Lane implied, the policy that she is using here is  
8 called logical fallacy. The transitive poverty  
9 had nothing to do. She's trying to make a case  
10 that was clearly outlined here. It was outlined  
11 here on Monday. It was outlined here again  
12 earlier by Mr. O'Neal. The Court did not say that  
13 equity was a matter of not enough money, it was  
14 that it was not distributed the way it should be.  
15 She's trying to turn that into an adequacy issue  
16 by applying the policy of logical fallacy. It  
17 does not apply.

18 Now, let's also take a look at where she was  
19 saying that there was basically a lack of  
20 adequacy, that it's not enough money. So I would  
21 direct you to another report. This is -- this is  
22 on the Kansas opengov website and I would be happy  
23 -- I will send you each a copy of this when we get  
24 out of here. It's an online report.

25 Just for the record, according to the



1 financial statements for the Kansas City School  
2 District, over the last 10 years, keep in mind  
3 inflation was 21 percent, according to the  
4 Consumer Price Index for a Midwest urban city, and  
5 that's on a fiscal year basis. So we've matched  
6 inflation up to the school years. With 21 percent  
7 inflation, the Kansas City School District has  
8 increased their spending per pupil by 58 percent  
9 over that period. The Kansas City School District  
10 has seen a 60 percent increase in total aid per  
11 pupil. Their carryover cash -- remember we talked  
12 about some districts not even spending all of the  
13 money they receive. Their carryover cash in their  
14 operating funds, not capital, not debt, just their  
15 operating funds went up 136 percent. They took  
16 roughly \$35,000,000 of the money they were given  
17 to operate schools and put it in the bank.

18 They talk about not having enough teachers  
19 and aides and so forth, but amazingly the Kansas  
20 City School District, over a 10-year period, which  
21 had a 7 percent increase, not even a 1 percent  
22 gain in enrollment each year, a 7 percent increase  
23 in enrollment over 10 years, they increased their  
24 staff by 24 percent, three times the amount of  
25 enrollment.





1           They have a very large administrative  
2 footprint. They have 125 students -- in 2015, 125  
3 students per manager. Now, manager includes  
4 superintendents, assistant superintendents,  
5 anybody with a director title, a principal, an  
6 assistant principal, an assistant superintendent,  
7 anybody who is a curriculum specialist or  
8 instruction coordinator, they have 125 students  
9 per manager.

10           You heard from Doctor Hinson this morning who  
11 has made some real efforts to try to make his  
12 district more efficient. Last year he had 215  
13 students per manager. Now, I know everybody says  
14 my district is different. And when I was running  
15 private sector companies, every time I would go in  
16 I heard the same thing: Well, we are different.  
17 There might be some differences, some nuances, but  
18 the basic management structures and administrative  
19 principles still apply. And in every single case  
20 you can find things where we are different turns  
21 out to be an excuse for and translated to we don't  
22 want to change. That's what I found in every  
23 case.

24           I'd also address some of the comments made by  
25 the other opponent from Wichita. The -- they



1 presented you with a lot of false choices.  
2 Everything tends to be laid out in terms of, well,  
3 if this happens, then that must happen. Or if you  
4 do this, then we must do that; you're forcing us  
5 to do those things. Those are false choices. The  
6 list of changes that they outlined at their school  
7 board meeting on Monday night, quite frankly, put  
8 kids and teachers at the top of the target list.  
9 That's -- and that's pretty common. That's,  
10 obviously, what gets communities outraged. That's  
11 what gets teachers outraged and puts pressure on  
12 citizens to put pressure on you to tax somebody  
13 else more so they don't have to change.

14 Administrative, he, Mr. Freeman said that  
15 they've cut their district staff by 20 percent.  
16 That's like saying I have 20 percent fewer nickels  
17 in my pocket, but I'm not going to tell you that I  
18 have a lot more dimes and quarters in that same  
19 pocket because district staff is only one tiny  
20 component of the administrative footprint for a  
21 school district. In fact, they have increased the  
22 number of managers that they've had. They had --  
23 and in this past year, the current year, 2016,  
24 they added 37 more managers. They have more  
25 managers than they have in history. They -- they



1 maybe did -- they maybe did take a couple of  
2 nickels out of this pocket, but they have put them  
3 in the other pocket. They certainly have a lot  
4 more coins and dollars, so --

5 CHAIRMAN MASTERSON: Mr. Trabert, I'm  
6 running on time here and I think we are getting  
7 somewhat off topic. I think the opponents, as  
8 well. We are shifting to an adequacy deal. This  
9 hearing is intended to be on 515.

10 MR. TRABERT: All right. I -- I would --  
11 I'll just close there and be happy to stand for  
12 questions at any point.

13 CHAIRMAN MASTERSON: Questions for Mr.  
14 Trabert? Seeing none, thank you.

15 Is there anyone else present wishing to speak  
16 to this bill, proponent, opponent or neutral? I  
17 will note you would not be required to submit  
18 written testimony because we are transcribing  
19 every word.

20 Seeing none, I'm going to close the hearing  
21 on 515. And I would note to those that are  
22 interested, the House recessed their committee to,  
23 I think, 9:55. That will let everybody get  
24 postured, if you will, down there and ready to go.  
25 So with nothing further, committee, we are



1 adjourned.

2 (THEREUPON, the hearing concluded at

3 9:53a.m.)

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800 E. 1<sup>st</sup> Street, Suite 305  
Wichita, KS 67202  
316-291-1612

5111 SW 21<sup>st</sup> Street  
Topeka, KS 66604  
785-273-3063  
www.appinobiggs.com

6420 W. 95<sup>th</sup> Street, Suite 101  
Overland Park, KS 66212  
913-383-1131

CERTIFICATE

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.

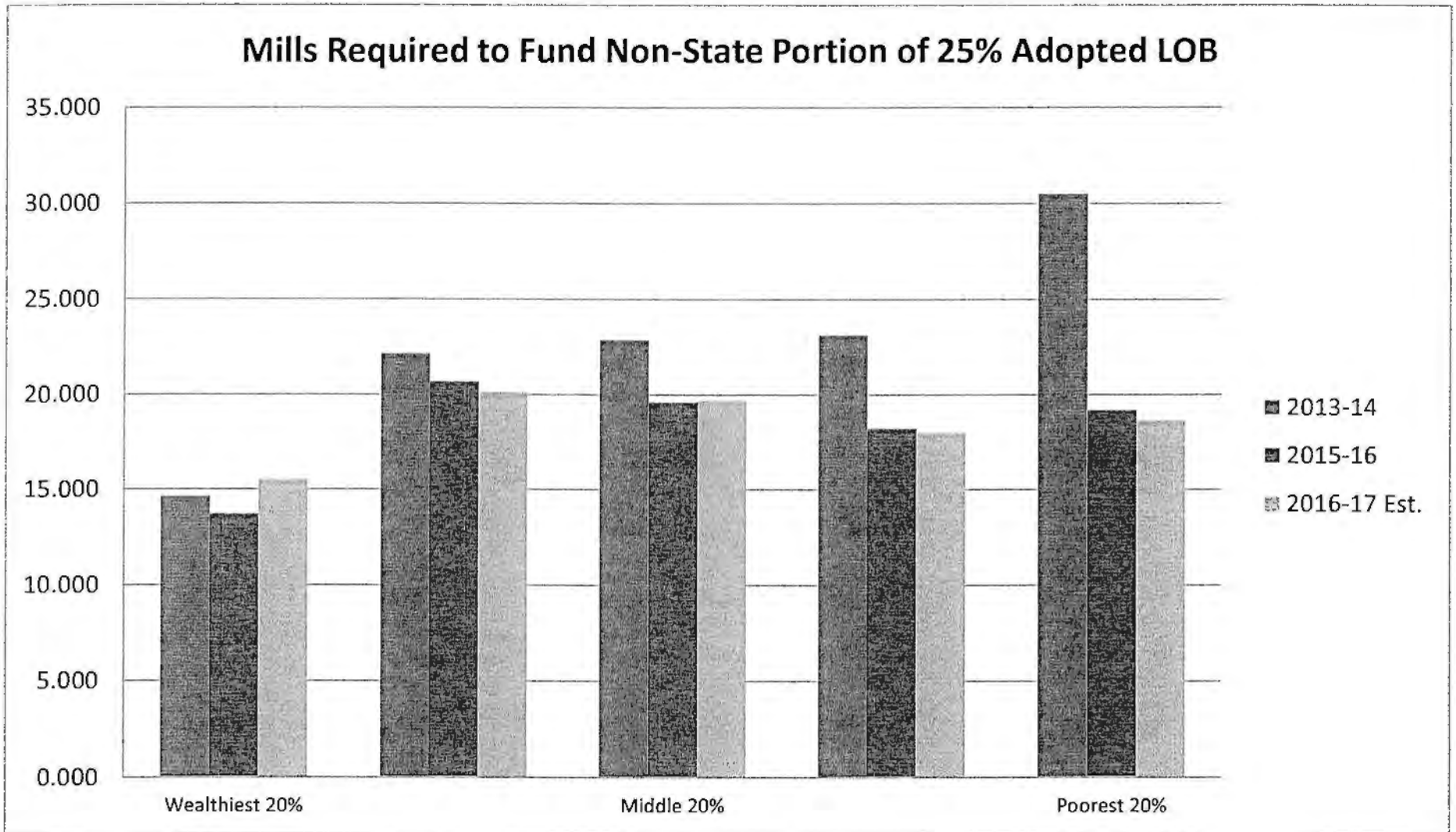
Given under my hand and seal this 24th day of March, 2016.



*Lora J. Appino*

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





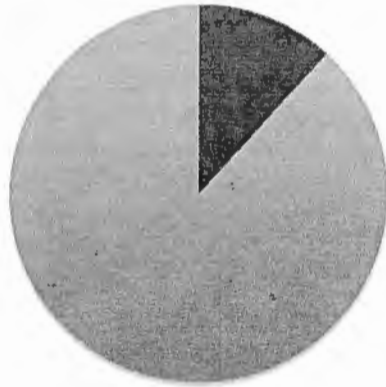
\*State aid attributable to hold harmless included in State portion for analysis purposes

## Mills Required to Generate Non-State Portion of 25% Adopted LOB

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17 Est.</u>
Wealthiest 20%	14.659	14.832	13.733	15.510
20%	22.160	20.802	20.673	20.125
Middle 20%	22.879	20.923	19.610	19.734
20%	23.169	18.238	18.213	17.999
Poorest 20%	30.514	19.058	19.190	18.658
 Difference Between Poorest 20% and Wealthiest 20%	 15.855	 4.225	 5.456	 3.148

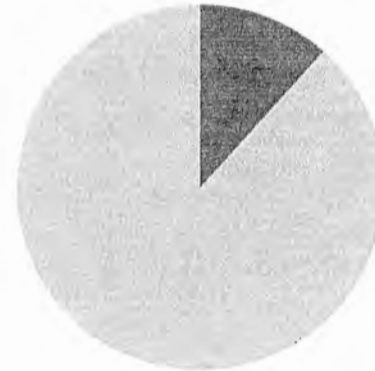
# Total K-12 State Funds

## FY 2016



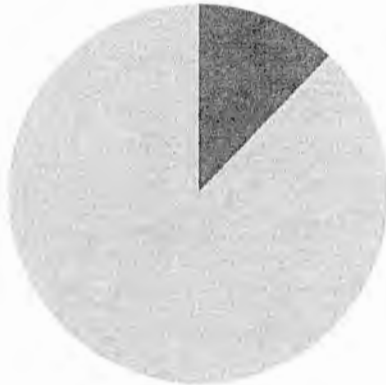
■ Equalization Amount  
477,802,500  
■ Non-Equalization Amount  
3,564,835,500

## FY 2017 Current Law



■ Equalization Amount  
477,802,500  
■ Non-Equalization Amount  
3,603,203,500

## FY 2017 Proposed



■ Equalization Amount  
495,323,205  
■ Non-Equalization Amount  
3,585,682,795



**Testimony before Senate Ways & Means Committee  
SB 515 – K-12 Equalization response  
Mike O’Neal, Kansas Chamber CEO  
March 23, 2016  
Testimony in support**

**Mr. Chairman and members of the Committee**

On behalf of the Kansas Chamber, I appreciate the opportunity to appear in support of SB 515, a legislative response to the Court’s latest equity decision in *Gannon*. The Kansas Chamber has a strong Board approved Education agenda for 2016 that includes a call for increasing the quality of education for tomorrow’s workforce and the efficient use of tax dollars through policies that:

- Support a suitable school finance system for K-12 education that ensures taxpayer dollars are adequately and efficiently invested toward instruction in order to provide students and teachers with the resources needed to fulfill the mission of the Department of Education.

The necessity for this legislation derives solely from the Kansas Supreme Court’s Feb. 11, 2016 ruling on the equity phase of the pending *Gannon* school finance litigation and the Court’s less than subtle threat of court-ordered school closure if its articulated equity concerns were not addressed by June 30, 2016. The Court has essentially bifurcated the case and is dealing with the “equity” phase first and the “adequacy” phase later. While this is certainly the Court’s prerogative, and can be dealt with separately, our interpretation of the Legislature’s responsibility, as determined by the Court in recent school finance litigation, is to make suitable provision for the finance of the educational interests of the state. Once it is determined what resources will be provided to that end, it is then the responsibility of the Legislature to allocate or otherwise see to it that the resources are allocated in a manner that is equitable, i.e., such that school districts have reasonably equal access to substantially similar educational opportunity through similar tax effort. With the question of “adequacy” still to be determined, a response to the Court’s equity decision appears to put the proverbial “cart before the horse”.



*“...to continually strive to improve the economic climate for the benefit of every business and citizen and to safeguard our system of free, competitive enterprise”.*

That said, an equity response is due and we applaud this Committee's effort to make a good faith effort to divine from the Court's opinion an acceptable response on the equity phase such that the threat of school closure is averted. (Regarding school closure we would refer the Committee to KSA 2015 Supp. 72-64b03(d) which prohibits such school closures) As an elected body that works closely with its respective constituents, it is prudent to take the steps this Committee has taken to reduce risk to Kansas taxpayers, families and children who, as the Court has previously held, have a constitutional right to a public education. One way or another, schools must remain open in the fall.

It is also prudent to take steps to protect school districts and school children who were not parties to the litigation and/or who were not affected either way regarding the perceived equalization infirmity or who may have lost resources as a result of the Court's suggestions regarding the prior equity formula. While it would appear to make no sense to threaten these schools with closure when they were not involved in this dispute, we applaud this Committee for taking steps to avoid the risk to these districts and their patrons.

Turning to the Court's language in what we'll call *Gannon II*, the Court, while appearing to state a preferred method of compliance, did acknowledge that the equalization infirmity **"can be cured in a variety of ways – at the choice of the legislature."**

As to the Court's implied preference, the Court noted: **"One obvious way the legislature could comply with Article 6 would be to revive the relevant portions of the previous school funding system and fully fund them within the current block grant system."** Of significance is the fact that the Court is clearly open to continuation of the block grant system and with arriving at an equity response "within" the current block grant system.

A question was raised in the informational hearing about whether the Court will require new or additional funds. First, equity is not a math equation. It is, as the Court has stated: **"School districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort."** In this regard, no witness who testified Monday before the joint Committee in response to questioning by legal counsel was able to articulate or knew of a metric for determining how this test is satisfied. This comes as no surprise since even the Court noted that: **"We acknowledge there was no testimonial evidence that would have allowed the panel to assess relative educational opportunities statewide."**

The Court did, however, speak to the issue of funding. First, the Court acknowledged that: **"equity does not require the legislature to provide equal funding for each student or school district."** The Court went on to say that the test of the funding scheme becomes a consideration of **"whether it sufficiently reduces the unreasonable, wealth-based disparity so the disparity then becomes constitutionally acceptable, not whether the**

**cure necessarily restores funding to the prior levels.** Finally, the Court made it clear that “need” is irrelevant. The Court held that **“equity is not a needs-based determination. Rather, equity is triggered when the legislature bestows revenue-raising authority upon school districts through a source whose value varies widely from district to district, such as with the local option mill levy on property.”**

Given what the Court said in *Gannon II*, it would have been perfectly acceptable to resurrect the capital outlay and LOB equalization formulae pre-SB7 and redistribute current funding accordingly. While that would have created so-called “winners” and “losers”, that is irrelevant to the Court since equity is equity and restoring prior funding is not required. Equity in its most basic form is illustrated by the example of sharing a bottle of pop with your kids. If you happen to pour more into one glass than another you equalize the glasses by pouring the contents of the one with more into the glass with less until they are equal. Equity does not require you to return to the refrigerator and open a new can. Unfortunately, the expectation with regard to school finance equalization has historically been that one is expected to always go back to the refrigerator for more, since a district that has been allocated funds now sees that as their entitlement. Any perceived reduction in an expectation is characterized as a “cut”. The concept of sharing, which we learned in Kindergarten, has been lost, even though, as the Court has ruled, “equity” is the law.

When this Committee considered a proposal (SB 512) that would restore equalization to the presumably Court-preferred method, which created winners and losers, no district that would have benefitted showed up in support and no district that would have lost funds showed up in opposition. Only neutral testimony was received. It would be difficult to garner the votes necessary to pass such a measure and, notwithstanding a preferred course by the Court, passage of legislation by a majority of willing elected lawmakers would still be necessary.

Turning now to SB 515, the bill, in our opinion, is a satisfactory response to the Court, given the Court’s own language and the bill’s response. Re-allocation of funds utilizing an approved method of calculating equalization (capital outlay formula) is proposed, with no district losing funds thanks to hold harmless provisions. Funds are included to cover minor changes in calculations due to actions taken subsequent to passage, and KSDE is given the balance of funds to allocate, as needed, in a manner consistent with the Court’s definition of “equity” and including the existing factors for approving additional funds for extraordinary needs.

As to the “hold harmless” provisions, testimony was presented to the Joint Committee Monday that these types of provisions are not uncommon and are part of the inherent nature of the political process by which school finance decisions are made. With regard to the KSDE provisions, given that the Legislature and this Committee are in session only part time, and

given that the Legislature relies on KSDE for equalization calculations and other technical data related to whatever formula may be in place, including block grants, it makes sense to have KSDE handle the “extraordinary needs” fund allocations.

Finally, SB 515 provides what we’ve heard districts requesting: as much budget certainty as possible, one of the key advantages of the current block grant system. We urge the Committee’s favorable consideration of SB 515.

**Senate Ways and Means Committee  
Testimony: SB 515  
USD 229 Blue Valley  
March 23, 2015**

Chairman Masterson and Members of the Committee:

Thank you for the opportunity to appear before you today as a proponent of SB 515. We are mindful of the challenge you are facing, as you seek an appropriate short-term solution that will allow us to continue our goal of offering a quality education to the students we serve.

We thank you for your hard work and the long hours you have spent on this legislation. We also want to thank you for listening to the concerns of those who have come before this committee previously, which is clearly demonstrated by providing that *all districts will be held harmless* and will not lose funding from their general operating budgets.

Further, we are grateful that you have honored the spirit of the CLASS Act, which was to provide *budget certainty* to school districts for two years while a new school finance formula is being developed.

The Blue Valley district remains committed to providing a quality education for our students and to being good stewards of taxpayer dollars. To that end, we want to work *with* you to develop a solid school finance formula that provides stability and appropriately accounts for the varying needs of students across our state.

We do appreciate the challenges you are facing and we continue to want to work *with* you to solve the K-12 challenges before us in a way that promotes the best outcomes for the students we serve.

We are happy to stand for any questions you may have at the appropriate time.

Presented by: Todd White, Incoming Superintendent



**Bonner Springs/Edwardsville  
Unified School District 204**

*Teaching today's learners for tomorrow's challenges*

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Tuesday, March 22, 2016

The Honorable Ty Masterson  
Kansas Senator, District 16

The Honorable Steve Fitzgerald  
Kansas Senator, District 5

Dear Senator Masterson and Senator Fitzgerald,

I just returned to my office after attending the hearing on Senate Bill 515 this afternoon. I wanted to personally drop both of you a quick note and express my gratitude and appreciation for your efforts as well as the collective efforts of the Senate Ways and Means Committee members.

Based upon the manner in which Senate Bill 515 was crafted, the portion of the bill I appreciate the most is the fact that it has been structured in such a way that it holds all schools harmless from any potential future reductions in funding.

When compared to the other bills and potential options that have been developed thus far during the current legislative session, Senate Bill 515 is the most advantageous for Kansas school districts.

Thank you again for your efforts.

Sincerely,

*Daniel J. Brungardt*

Superintendent of Schools  
USD 204 Bonner Springs / Edwardsville

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*Superintendent – Dan Brungardt  
Director of Business/Board Clerk – Eric Hansen*

2200 S. 138<sup>th</sup> St. P.O. Box 435 Bonner Springs, KS 66012-0435  
Phone: (913) 422-5600 Fax: (913) 422-4193 [www.usd204.net](http://www.usd204.net)

March 23, 2016

## **Senate Ways and Means Committee**

### **Senate Bill 515**

Chairman Masterson and Members of the Committee,

I am Dr. Jim Hinson, Superintendent of the Shawnee Mission School District in Johnson County. I appear as a proponent on Senate Bill 515. This bill appears to be one of the few solutions that has been proposed to the current school-funding situation that attempts to address the Court's demands and holds all districts harmless from loss.

The Shawnee Mission School District desire a solution to the short-term issues related to equity. In addition, we hope the Legislature is working toward addressing a long-term solution that will ultimately satisfy the Supreme Court with a new funding formula.

The bill as written funds the Shawnee Mission School District at a level we anticipated based on the block grants implement in House Substitute for Senate Bill 7 passed in 2015. Senate Bill 515 seems to satisfy the equity issue by funding a fully equalized formula related to LOB equalization. Rather than the prior LOB equalization formula, Senate Bill 515 uses the capital outlay equalization formula to fund LOB equalization. We are not plaintiffs in the current lawsuit but it appears fully funding this equalization formula addresses court concerns that there should either be no equalization or fully funded equalization to fulfill statutory obligations.

The equalization solution in Senate Bill 515 may disappoint some who glimpsed brief hope of a windfall by some earlier potential solutions. This bill, however, appears to satisfy exactly what the block grant intended: to provide budget stability and funding as expected for one more year while a school finance formula is written. We support Senate Bill 515 as a one-time, one-year solution to allow the Legislature time to draft a new formula. The principals of Senate Bill 515 based on a more uniform formula for equalization, however, may be valuable to include in a new formula.

I am happy to stand for questions at the appropriate time.



**Senate Ways and Means Committee  
Testimony on SB 515**

**Dr. Cynthia Lane, superintendent  
March 23, 2016**

My name is Dr. Cynthia Lane, and I have the privilege of serving as the superintendent of the Kansas City, Kansas Public Schools. I am here to testify in opposition to SB 515. This bill, which was printed yesterday afternoon, was ostensibly written to respond to the ruling of the Kansas Supreme Court on the *Gannon v. State of Kansas* school funding case. The Supreme Court found that SB 7 was unconstitutional, in that it did not meet the equity requirements of Article VI of the Kansas Constitution. The printout provided at the hearing on March 22 indicates that no district would receive less in Local Option Budget and Capitol Outlay equalization aid for FY 2017 than they received for the current fiscal year (a few districts benefited from the adjustments to the formula, and would collectively receive an additional \$2 million.)

To me, one of the first mathematical properties that we teach our students in Algebra, the Transitive Property, applies directly to this bill: If SB 7 is unconstitutional, and SB 515 does the same thing as SB 7, then SB 515 MUST be unconstitutional as well. Perhaps more importantly, SB 515 does nothing to remedy the equity test put forth by the Court: "school districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort." (*Gannon, p.2*) In fact, rather than remedying identified inequities, it creates the potential to widen the gap between property rich and property poor districts, by reducing equalization aid for LOB by \$82.9 million.

I applaud the fact that this bill attempts to "hold harmless" districts, so that they do not receive less than last year. Doing what is right for the children in Kansas City, Kansas should not come at the expense of children elsewhere in the state, who also deserve schools that are equitably and adequately funded. In fact, the notion of holding districts harmless during a change in the school funding formula has been a practice in Kansas for the past 20 years. However, in the past, the idea of "holding districts harmless" was only used AFTER legislation had been developed to remedy an identified deficiency in the formula. This bill, rather than fixing identified problems in SB 7, simply changes the formula in order to spend the amount of money the legislature is willing to spend, with no regard to the needs of individual students or districts. In doing so, it exacerbates the deficiencies contained in SB 7, which was found unconstitutional by the Shawnee District Court.

I recognize the difficult situation that this committee finds itself in. Creating equity in school finance will require additional resources, and finding those resources at a time when the state is missing already significantly lowered revenue projections is incredibly challenging. However, equity is the right thing to do for children, for families, for communities, and for the future of this state, and I would implore you to have the courage to recognize education's role as the primary economic driver of this state, and to fund it accordingly.





## Senate Ways and Means Chairman Masterson

March 23, 2016  
Jim Freeman  
Wichita Public Schools

### Regarding SB 515

Chairman Masterson and members of the Committee:

Thank you for the opportunity to provide input on the issue before us to remedy equity. You have a significant challenge which is intensified by the challenges facing the State General Fund.

We know you are working to find a solution which meets the Court's test and does not close schools. I thank you for your efforts.

However we respectfully believe this plan --- found in both Senate Bill 515 and House Bill 2740 – does not address the equity issue on two fronts:

- addresses Fiscal Year 17 only and not Fiscal Years 15 and 16;
- it is a redistribution of funds, without new funding, school are in essence self-funding this plan.

We believe the Gannon decision is clear in its finding that equity state aid was inadequate in fiscal years 2015 and forward. To quote from the Revisor of Statutes memo dated February 11, 2016:

“The Court held that the State failed to show sufficient evidence that it complied with the Court's prior equity orders set forth in Gannon I and found that the amended supplemental general state aid and capital outlay state aid formulas failed to cure the unconstitutional wealth-based disparities in fiscal year 2015. The court also held that because SB 7 froze such inequities for fiscal years 2016 and 2017, such unconstitutional inequities carry forward in those years.”

The inequity Senate Bill 7, the Block Grant bill, froze into place the FY 15 inequity and carried it forward. State aid proration has negatively impacted property taxes and operations. For the Wichita Public Schools the state aid loss is over -\$26.3 million:

**LOB proration** FY 15 -\$5.1m x 3 = **-\$15.3m**  
**Capital outlay aid:** FY 15 -\$3.1m + FY 16 -\$3.4 + FY 17 -\$4.5m = **-\$11m**  
**Total state aid proration under SB 7, the Block Grant:** **-\$26.3 million**

This is what we seek to remedy. The bill before us today does not solve the inequity, the loss of \$26 million for the Wichita Public Schools, frozen in by the Block Grant.

We always appreciate efforts to hold districts harmless, but in my memory first funding has added funding and then hold harmless provisions have been applied to protect the outliers. The hold harmless provision in this bill is a redistribution of funds without new funding.

Hold harmless provision in SB 515 uses SB 7 funding as the base, which was found unconstitutional and is the reason we are here today. The bill redefines equalization to equal the current dollars being spent. Therefore with no new money and district's will still be held at an unconstitutional level. SB 515 does not solve the issue at hand: equity.

The bill changes the LOB state aid calculation to the capital outlay formula which will provide less equalization aid to districts. The LOB is a key component of our current finance formula and we want to maintain that support for our schools. We do not support changing the LOB equalization formula.

Local Option Budget equalization is a key component in providing resources for schools, and we do not support changing the state aid formula. The Local Option Budget is a significant funding component for districts. Wichita is at the 30% lid, some districts are at the 33% max and some are lower. Statewide the LOB mill levy is 19 mills; total average mill levy is 56 statewide. LOB Equalization is on a significant portion of the total mill levy, compared to the 8 mills for capital outlay. The Local Option Budget supports classrooms and schools and should not be reduced.

Equity is the measure which allows the property poor district to provide similar services compared to wealthier districts. We believe equity is fundamental to providing educational opportunities to Kansas students regardless of their zip code.

Mr. Chairman – we do appreciate your efforts and we are all seeking solutions which will keep school doors open. However we do not support this bill which redefines equalization to equal current dollars; nor does it provide additional funding for districts harmed under the Block Grant. Thank you for your work and diligence on these issues. We understand the legislative process is a process and appreciate your efforts to find solutions.



Testimony to Senate Ways & Means Committee  
SB 515 School Funding Equalization  
March 23, 2016  
Dave Trabert, President

Chairman Masterson and members of the Committee,

We appreciate this opportunity to present neutral testimony on SB 515. We're pleased to see the Legislature proactively responding to the Supreme Court ruling on equity in a manner that doesn't increase total funding; our testimony is neutral only because this is but one method of satisfying equity without spending additional money.

As noted in the attached article we published, the Court reaffirmed that constitutional infirmities "can be cured in a variety of ways—at the choice of the legislature" with the proviso that any adjusted funding must also meet a separate test of adequacy – i.e., whether districts are receiving 'enough.' We believe SB 71 introduced last year would be another appropriate response to the Court, whether as written – which would reduce LOB equity by \$3.3 million – or some modification that would spend the same amount.

The Court noted that spending less than would be provided by fully funding the old equity formula could create an 'adequacy' issue, but we believe there is ample evidence that SB 515 or SB 71 would still provide more than adequate funding.

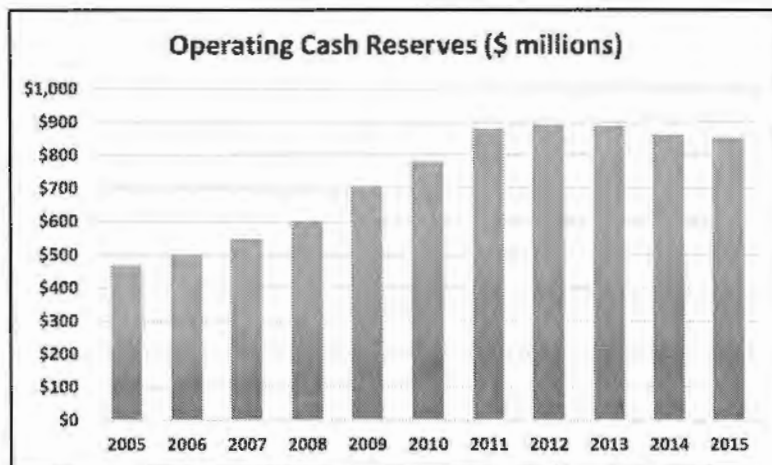
First of all, the Court upheld what we have constantly maintained – education is about outcomes rather than money. They specifically said "*...total spending is not the touchstone for determining adequacy.*"<sup>1</sup>

Instead, the Court says adequacy "*...is met when the public education financing system provided by the legislature for grades K-12—through structure and implementation—is reasonably calculated to have all Kansas public education students meet or exceed the standards set out in Rose and presently codified in K.S.A. 2013 Supp. 72-1127. This test necessarily rejects a legislature's failure to consider actual costs as the litmus test for adjudging compliance with the mandates of Article 6. For example, even if a legislature had not considered actual costs, a constitutionally adequate education nevertheless could have been provided —albeit perhaps accidentally or for worthy non-cost-based reasons.*"<sup>2</sup>

Since school districts admit that they can neither define nor measure the Rose capacities, they have no legal basis for claiming to lack adequate funding to achieve the Rose capacities. This fact alone could be sufficient grounds for dismissal of schools' claims, but there is more.

Schools and their taxpayer-funded lawyers base their adequacy claims on *Montoy*, which relied on the findings of an Augenblick & Myers cost study recommending specific funding levels. However, the *Gannon* Supreme Court rejected the lower court's reliance on that, saying ".... actual costs from studies are more akin to estimates than the certainties the panel suggested."<sup>3</sup>

In distancing itself from the A&M cost study, the Court also said, ".... the strength of these initial statements was later diluted by our primary focus on cost estimates—a focus that evolved in the *Montoy* litigation because of how the issues were presented to us by the district court and due to the remedial nature of some of our decisions."<sup>4</sup> The A&M cost study was presented as rock-solid evidence in *Montoy* but later, then-KPI scholar Caleb Stegall (now Supreme Court Justice Stegall) discovered that A&M had deviated from its own methodology so as to produce deliberately inflated numbers.<sup>5</sup>



We further know that the funding provided under *Montoy*, which is the basis for school claims of inadequate funding, is more than schools actually need because they haven't needed to spend it all. The \$385 million increase in districts' operating cash reserves over the last ten years comes from state and local funding that wasn't spent – and that's in addition to the \$468 million accumulated through 2005.

### Refuting KASB school funding claims

Last week the Kansas Association of School Boards (KASB) raised several adequacy issues in testimony on the House effort to resolve equity in HB 2731 and SB 512, so we offer the following thoughts in anticipation that the same claims will be made here today.

KASB implied that school funding is not adequate because it hasn't kept up with the change in personal income growth, but that is a claim of entitlement, not adequacy. The Constitution does not say that adequacy is a percentage of personal income or any particular dollar amount. Indeed, if personal income declined for an extended period of time, it is unlikely that the Court or school districts would find a commensurate reduction in school funding to be acceptable and adequate.

As a matter of fact, school districts sued taxpayers for more money in November 2010 after Governor Parkinson reduced funding as a result of a recession. Personal income declined but schools didn't accept that as an excuse to reduce funding.

That said, school funding continues to run ahead of personal income growth, whether measured in its entirety or against the personal income components that are available to pay taxes.

School funding (adjusted upward for KPERS prior to 2005) increased by 188.7 percent between 1990 and 2014 (the last year for which annual Personal Income data is available) while Personal Income increased 185.4 percent.

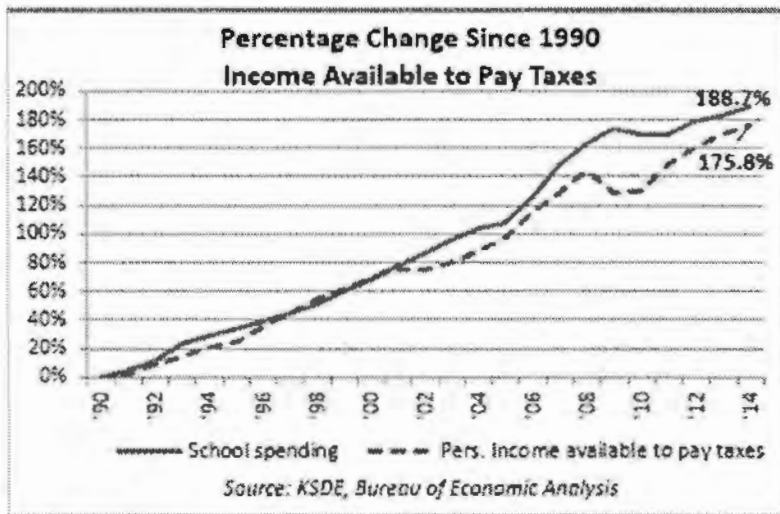
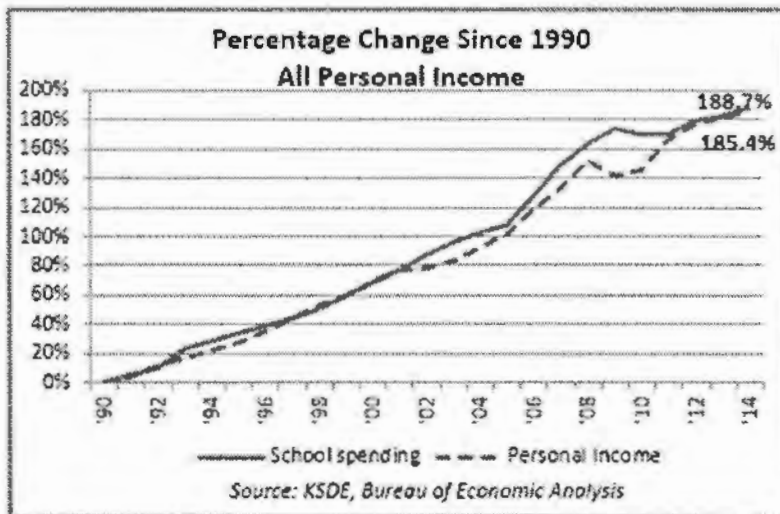
However, Personal Income includes components that are not available to pay taxes, such as employer payments to retirement plans, health insurance and payroll taxes. Measuring school funding against Wages & Salaries, Proprietors' Income, Dividends, Interest, Rent less employee-paid payroll taxes shows an even wider gap from school funding.

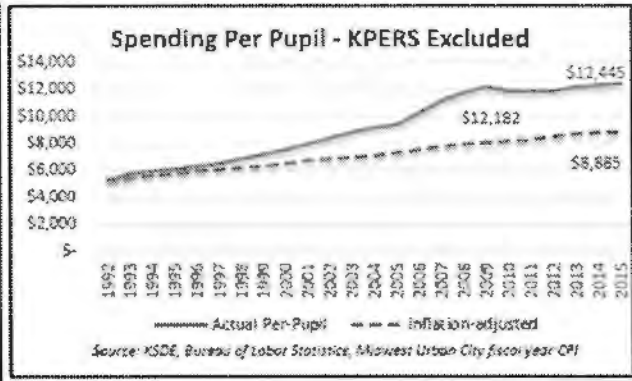
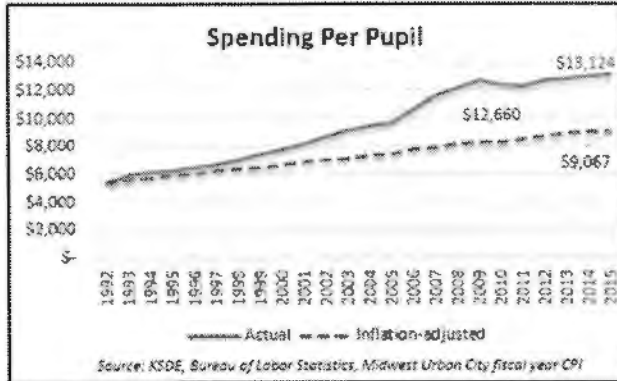
Personal income available to pay taxes increased 175.8 percent, or about 13 percentage points less than school funding.

Not that that matters from an adequacy viewpoint, but to demonstrate that the KASB claim simply doesn't stand up to scrutiny.

Inflation, on the other hand, is a legitimate consideration and here we see that per-pupil funding has far outpaced inflation over the course of the old school funding system. Had funding been increased for inflation since 1992, funding would have been \$1.88 billion less in 2015.

School funding also set another new record in 2015, at \$13,224 per pupil. Even with every dollar of KPERS removed, funding still would have set a record last year, and if non-KPERS funding had been increased for inflation each year, it would have been \$1.64 billion less.





Additional articles are attached that refute KASB claims on the correlation between spending and achievement and the levels of student achievement in Kansas. As for KASB’s claim that no state spends less and achieves more, an honest review of the data shows that at least Texas and Florida spend considerably less but get slightly better results on the National Assessment of Educational Progress. Florida leads wins half of the eight measurements, Texas wins three and Kansas wins one. Florida has the highest composite score, Texas comes in second and Kansas is slightly behind Texas.

Kansas Spends More, Achieves Less on NAEP			
NAEP Grade, Subject and Demos	Kansas	Texas	Florida
4th Grade Reading Score 2015			
Low Income students	208.0	208.3	220.2
Not Low Income students	238.2	234.8	238.5
8th Grade Reading Score 2015			
Low Income students	255.6	251.8	256.6
Not Low Income students	277.5	272.2	274.5
4th Grade Math Score 2015			
Low Income students	230.9	235.1	235.2
Not Low Income students	253.1	259.9	254.3
8th Grade Math Score 2015			
Low Income students	271.8	273.7	265.5
Not Low Income students	294.8	296.0	291.7
Composite - all scores	2029.9	2031.7	2036.5
2013 Per-Pupil Spending (headcount)	\$ 11,496	\$ 10,313	\$ 9,420

Source: Census, NAEP

We’d be happy to work through the remainder of their claims at your convenience, as shown in the attached articles.

**Conclusion**

The equity issue must be resolved and we encourage the Legislature to do so without spending additional money, as the Court does not require more funding to satisfy equity and a large body of evidence shows that more money is not needed.

<sup>1</sup> Gannon v. State of Kansas, page 77 at <http://www.kscourts.org/Cases-and-Opinions/opinions/SupCt/2014/20140307/109335.pdf>

<sup>2</sup> Ibid, page 76.

<sup>3</sup> Ibid

<sup>4</sup> Ibid, page 75.

<sup>5</sup> Caleb Stegall, “Analysis of Montoy vs. State of Kansas” <https://kansaspolicy.org/volume-ii-analysis-of-montoy-vs-state-of-kansas/>

## Nationwide Report on Education Provides Evidence that Kansas Students Perform Poorly in a Nation of Mediocre Achievement

January 18, 2016



Education Week has released its 20th annual edition of Quality Counts, a report card that provides an overall letter grade for each state's education system. Kansas earned a C, with an overall score of 73.9 – slightly lower than the national average of 74.4 (also a C).

Quality Counts employs three indicators to establish an overall grade. Kansas earned a B- in the category called Chance for Success, defined as providing “a cradle-to-career perspective on the role that education plays in promoting positive outcomes throughout a person’s life.” For the School Finance indicator, Kansas earned a C. Unfortunately, Kansas' worst indicator is in K-12 Achievement, a category in which the state earned a D.

### K- 12 Achievement

The achievement category is an amalgamation of 18 outcome measures that include (1) NAEP scores, (2) graduation rates and (3) performance in high school advanced placement classes. The report uses detailed NAEP data, including proficiency rates, achievement gains, poverty gaps and excellence achievement. It is of note that Quality Counts does NOT consider a score in the “Basic” category an achievement, which is the same way KPI

reports NAEP data. Here are a few lowlights regarding Kansas and the NAEP achievement gap data in the report:

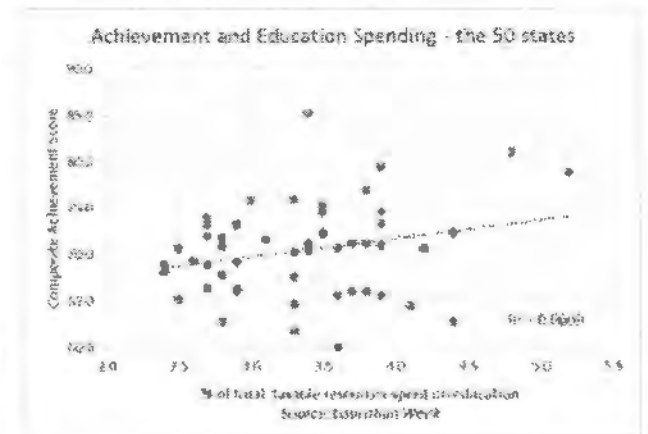
- Only Oregon, Washington and the District of Columbia had a larger increase in the 4th grade achievement gap than the Kansas gap increase of 6.8%.
- While 31 states actually reduced the achievement gap in either 4th grade, 8th grade or both, Kansas had an increase in the achievement gap in both grades.
- Overall, the nation decreased the achievement gap by 0.4% for 4th graders and 0.6% for 8th graders.
- But the most alarming stat is the revelation that Kansas is the ONLY state in which NAEP math scores for both 4th and 8th graders are lower in 2015 than they were in 2003.

Ouch.

And for those who want to blame it on some bogus claim that it all has to do with spending, consider this: data used by Quality Counts ranks Kansas 15th in spending and 41st in achievement.

### Achievement & Spending

It is often argued, especially by education establishment groups in Kansas, that there is a high correlation between spending on education and achievement. That supposition is not supported by the data used in Quality Counts. The scatter-plot below is a graphic display of combining the composite achievement score with the percentage of total taxable resources states spend on education. The scatter-plot of the 50 states shows a virtual flat trend line, indicating almost no correlation between the two. The R2 value, which is a numeric representation of how close each plotted point is to the trend line, of 0.06 falls far short of even being considered a “weak” correlation. Furthermore, the single outlier on the graph, Vermont (the only state that spends more than 5% of its total taxable resources on education), drives most of the incline of the trend line. If Vermont is removed, the R2 value is 0.02. Another interesting note is that the highest achieving state (Massachusetts) spends a lower percentage of their taxable resources than the lowest achieving state (Mississippi).



The results of this report strengthens two fundamental propositions of Kansas Policy Institute regarding education: (1) that Kansas is doing about average in a nation that under-performs and (2) there is no correlation between spending and achievement.



# No correlation between spending and achievement

November 16,  
2015

The Kansas Association of School Boards produced a report recently which some are saying proves that spending more money leads to better outcomes, but even KASB says that is a misinterpretation. I asked Mark Tallman of KASB if that was the case and he replied, *"I specially [sic] said to the group of legislators we invited to lunch that we do NOT claim this report "proves" spending "causes" outcomes changes."*

Mr. Tallman went on to explain that *"...the data indicates that higher spending over time is more often than not a "predictor" of higher NAEP scores, and usually has a positive correlation with higher results. We do not say that correlation proves causation."*

Our review of the data says otherwise, as does that of many other respected school funding experts including Dr. Eric Hanushek of the Hoover Institution at Stanford University, who says, *"...the outcomes observed over the past half century – no matter how massaged – do not suggest that just throwing money at schools is likely to be a policy that solves the significant U.S. schooling problems seen in the levels and distribution of outcomes. We really cannot get around the necessity of focusing on how money is spent on schools."*

## Bi-variate analysis

The KASB report takes only two variables into account – spending and achievement. It's called a bivariate analysis (two variables), which doesn't allow for meaningful conclusions. Dr. Benjamin Scafidi, Director of the Education Economics Center at Kennesaw State University, says, *"...they do not control for the many other factors that impact student achievement. Social scientists do not put much stock into bivariate relationships like the KASB [example] below."* Dr. Scafidi's remarks were directed at the 2013 KASB report that also only looked at changes in spending and achievement.

One such factor ignored by KASB is the impact of Common Core. When Kansas' NAEP scores dipped in 2013, the Kansas Department of Education told legislators that they couldn't identify a particular reason but did note that the transition from previous teaching methods to Common Core may have been a factor. They again honed in on the transition to Common Core to explain the 2015 NAEP decline to legislators this month. KSDE did not blame funding in 2013 or 2015.

## Data refutes notion that spending predicts outcomes

This table lists 8 bi-annual changes in proficiency measurements for each of the last 6 NAEP reports, for a total of 48 total changes; proficiency levels for Low Income students and those who are Not Low Income are shown for two subjects (Reading and Math) for two grade levels (4<sup>th</sup> and 8<sup>th</sup> Grades). In the majority of comparative instances, changes in inflation-adjusted (real) spending did not correspond to changes in proficiency levels. That is,

1. In 31 of the 48 comparative instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED).
2. In 9 of the 48 comparative instances, the increase in proficiency levels was less than the increase in real spending (YELLOW).
3. In 8 of the 48 comparative instances, the increase in proficiency levels was greater than or equal to the increase in real spending (GREEN)

Kansas Spending Per-Pupil and NAEP Percent Proficient										
School Year	\$ Per Pupil	Inflation Index	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2003	\$ 8,894	176.81	18	42	22	42	24	53	19	41
2005	\$ 9,707	185.14	20	42	21	43	30	59	19	43
2007	\$11,558	195.10	21	46	20	44	34	63	23	50
2009	\$12,660	204.26	22	47	19	43	32	60	24	51
2011	\$12,283	211.10	23	50	22	46	33	63	24	54
2013	\$12,781	220.93	22	54	22	48	33	63	24	54
2015	\$13,124	224.61	20	54	22	47	27	58	19	46
Percent Change in Each Category										
School Year	\$ Per Pupil	\$ PP Net Inflation	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2005	9%	4%	11%	0%	-5%	2%	25%	11%	0%	5%
2007	19%	14%	5%	10%	-5%	2%	13%	7%	21%	16%
2009	10%	5%	5%	2%	-5%	-2%	-6%	-5%	4%	2%
2011	-3%	-6%	5%	6%	16%	7%	3%	5%	0%	6%
2013	4%	-1%	-4%	8%	0%	4%	0%	0%	0%	0%
2015	3%	1%	-9%	0%	0%	-2%	-18%	-8%	-21%	-15%

Source: KSDE, National Assessment of Educational Progress (NAEP); BLS, Midwest Urban Cities fiscal year. Low and Not Low refer to student income levels based on eligibility for school lunch programs; Low Income + Not Low Income = All Students.

We performed the same analysis on changes in the national averages, although spending is only available through 2013, so there are only 40 comparative instances. Once again, spending is not a predictor of outcome changes; indeed, in 20 of those 40 instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED). Most notably, real spending declined in 2011 and 2013, but proficiency levels increased in all 8 measurements both years!

United States Spending Per-Pupil and NAEP Percent Proficient										
School Year	\$ Per Pupil	Inflation Index	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2003	\$ 9,522	182.09	15	42	16	40	15	45	11	37
2005	\$10,376	191.70	16	42	15	39	19	50	13	39
2007	\$11,557	204.11	17	44	15	40	22	53	15	42
2009	\$12,539	214.65	17	45	16	42	22	54	17	45
2011	\$12,351	221.06	18	48	18	45	24	57	19	47
2013	\$12,346	231.37	20	51	20	48	26	60	20	49
Percent Change in Each Category										
School Year	\$ Per Pupil	\$ PP Net Inflation	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2005	9%	4%	7%	0%	-6%	-3%	27%	11%	18%	5%
2007	11%	5%	6%	5%	0%	3%	16%	6%	15%	8%
2009	8%	3%	0%	2%	7%	5%	0%	2%	13%	7%
2011	-1%	-4%	6%	7%	13%	7%	9%	6%	12%	4%
2013	0%	-5%	11%	6%	11%	7%	8%	5%	5%	4%

Source: Census, NAEP; BLS, fiscal year. Low and Not Low refer to student income levels based on eligibility for school lunch programs; Low Income + Not Low Income = All Students.

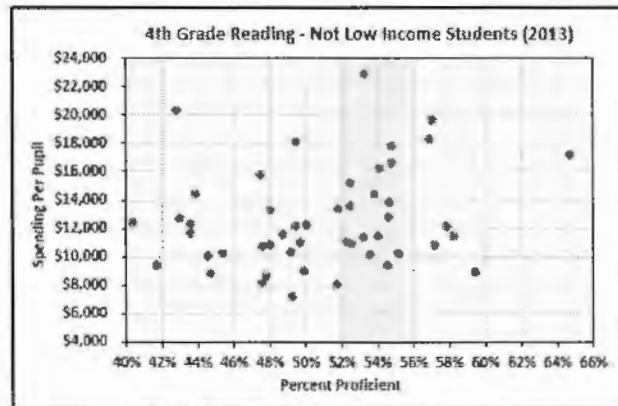
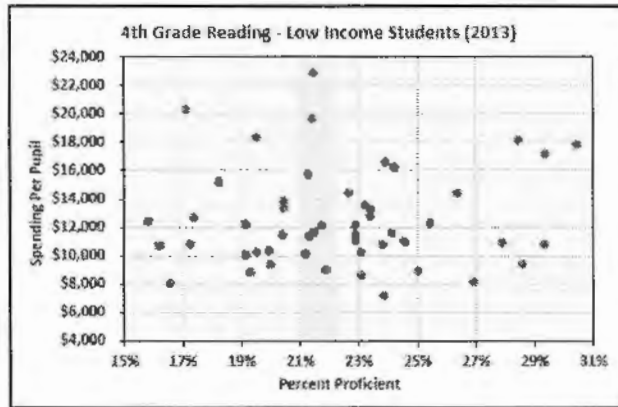
Our analysis is very straightforward; the changes in spending and every measurement of proficiency are examined separately. KASB based their findings on 8-year averages rather than individual years, which masks fluctuations by allowing gains to offset losses; the results are further skewed depending upon the starting point and length of the average. KASB also combines proficiency levels for 4<sup>th</sup> Grade Reading and Math as well as 8<sup>th</sup> grade Reading and Math by averaging those four disparate percentages into a single number, which again hides information. That methodology could present the appearance of improvement (especially by careful selection of the 8-year starting point) even though one or more grade levels and/or subjects could be in decline (which indeed happened). Such manipulation may allow KASB to justify more spending but it disregards the importance of understanding the true

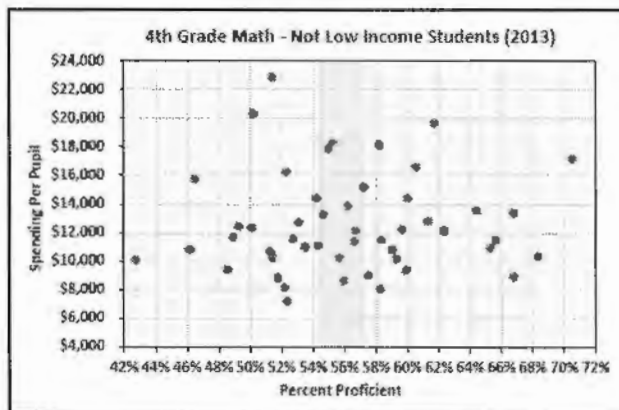
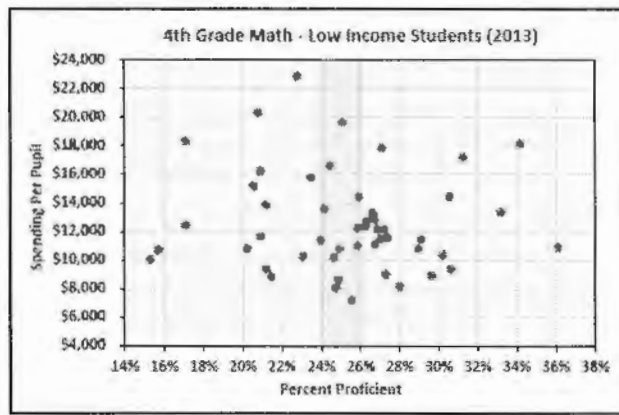
causes of student achievement.

It should be noted our explanation of their methodology is based on our reading of their report; KASB has not responded to requests for their underlying calculations.

KASB also claims that "higher spending states are more likely to have higher results" but once again, the data is contradictory. If spending more money was a "predictor" of higher outcomes, the points on these scatter plots of spending and proficiency levels would be grouped along a line of increasing slope but they are 'all over the map'.

New York schools spent the most at \$22,902 per-pupil and had 4<sup>th</sup> Grade Reading proficiency levels of 21% and 53%, respectively, for Low Income and Not Low Income students. North Carolina schools however, spent just \$8,879 per-pupil yet had proficiency levels of 25% and 59%, respectively. There are many other examples all across the proficiency ranges of grade levels, subject and student income groups where states achieved the same or relatively the same outcomes while spending significantly disparate amounts.





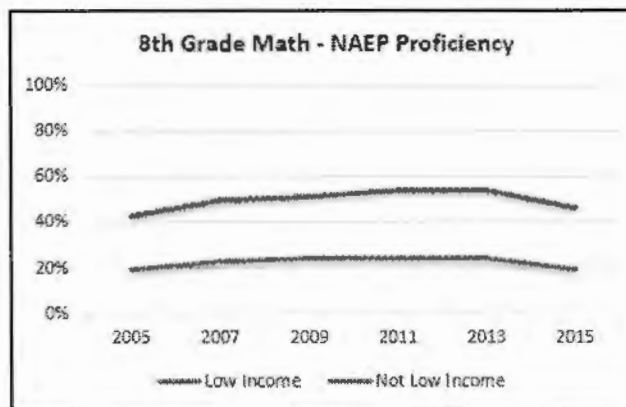
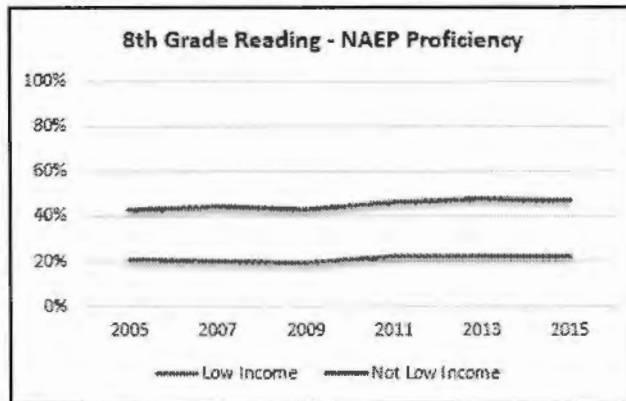
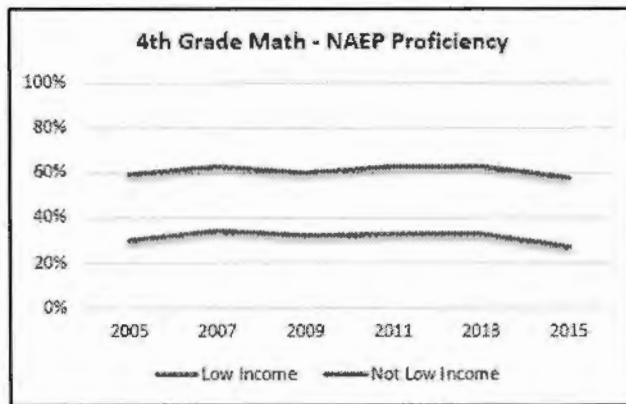
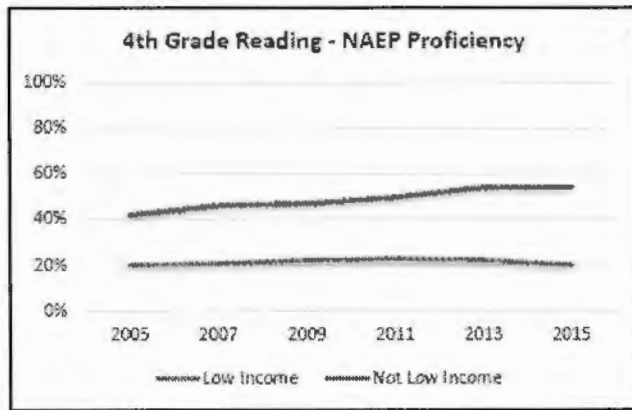
Higher spending would absolutely be a predictor of higher tax bills for citizens but there is no correlation between spending and achievement in the data.

Spending more money may create more opportunity to improve outcomes but only if the extra money is well-spent. As Dr. Hanushek notes, "It's absolutely true that if you spend money well, it has an effect," he said. "But just putting money into schools and assuming it will be spent well isn't necessarily correct and there is substantial evidence that it will not happen." And as has been documented time and time again over the years, there is certainly is evidence of money not being well spent in Kansas.

### **Achievement matters, not national rankings**

KASB makes much of the fact that national rankings on NAEP declined ("Kansas has fallen from a national leader to merely an above average performer") and they use that emotional appeal to push for more money. But actual achievement should be the focus instead of national rankings, especially in a nation that doesn't perform very well. For example, Indiana is ranked #1 for 4<sup>th</sup> Grade Low Income students in Reading – at just 36% Proficient!

Kansas may have had higher national rankings in the past but look at these proficiency levels and decide for yourself: was achievement in any grade or subject ever at acceptable levels?



After nearly a \$2 billion funding increase over the last ten years, only a quarter or less of low income students and only about half of the rest are Proficient on NAEP Reading and Math exams. A "C" or a "D" may be one of the highest grades in the class but not scoring as badly as one's classmates is no indication of acceptable outcomes. Attempting to justify pouring more money into the same system that produced these outcomes is simply about getting more money for the system; it most certainly is not student-focused.

The definition of insanity is doing the same thing over and over and expecting different results. We have tried dramatically higher real (inflation-adjusted) spending in Kansas public schools (43.5% per-pupil over the last 25 years) and in public schools around the nation. For Kansas, those increases in spending into the current education system have yielded the results just above. It is time for Kansas policymakers to call a new play. Our students deserve no less.

*Post Script: We thank education economists Dr. Erick Hanushek and Dr. Benjamin Scafidi for their review and input on this analysis. For a teacher's perspective on this subject, see David Dorsey's thoughts on the Topeka Capital-Journal Blog.*

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3 CONTINUATION HEARING ON:

4 .

5 HB2740 - AMENDMENTS TO THE CLASS ACT

6 REGARDING SUPPLEMENTAL

7 GENERAL STATE AID

8 AND CAPITAL OUTLAY STATE AID

9 .

10 .

11 .

12 TRANSCRIPT

13 OF PROCEEDINGS,

14 beginning at 10:08 a.m. on the 23rd day of March,

15 2016, in Room 112N, Kansas State Capitol Building,

16 Topeka, Kansas, before the House Appropriations

17 Committee consisting of Rep. Ryckman, Chairman;

18 Rep. Schwartz, Rep. Henry, Rep. Ballard, Rep.

19 Barker, Rep. Carlin, Rep. Carpenter, Rep. Claeys,

20 Rep. Finney, Rep. Grosserode, Rep. Hawkins, Rep.

21 Highland, Rep. Hoffman, Rep. Hutton, Rep. Kahrs,

22 Rep. Kleeb, Rep. Lunn, Rep. Macheers, Rep. Proehl,

23 Rep. Rhoades, Rep. Suellentrop, Rep. Waymaster and

24 Rep Wolfe Moore.

25 .



1 CHAIRMAN RYCKMAN: Committee, please  
2 notice the copy of the transcript from the Joint  
3 Legislative Budget Committee on March 21st, 2016,  
4 that was placed at where you are seating or where  
5 you are at. And also, just remind you that we are  
6 -- these proceedings are being transcribed and so,  
7 if we could, speak a little slower than normal.

8 We are opening up the hearing on HB2740,  
9 Amendment to the Class Act regarding supplemental  
10 general state aid and capital outlay state aid.

11 First, I will ask Eddie to give us a  
12 briefing.

13 MR. PENNER: Thank you, Mr. Chairman,  
14 Members of the Committee. I am going to be going  
15 over the materials that -- I don't know if they  
16 have been -- I believe they have been distributed  
17 to you. It is a two-page document from our  
18 office. The first page is a bar graph that looks  
19 something like this. They are being handed out  
20 now. And the second page is a set of numbers that  
21 are the underlying data for that bar graph.

22 So, since they go hand-in-hand, one is just a  
23 graphical representation of the other, I will kind  
24 of be going over them at the same time. I'll wait  
25 for them to be finished hand -- being handed out





1 before I start.

2 What this represents is over a four-year time  
3 frame, beginning with school year 2013-14 and then  
4 also school years 14-15 and 15-16, and then the  
5 effects on school year 16-17 if this bill were to  
6 pass. This shows the amount of mills that were  
7 required to be levied by a district to generate  
8 the entire non-state aid portion of their LOB if  
9 the district had adopted a 25 percent LOB. And so  
10 if every district adopted an identical LOB, what  
11 that mill levy disparity would look like across  
12 the districts.

13 The reason I did that is because, obviously,  
14 some of the mill levy disparity that exists across  
15 districts exists because different school  
16 districts choose to adopt different LOB  
17 percentages. And, so, this eliminates that  
18 disparity and gives what the disparity would be if  
19 every district adopted the same percent LOB.

20 In this hypothetical, I chose to use 25  
21 percent. You could choose to use any percent  
22 adopted LOB and the disparity between the numbers  
23 would look the same on a percentage basis. The  
24 magnitude would obviously vary but on a percent  
25 basis.



1           So, as you can see on the spreadsheet with  
2 the numbers, the first column is 2013-14. That  
3 was prior to the implementation of House Bill  
4 2506. The wealthiest 20 percent of school  
5 districts in the state had to levy 14.659 mills in  
6 order to fund the non-state aid portion of a 25  
7 percent local option budget, whereas the poorest  
8 20 percent of school districts in the state had to  
9 levy 30.514 mills. And the numbers in-between  
10 represent those 20 percent segments in-between the  
11 wealthiest and the poorest. So, the disparity  
12 between the wealthiest 20 percent and the poorest  
13 20 percent was 15.855 mills.

14           Moving along from left to right, you can see  
15 that in 2014-15 the statutory changes that the  
16 legislature enacted resulted in that disparity  
17 being reduced from 15.855 to 4.225 in 2014-15, and  
18 5.456 in 2015-16. And if this bill were to become  
19 law, that disparity would be further reduced to  
20 3.148 mills in 2016-17 at the 25 percent local  
21 option budget level. And, so, the bar graph is  
22 merely the graphical representation of that.

23           I did omit school year 14-15 from the bar  
24 graph, but that is just because the graph was  
25 getting a little cumbersome when you had four



1 columns in there. The numbers for 14-15 are  
2 present on the -- on the printout with the  
3 numbers. And, so, if you want to compare those,  
4 it wouldn't be too difficult to do.

5 CHAIRMAN RYCKMAN: Representative  
6 Schwartz.

7 REP. SCHWARTZ: Thank you, Mr. Chair. My  
8 question is how do you define wealthy and poorest?  
9 Because there has been confusion when you look at  
10 base state aid per pupil and how that is figured  
11 out. So if you can explain how you can define  
12 that.

13 MR. PENNER: Sure. The wealthiest 20  
14 percent of districts are the 20 percent of  
15 districts with the highest assessed valuation per  
16 pupils in each year, and the poorest are,  
17 accordingly, the 20 percent of school districts  
18 with the lowest assessed valuation for pupils in  
19 any given year.

20 REP. SCHWARTZ: Okay.

21 CHAIRMAN RYCKMAN: Questions? I have  
22 one. You picked 25 percent. Is there a reason  
23 you picked 25? Is there a reason you picked 25  
24 versus -- I guess what is the average LOB?

25 MR. PENNER: I believe the average



1 adopted LOB is somewhere around 28 percent, and I  
2 could have -- I could have done this on a 28  
3 percent adopted LOB, I could have done it on a 30  
4 percent, 33, any number that you wanted, and the  
5 disparities as a percent of the mills levied would  
6 have been the same. Obviously, the magnitude of  
7 those -- that disparity would have changed, but it  
8 would have been the same in terms of a percent.  
9 The point is to just set all school districts to  
10 the same. What that same is doesn't matter for  
11 the purposes of this analysis.

12 CHAIRMAN RYCKMAN: Thank you. Any other  
13 questions of chronology? Well, we do thank you  
14 for not just this, but all the work you put on in  
15 this in keeping our schools open. I know you put  
16 in a lot of hours, along with the entire staff, so  
17 thank you.

18 We will open the hearing. Our first  
19 proponent is Dr. White, incoming superintendent of  
20 Blue Valley schools. Committee, I think we'll  
21 hear from all three, we have three proponents, and  
22 we'll ask questions at the end of that time, and  
23 then we'll move on to our opponents and then a  
24 neutral.

25 Dr. White, thanks for being here.



1 DR. WHITE: Thank you very much, Chairman  
2 Ryckman, Members of the Committee. I appreciate  
3 the opportunity and thank you for such, allowing  
4 me to come today and testify as a proponent for  
5 House Bill 2740.

6 We are very mindful of the challenges that  
7 you are facing as you seek an appropriate short-  
8 term solution that will allow us to continue our  
9 goal of offering a high quality education for  
10 every student in Kansas. We thank you for your  
11 hard work and long hours that we know that you  
12 have spent on this, and we also want to thank you  
13 for listening to the concerns that have been  
14 brought before this body before, which are clearly  
15 demonstrated by providing that all districts will  
16 be held harmless and not lose funding from their  
17 general operating budgets in this bill.

18 Further, we're grateful that you have honored  
19 the spirit of the Class Act, which was to provide  
20 budget certainty for school districts over a two-  
21 year period as we develop a new finance formula,  
22 which is the long-term goal.

23 Blue Valley School District remains committed  
24 to providing high quality education for all of our  
25 students and also remain good stewards of our



1 taxpayer dollars. To that end, we want to  
2 continue to work with you to develop a solid  
3 finance formula that provides stability and  
4 appropriately accounts for the varying needs for  
5 all students in Kansas. We appreciate the  
6 challenges that you face and want to continue to  
7 work with you to face those.

8 In concert, we believe that we can offer the  
9 best solutions for our current struggles, as well  
10 as our future opportunities.

11 Thank you very much, and I stand for  
12 questions at an appropriate time.

13 CHAIRMAN RYCKMAN: Dr. White, thank you  
14 for being here. I appreciate you being available  
15 for questions. I'll call on the next proponent,  
16 and we'll call you back up.

17 Dr. Hinson, Shawnee Mission School District,  
18 thanks for coming back.

19 DR. HINSON: Good morning, Chairman  
20 Ryckman, members of the committee. It is a  
21 pleasure to be back before you today.

22 I am here as a proponent of this bill. It  
23 allows for school districts to be held harmless.  
24 It does not create a system of winners and losers.  
25 Truly, this bill allows for the money to go into



1 the classrooms, not just property tax relief for  
2 all school districts in the state.

3 We believe this bill benefits school  
4 districts in relation to capital outlay  
5 equalization, even though Shawnee Mission School  
6 District will not benefit in relation to capital  
7 outlay equalization. We support this provision of  
8 the bill for the other school districts of the  
9 state.

10 This is a short-term solution to allow  
11 schools to stay open. It allows all of us to work  
12 collectively on a long-term solution. It also  
13 allows for stability during very uncertain  
14 financial times. Please allow me to repeat: This  
15 bill allows us to have stability during very  
16 uncertain financial times, which is extremely  
17 important for us.

18 In conclusion, it's March 23rd, this is the  
19 best bill to address this issue for a one-year  
20 solution until we develop a new formula. No  
21 school district loses money in the entire state in  
22 this bill from what was in the block grant, which  
23 we believe is extremely important. Timing of this  
24 bill is crucial. We would encourage you to please  
25 move this bill quickly. Thank you.



1 CHAIRMAN RYCKMAN: Thank you, Dr. Hinson.

2 Next, Mike O'Neal, CEO, Kansas Chamber. Mr.  
3 O'Neal, thanks for coming back.

4 MR. O'NEAL: Thank you, Mr. Chairman,  
5 members of the committee.

6 We at the Kansas Chamber stand in support of  
7 House Bill 2740. As you know, there have been  
8 extensive testimony and evidence collected as of  
9 Monday, and you have that in the record. I will  
10 try not to reiterate what we already know is in  
11 the record. What I'm here today to do is to give  
12 you the reasons why we think that this response to  
13 Gannon II will meet muster.

14 Keep in mind that what I will try to do is  
15 provide actual language from the Court's opinion  
16 to give you those reasonable assurances. The  
17 uniqueness of this is that in a session where you  
18 would normally be working on the next version of  
19 school finance, you've kind of had to take a time  
20 out because the Court has set you on a deadline to  
21 correct equity. So, the challenge is the Court --  
22 at least, in the Court's mind you're not in  
23 compliance with equity. Not because of anything  
24 in particular that you've done, but because of a  
25 Court record that lacked evidence that you had met





1 your burden of showing that that that that was  
2 the correct way of doing equity. And let me  
3 explain that a little bit.

4 The Court accepts evidence in a certain  
5 fashion, you accept testimony in a certain  
6 fashion. Those two don't necessarily marry up  
7 together, and that has been the failing, frankly,  
8 of the defense of school finance over the years.  
9 So, we applaud you for getting it right because  
10 what you're doing is actually creating a record in  
11 the form in which the courts are used to receiving  
12 evidence, not necessarily in the form that you're  
13 used to receiving evidence. So, this is critical  
14 that we're having this kind of conversation with a  
15 court reporter and making findings of fact.

16 There is language in the Court's opinion that  
17 actually says we ask the legislature to show their  
18 work, like you would in class, not only get the  
19 answer, but show the Court how you got to the  
20 answer so that they can be assured that it was a  
21 thoughtful process, knowing that this is a  
22 political process that we're in.

23 So, the Court has said that the equalization  
24 infirmity, quote, can be cured in a variety of  
25 ways at the choice of the legislature, end quote.



1 I would -- I would echo what Superintendent Hinson  
2 has said. There are any number of ways you can do  
3 this. This -- this, at this time of the year,  
4 knowing that you have a deadline, is in our  
5 opinion the best way of addressing this to the  
6 satisfaction of the Court in the time that you  
7 have allowed.

8 The Court has indicated, suggested an obvious  
9 way. They say, quote, one obvious way the  
10 legislature could comply with Article 6 would be  
11 to revive the relevant portions of the previous  
12 school funding system and fully fund them within,  
13 within the current block grant system, end quote.  
14 That's an important point in the Court's opinion  
15 because there has been some misinformation thrown  
16 out there that when the decision came down it  
17 somehow struck down block grants. Nothing could  
18 be further from the truth. In fact, the Court has  
19 suggested that you can solve the equity issue  
20 within your existing block grant system. House  
21 Bill 2740 does that.

22 The test for equity is a little vague, but it  
23 is what it is. Quote, school districts must have  
24 reasonably equal access to a substantially similar  
25 educational opportunity through similar tax



1 effort, end quote. Is the infirmity in equity  
2 based on evidence that we don't have equal  
3 educational opportunity? The answer is no. The  
4 Court has said, quote, we acknowledge there was no  
5 testimonial evidence that would have allowed the  
6 panel to assess relative educational opportunities  
7 statewide, end quote. So, the problem is not  
8 evidence of lack of equal educational opportunity,  
9 it is a formula that in their opinion they lacked  
10 evidence to support the basis for doing equity the  
11 way it was done.

12 They presented the obvious solution, which is  
13 what you have done here, is you have gone back and  
14 resurrected the capital outlay method for  
15 equalization. And then what you have done is you  
16 -- what you could have done and what you had, I  
17 think, in 2731 a method to do pure equity. Pure  
18 equity would basically be to reallocate the funds  
19 in such a way that the districts that should be  
20 getting more are getting more, and the districts  
21 that got more than what they needed vis-a-vis the  
22 other districts get less. So, it creates true  
23 winners and losers, if you will. The Court would  
24 actually, in our opinion, have found that  
25 acceptable because that is -- that is pure equity.



1           In terms of the funding issue, the Court  
2 said, quote, equity does not require the  
3 legislature to provide equal funding for each  
4 student per school district, end quote. The Court  
5 went on to say that the test of the funding scheme  
6 becomes a consideration of, quote, whether it  
7 sufficiently reduces the unreasonable wealth-based  
8 disparity so the disparity then becomes  
9 Constitutionally acceptable, not whether the cure  
10 necessarily restores funding to the prior level.  
11 That's important to note too because there has  
12 been some suggestion that you can't solve this  
13 without throwing more money at the equity problem.  
14 Equity is equity. In a sense, it's like pouring  
15 two glasses from a pop bottle. And when you do  
16 that, you may end up with one glass being a little  
17 bit more -- have more contents than the other one.  
18 Pure equity would suggest what most of us would do  
19 if we were in that situation, you would take some  
20 from the glass that has more and pour it into the  
21 glass that has less such that at the end of the  
22 exercise these would be equal. You will have  
23 conferees suggest that the way to solve equity is  
24 simply go back to the refrigerator and open  
25 another can of pop. That is not required under



1 the rules of equity, and certainly the Court has  
2 made clear language that they don't require that  
3 either.

4 Equity is not a needs-based determination,  
5 the Court said. Rather, it's a function of your  
6 -- of basically your disparity with the local  
7 option budgets and your capital outlay.

8 So, in -- in our estimation, 2740 is a  
9 satisfactory response to the Court, given the  
10 Court's own language. You reallocate funds  
11 utilizing an approved method of calculating  
12 equalization, in this case capital outlay. No  
13 district losing funds, that's the hold harmless  
14 provision. While that would have not been  
15 necessary, it's probably political reality, and  
16 the evidence in your transcript acknowledges that  
17 this is -- hold harmless clauses are not unique at  
18 all in the legislative political process in order  
19 to hold districts harmless.

20 The other thing that's key about the hold  
21 harmless is, as Superintendent Hinson explained,  
22 you want to have budget certainty. The best thing  
23 about the block grants, the best thing about this  
24 particular bill is you give these districts budget  
25 certainty. No one is going to lose under this.



1           The Court did have one phrase in its opinion  
2 that suggested that you ought to, even though this  
3 is in the equity phase, you should not lose sight  
4 of adequacy. And -- and with hold harmless, you  
5 -- you guard against a claim that, well, you have  
6 taken money from me that I was expecting that I  
7 already had in my budget and so I'm no longer  
8 adequate. Hold harmless provisions take care of  
9 that.

10           And, finally, with regard to the Kansas  
11 Department of Education having control and  
12 oversight of the -- essentially what the old  
13 extraordinary needs funds were, allowing them to  
14 use the same criteria they have in extraordinary  
15 needs, but adding to that the equity definition,  
16 we think makes a whole lot of sense. They have  
17 the expertise to do that and we believe would do  
18 that fairly, and they are in the business of doing  
19 this 12 months out of the year, not three or four  
20 months out of the year. So, we believe that is an  
21 adequate response.

22           And, finally, because of the budget  
23 certainty, we think the whole package will pass  
24 muster and we encourage your support of this  
25 language. I'll be happy to stand for questions at



1 the appropriate time.

2 CHAIRMAN RYCKMAN: Committee have any  
3 questions of our proponents? Representative  
4 Kleeb.

5 REP. KLEEB: Thank you Chairman Ryckman.  
6 I have a question for Dr. Hinson.

7 DR. HINSON: Yes, sir.

8 REP. KLEEB: Glad to have you here today.

9 DR. HINSON: Thank you.

10 REP. KLEEB: Have you had to close  
11 schools in the last few years?

12 DR. HINSON: The Shawnee Mission School  
13 District has closed several schools since '08,  
14 yes, sir.

15 REP. KLEEB: Since '08. Was that due to  
16 efficiencies that you were able to gain or was  
17 that due to a funding situation?

18 DR. HINSON: Combination of the two.

19 REP. KLEEB: A combination of the two.

20 DR. HINSON: Yes, sir. Certainly with  
21 the '08 financial situation the district was in a  
22 very difficult position and some decisions had to  
23 be made in relation to closing of schools that  
24 otherwise probably would not have been made.

25 REP. KLEEB: Has that left some



1 neighborhoods actually without a school requiring  
2 kids to go much further?

3 DR. HINSON: There are still some unhappy  
4 neighbors over the relation -- over the closing of  
5 those schools, yes, sir.

6 REP. KLEEB: I guess I wonder, and maybe  
7 you can help me out here. We talk about Shawnee  
8 Mission being one of the wealthiest school  
9 districts, and the whole concept of equity seems  
10 to focus around school districts must have  
11 reasonably equal access to a substantially similar  
12 educational opportunity through similar tax  
13 effort. Yet, I'm seeing your local district wants  
14 to raise money to keep schools open and fund some  
15 of those things and apparently there is sort of a  
16 cap on that. Can you address, what does equity  
17 mean when some schools have to close and others  
18 get twice as much money?

19 DR. HINSON: We've been operating under a  
20 spending authority cap which was dictated to us in  
21 the formula that was created in 1992 that limits  
22 the amount of money a school district can spend  
23 and/or raise locally because of your assessed  
24 valuation per pupil. I'll try not to get into a  
25 long discussion of equity and adequacy, but the





1 last calculation that we were in the Shawnee  
2 Mission School District our spending per pupil out  
3 of our general fund, out of the 286 school  
4 districts in the state we were 268th. 286 is  
5 last. So, the majority, if not all, of your  
6 school districts in Johnson County are in the  
7 bottom 10 percent of all spending per pupil in the  
8 state of Kansas. And that was based on the  
9 formula again that was created in 1992.

10 One of the reasons why we are a proponent of  
11 this bill is it simply puts more money back in the  
12 classrooms across the state. Because if we go  
13 back to other provisions or ideas that had been  
14 implemented in our race for equity, do we not only  
15 create inequality, but we also can create adequacy  
16 arguments. So, that's why we believe this bill  
17 was instrumental in that process that it doesn't  
18 create winners and losers, which creates an  
19 additional adequacy argument I don't think we  
20 really want to entertain at this point in time.  
21 That should be addressed in the discussion of a  
22 new formula.

23 So, let me go back and repeat that, 268 out  
24 of the general fund spending per pupil. That's  
25 under this concept that we need to grasp what is



1 equity and what really is adequacy in this  
2 process.

3 REP. KLEEB: That's where I was headed  
4 out of this. It does seem like we need to address  
5 this whole concept of what is equity, and I just  
6 don't think the pure concept of property valuation  
7 per student is really addressing that when we find  
8 one district having to close schools. Thank you,  
9 Mr. Chairman.

10 CHAIRMAN RYCKMAN: Any questions for Dr.  
11 Hinson before he goes? Representative Ballard.

12 REP. BALLARD: Thank you, Mr. Chairman.  
13 Dr. Hinson, since you're still standing, I'm  
14 listening to part of your testimony and I wrote it  
15 down: No winner or losers. I guess, I'd have to  
16 ask the question if there is no winners, no  
17 losers, hold harmless, you stay the same, nothing  
18 really happens. What about the districts that  
19 were frustrated enough that they joined to file  
20 the lawsuit? And the response is we hold you  
21 harmless and nothing changes. Are they not the  
22 losers?

23 DR. HINSON: They are going to have to  
24 answer that question. We are not a part of the  
25 Schools for Fair Funding. We are not involved in



1 that litigation.

2 If you have other bills that have been  
3 introduced that would go forward, you're going to  
4 take money from some and you're going to give it  
5 to others for property tax relief. The majority  
6 of that money for property tax relief, not to go  
7 into the general fund of school districts. This  
8 bill allows for all school districts in the state  
9 not to lose money in the general fund. So,  
10 therefore, you do not have a question of winners  
11 and losers. Everybody is held harmless because  
12 you're not going to lose from where you were  
13 previously in the block grant.

14 REP. BALLARD: But neither do you gain.

15 DR. HINSON: That is correct.

16 REP. BALLARD: Thank you very much.

17 CHAIRMAN RYCKMAN: Representative Barker.

18 REP. BARKER: Thank you, Mr. Chairman.

19 And my question is for former Speaker O'Neal.

20 CHAIRMAN RYCKMAN: Any other questions  
21 for Dr. Hinson? Representative Wolfe Moore.

22 REP. WOLFE MOORE: Thank you very much.  
23 Thank you, Mr. Chair.

24 Welcome and nice to see you here today. You  
25 made your comment about the spending out of the



1 general fund, but I'm from the Kansas City, Kansas  
2 school district, so wouldn't you say that there's  
3 a direct correlation primarily that you spend out  
4 of the general fund depending on who your students  
5 are? We have high proportion of at-risk students,  
6 non English speakers, a high level of poverty.  
7 So, wouldn't you expect those type of students to  
8 spend more out of the general fund than a  
9 different type of district?

10 DR. HINSON: Certainly in 1992 the  
11 formula that was put in place then has changed  
12 dramatically. My testimony is on record from  
13 Monday on the history of the school finance  
14 formula. I would refer you back to the Kansas  
15 Division of Legislative Research July 15, 2015, a  
16 memo that they put together in relation to the  
17 history of school finance formula that was created  
18 in 1992. So the formula that was created in 1992  
19 does not look like the formula prior to the block  
20 grant because those weightings have been changed  
21 dramatically. That formula was created with some  
22 weightings that were increased significantly and  
23 then weightings were added throughout the process  
24 of the history of the 1992 formula to try to  
25 equate for the difference. The question becomes



1 what do you do with the money that you have to  
2 produce different student outcomes in relation to  
3 the school population that walks through your  
4 doors? Generally, for all of us across this  
5 country in public education, we are struggling to  
6 narrow the achievement gap regardless of funding.

7 The fundamental question goes back to what do  
8 we need to do differently in public education to  
9 meet the ever-changing needs of our students?  
10 Certainly, resources are a part of that  
11 conversation, but they do not dominate the  
12 conversation.

13 Does that answer your question? My answer to  
14 your question may not be the answer to the  
15 question you want.

16 MS. WOLFE MOORE: Well, I probably  
17 wouldn't necessarily agree with it, but thank you  
18 for your answer.

19 DR. HINSON: Sure.

20 MS. WOLFE MOORE: Thank you Mr. Chairman.

21 CHAIRMAN RYCKMAN: Any other questions  
22 for Dr. Hinson? I have one. What is -- again,  
23 your percentage of LOBs is what?

24 DR. HINSON: 33.

25 CHAIRMAN RYCKMAN: And that is your cap?



1 DR. HINSON: That's our cap.

2 CHAIRMAN RYCKMAN: Okay. And can you  
3 help me, the timing, I know you mentioned it  
4 before, the uncertainty that your district and  
5 others that you would represent go through now.  
6 What's the typical time when you set your budgets  
7 and how would this help address that and just kind  
8 of help walk us through that a little bit.

9 DR. HINSON: Generally, other than for  
10 negotiations with our employees through the  
11 Professional Negotiations Act, we are finished  
12 with our budgeting process that would start July  
13 1. So, right now we are, I'm going to describe it  
14 as we are really behind because for all of my  
15 expenditures starting July 1, other than the  
16 negotiations through the Professional Negotiations  
17 Act, we would be finished right now.

18 Currently, we're going through all kinds of  
19 different budget scenarios depending on what may  
20 or may not happen, not only in relation to what  
21 happens with the legislature regarding what we're  
22 talking about currently, but also the unknown or  
23 the uncertainty of what's going to happen -- I  
24 won't repeat what I mentioned to you last week,  
25 the uncertainty what's going to happen in the



1 months of May and the months of June in relation  
2 to the overall state budget and the potential for  
3 K-12 to be recipients of allotments during that  
4 process. So, our budget uncertainty is extremely  
5 high now.

6 CHAIRMAN RYCKMAN: Thank you. Any other  
7 questions? Dr. Hinson, thanks for being here. I  
8 think we have a question for Mr. O'Neal.

9 Representative Barker.

10 REP. BARKER: Thank you. Thank you for  
11 being here again. I note that, as Mr. Chairman  
12 has noted, that we have a court reporter here.  
13 We're building a case that where we would have  
14 reasonable assurances that the Court will consider  
15 our deliberative process. We've never done that  
16 before. Do we have reasonable assurances that the  
17 Court will accept our hearings as evidence and our  
18 deliberations and considerations? Will they do  
19 that?

20 MR. O'NEAL: Well, the invitation from  
21 the Court was for the legislature to show their  
22 work.

23 REP. BARKER: We have a record.

24 MR. O'NEAL: And we do have a record.

25 And I stopped predicting what a Court may end up



1 doing a long time ago. But in defense of the  
2 Court, the Court has given us a roadmap, and  
3 that's what I try to do. I'm one of those school  
4 finance nerds that actually sleeps with that  
5 Gannon decision under my pillow some nights  
6 because I -- we really do want to respond in a  
7 reasonable way to the Court. Whether we agree  
8 with the Court's opinion or not, the Court has  
9 given us a roadmap to follow, and I think this  
10 bill reasonably follows that roadmap. And the  
11 procedure that you have come up with here is the  
12 best way. It's reasonably calculated, to use the  
13 Court's own wording, reasonably calculated to get  
14 that evidence in a way that they are used to  
15 receiving it.

16 REP. BARKER: We were sending them  
17 minutes and they want a transcript, probably?

18 MR. O'NEAL: Yes.

19 REP. BARKER: Why didn't we do this  
20 before?

21 MR. O'NEAL: I'm asking myself the same  
22 thing because I think it's -- I think it's very  
23 smart to do it this way.

24 REP. BARKER: It's an excellent approach  
25 because then they have a record. Well, it's a





1 good deal, thank you, sir.

2 CHAIRMAN RYCKMAN: I hope nothing -- I  
3 shouldn't be talking over you. I hope if nothing  
4 else that this process has shown we are trying to  
5 do just that, from having a transcriptionist here  
6 to trying to reflect and track how ideas become a  
7 bill. They're subject to public debate and  
8 comment, they can be amended. And, obviously,  
9 ultimately the bill passes there is a -- there is  
10 a -- again, we showing our work and I hope if  
11 nothing else, this process is showing our attempt  
12 to do that.

13 Representative Carlin.

14 REP. CARLIN: Thank you, Mr. Chair, and I  
15 think it's a good idea to have a record. You  
16 know, I have often wondered why we didn't, at  
17 least, have a tape recording of our minutes and of  
18 our meetings. I spoke with my superintendent this  
19 morning. He agreed it's a wash for them and, you  
20 know, it just barely would just maybe get us by.  
21 But I wonder if every school district had the  
22 opportunity to come this morning and put their  
23 voice to the record because, you know, if we hear  
24 from schools in the eastern part of the state and  
25 not middle and western, are we getting a good



1 record and were they invited specifically and were  
2 they told that we were going to be recording? Is  
3 that up to me to tell them.

4 CHAIRMAN RYCKMAN: I think I can answer  
5 that. First, we do take minutes and have very  
6 good minutes kept by our minutes secretary and  
7 they are recorded. The transcriptionist will put  
8 it in a court form that the courts are used to  
9 looking at, and this is -- all hearings are open  
10 to the public, anyone can sign up. As we've had  
11 now two bills we've had hearings on, this being  
12 the second.

13 Any other questions for Mr. O'Neal?

14 REP. CARLIN: But the answer to my  
15 question is, were the school districts aware that  
16 we were going to use this method to -- to make a  
17 record of their feelings?

18 CHAIRMAN RYCKMAN: I think we mentioned  
19 it in committee. I know Monday when we had our  
20 hearing upstairs at the beginning of the meeting  
21 we mentioned that all -- or at least in the --  
22 maybe at the end of the meeting we mentioned our  
23 intent was to have a transcriptionist here for the  
24 remainder of our meetings.

25 REP. CARLIN: I don't mean to argue, but



1 I knew that was coming. I didn't get it that it  
2 was -- our plan was to use this in the court  
3 system in this way. And, so, I think it's  
4 valuable if other school districts could come and  
5 speak to the bill, knowing that they're going to  
6 be part of the Court proceedings in the future and  
7 I appreciate and I feel responsible that I should  
8 have invited them and had I known that, but I just  
9 wondered if anything could have been done other  
10 than that. Thank you. Thank you, Mr. Chairman.

11 CHAIRMAN RYCKMAN: Any other additional  
12 questions for any of our proponents? Thank you,  
13 Mr. O'Neal. We'll go on to our opponents.

14 First, we have Dr. Cindy Lane, Superintendent  
15 of Kansas City Public Schools. Dr. Lane, thank  
16 you for being here.

17 DR. LANE: Thank you, Chairman Ryckman,  
18 and to the committee. We are pleased to be here  
19 today. And thank you, Representative Carlin, for  
20 your question about districts being informed. One  
21 of our challenges, frankly, is sharing and making  
22 sure everyone has an opportunity, so I appreciate  
23 that very much.

24 I want to start by thanking you all for your  
25 work to -- as Albert Einstein says, nothing



1 changes unless something moves. And we clearly  
2 see that you're making effort to move this along  
3 so we can move from a point of disagreement  
4 completely to trying to resolve the issue for our  
5 children, for our communities and for our  
6 families.

7 But I want to start today talking a little  
8 bit about the hold harmless provision, and thank  
9 you for that. It is critically important that as  
10 we move forward and make decisions about financing  
11 of schools, that districts don't experience any  
12 harm. But I want to add this twist to my comment.  
13 In past times, this legislative body have used  
14 hold harmless provisions in a very strategic way  
15 when making changes to school formulas, but you  
16 have used that after you've corrected the  
17 deficiencies in the funding formula.

18 So while we appreciate the hold harmless, it  
19 may be premature until those deficiencies are  
20 corrected. So I ask you to give that  
21 consideration.

22 But let me talk to you a little bit about  
23 House Bill 2740 by taking you back to algebra  
24 class where you learned of the transitive  
25 property. You may remember you learned that if A



1 is equal to B and that B is equal to C, therefore,  
2 C is equal to A. You remember that? I know it's  
3 been a while for some of us, but take yourself  
4 back to that point. I want you to substitute A  
5 for Senate Bill 7, Senate Bill 7. Substitute the  
6 letter B for the unconstitutional measure of the  
7 equity factor, and C as House Bill 2740. So let  
8 me walk you through that. Senate Bill 7 was found  
9 by the courts to be unconstitutional in the equity  
10 piece. All right B, B. So if Senate Bill 7 was  
11 found to be unconstitutional for equity and House  
12 Bill 2740 mirrors Senate Bill 7, the block grant,  
13 it seems logical that, therefore, that House Bill  
14 2740 would not meet the Constitutional test.

15 Now, I will stand here and tell you that I'm  
16 not going to try to interpret what the courts have  
17 to say about that, but what we have done in House  
18 Bill 2740 is simply distribute the funding in the  
19 same way that it was distributed under Senate Bill  
20 7. Our district is flat. We appreciate not  
21 having any additional cuts at this time in our  
22 funding because it's been very difficult to for us  
23 to meet your expectations to educate every child  
24 under some financial strain. We appreciate trying  
25 to have some reliability as we move forward with



1 budget planning, but it is our thinking that this  
2 bill needs more work. Because if we merely are  
3 redistributing the funding, the same funding in  
4 the same way that was done with the block grant,  
5 we don't believe it meets muster with equity.

6 So keep two things in mind, please. The hold  
7 harmless provision has worked in the past when  
8 it's held districts harmless after you've  
9 corrected the deficiency in the formula. And  
10 taking a look at this House bill, it does nothing  
11 to resolve the equity issue that the Court said  
12 needed to be resolved.

13 So I look forward to questions that may  
14 arise, Mr. Chairman. Thank you.

15 CHAIRMAN RYCKMAN: Thanks for being here.

16 Jim Freeman, CFO, Wichita Public Schools.  
17 Mr. Freeman, welcome to the committee.

18 MR. FREEMAN: Chairman Ryckman, members  
19 of the committee, thank you very much for the  
20 opportunity to come before you today and talk a  
21 little bit about House Bill 2740. I'm going to  
22 say some of the same things that you've heard not  
23 only from opponents but from proponents as well to  
24 say thank you for the work you're doing. This is  
25 a difficult challenge for the legislature. Quite



1 frankly, it's a difficult challenge for school  
2 districts, as well, in terms of as we look at the  
3 funding mechanism and the challenges with -- with  
4 -- that comes along with that. So we appreciate  
5 the time and effort that you are putting in on  
6 this and agree that the sooner we know, the better  
7 off we are going to be. We've talked about budget  
8 developments, those types of things. We are right  
9 in the middle of all that right now and it makes a  
10 big difference to us.

11 However, I'm going to respectfully have to  
12 oppose this bill as it is right now on a couple of  
13 issues. One, that it addresses fiscal year '17  
14 only. It doesn't address the equity issues that  
15 we've already endured. And one thing I'd like to  
16 point out in Senate Bill 7, where this really  
17 starts from, for Wichita public schools was -- was  
18 a reduction for us. And so it's one of those  
19 where we got cut through Senate Bill 7 and now  
20 that's carrying forward for us. So the equity  
21 issues that come along with that for us total  
22 around \$26,000,000 over the -- over those years,  
23 but that's an issue that we feel is -- that the  
24 Court was probably looking for and realize that  
25 this one only addresses fiscal year '17.



1           The other aspect of it, Dr. Lane talked a  
2 little bit about and that was the hold harmless  
3 piece of it and redistribution of funds. And  
4 we've -- I'll call it we've equalized down rather  
5 than equalized up and we think that that is the  
6 wrong approach for us in terms of what we need to  
7 be able to do for the future and for the students  
8 that we try and educate.

9           The fact that the equalization formula for  
10 the LOB changed and went to the capital outlay  
11 side of it reduced that aid for the Wichita public  
12 schools fairly significantly. And again, we are  
13 being held harmless, but it might in the future  
14 create a problem for us on -- on having to raise  
15 property taxes. We haven't worked through all of  
16 that yet, but I think there might be some issues  
17 that go along with that, as well.

18           And again, just in closing, I'd like to again  
19 thank you for the opportunity and for the work  
20 that you're trying to do here. We do want to be  
21 part of the conversation. We do want to be  
22 helpful in whatever way we can. And with that,  
23 I'd stand for any questions.

24           CHAIRMAN RYCKMAN: Mr. Freeman, again  
25 thanks for being here. Questions of Mr. Freeman





1 or Dr. Lane. And if we could, we'll keep you from  
2 jumping up and down. Is your question for Dr.  
3 Freeman?

4 REP. GROSSERODE: Dr. Lane.

5 DR. LANE: Yes.

6 REP. GROSSERODE: Thank you, Dr. Lane.

7 So my question is kind of twofold because you had  
8 recognized the question by the representative from  
9 Wichita in regard to the communication to schools  
10 in regards to this bill and the hearing for this  
11 bill. Do you know how many lobbyists represent  
12 the education interests of different schools?

13 DR. LANE: I do not.

14 REP. GROSSERODE: Do you routinely get  
15 communication from any of the lobbying  
16 organizations here?

17 DR. HINSON: We do, yes. But my  
18 reference was not that the information was not  
19 available, but oftentimes it's difficult to ensure  
20 everyone is paying attention.

21 REP. GROSSERODE: So I find that hard to  
22 believe, knowing where we are at in the discussion  
23 of school finance and addressing the Court  
24 decision that administrations are not paying  
25 attention to communications from different groups,



1 such as KASB, who I know routinely daily sends out  
2 updates to those who are in their organization. I  
3 know they do so because I get those e-mails. They  
4 also tweet quite a lot of different members of  
5 their body. So I would think it is highly suspect  
6 that school districts were not quite well aware of  
7 what was going on today. And if they could not be  
8 here physically, they are quite capable of  
9 submitting written testimony. So the argument  
10 that they could not be here to voice their opinion  
11 is one that I find very troubling.

12 DR. LANE: I appreciate that,  
13 Representative, and I wasn't trying to imply that  
14 they could not, just simply validating that  
15 communication is critical when leaders make  
16 significant decisions. Keep in mind yesterday at  
17 two o'clock in the afternoon was the first time  
18 individuals had an opportunity to learn of this  
19 bill. And to be here this morning, just for us,  
20 was difficult, but we are here because we  
21 recognize that we needed to be.

22 But as leaders in general, as we make the  
23 decisions for our organizations and as this body  
24 makes them for our entire state, it's critically  
25 important to provide as much opportunity as



1 possible for influence and having our decisions to  
2 be shaped. So my comment was an affirmation, but  
3 it certainly wasn't to suggest that the  
4 information was not out there or that districts  
5 didn't care or weren't paying attention, but it  
6 was a very quick turnaround for this particular  
7 hearing.

8 REP. GROSSERODE: Thank you. And then I  
9 want to go back to the equity piece in which you  
10 discussed in regards to Senate Bill 7 and laying  
11 the correlation between the what you would regard  
12 to be the A equals B.

13 DR. LANE: The Transitive.

14 REP. GROSSERODE: Yes. So again, as I  
15 stated before, I think that our equity formulas  
16 are based upon zero logic, zero scientific fact  
17 and were created in -- well, in a way in which I  
18 have found, since I first brought this topic up,  
19 to be a very suspect situation. So had that been  
20 part of the public record, how the equity formulas  
21 first came into being, I think that we may have a  
22 different result of what we are speaking here  
23 today.

24 So, do you argue that the Court said that the  
25 capital outlay formula, the original capital



1 outlay formula is Constitutional?

2 DR. LANE: I would never argue with the  
3 Court's findings or try to interpret them,  
4 Representative. But what has occurred in House  
5 Bill 2740 is utilizing, and Mr. Freeman, I  
6 believe, was trying to address this, utilizing the  
7 capital outlay equalization and lowering the local  
8 option budget equalization creates very different  
9 economics for school districts.

10 But let me add that equity for us is  
11 critically important because it costs more to  
12 educate some children than it does others. The  
13 reality of the work that all of us do is that kids  
14 come to school from very different places and some  
15 require additional resources in order to be able  
16 to access what we are asking of them. For me that  
17 is key inequity. And in this particular case,  
18 equity speaks to our ability to ensure opportunity  
19 regardless of where that child enters the system;  
20 that they can access that opportunity while our  
21 taxpayers are providing that relatively similar  
22 tax effort there.

23 REP. GROSSERODE: Why should there be  
24 different formulas for equity?

25 DR. LANE: Because it costs different



1 amounts of money to educate all of our children to  
2 the levels of expectations that we have in Kansas.  
3 When you have a young person who enters school for  
4 the first time in six or seventh grade and maybe  
5 speaks a language other than English, we have to  
6 have an intensive amount of resources to move that  
7 child so they can graduate on time at the same  
8 level of expectation that a child who is born  
9 right here in our -- in our state.

10 REP. GROSSERODE: And while I don't  
11 dispute that different students have different  
12 needs and the costs of those students may well  
13 vary greatly, those issues had been taken care of  
14 in the formula by weightings that addressed those  
15 specifics needs, and that is a different issue  
16 than the local option budget. And the equity  
17 piece of the local option budget, and even the  
18 equity piece of capital outlay, addresses property  
19 tax and the equity available within property tax,  
20 not the student population.

21 DR. LANE: But the student population  
22 reflects the community's wealth, and the  
23 community's wealth reflects the property values,  
24 so it all relates to one another.

25 REP. GROSSERODE: But that is not



1 necessarily accurate because we have found that  
2 schools greatly differ from year to year where  
3 they place on their assessed valuation per pupil  
4 based upon lowering their -- their enrollment  
5 lowering, their property tax tanking because of  
6 oil revenues and such. So those things are  
7 definitely in flux. And I have seen a couple of  
8 different ways to actually dig down into the  
9 relative poverty in the area and many times  
10 assessed valuation per pupil does not necessarily  
11 recognize the relative poverty in an area.

12 For instance, let's talk about a community  
13 that has a power plant. That community has a  
14 large assessed valuation per pupil because they  
15 have this one piece of property that is incredibly  
16 valuable. Yet, many of the people in that area  
17 are not wealthy by any means. So we are saying  
18 that one piece of property lifts the value of the  
19 rest of the property in the area, but doesn't  
20 necessarily address the poverty that also is in  
21 that area.

22 DR. LANE: As I hear you speak, I think  
23 you do a fine job articulating the nuances and the  
24 factors that every school district has to weigh  
25 and this body has to weigh in terms of developing



1 a finance formula that meets the needs of all  
2 children in Kansas. There are many moving parts  
3 and there are many things that change regularly,  
4 including your student population and your  
5 property value. All of those things need to be  
6 considered as you build that next formula.

7 REP. GROSSERODE: Thank you, Mr. Chair.

8 CHAIRMAN RYCKMAN: Representative  
9 Ballard.

10 REP. BALLARD: Thank you, Mr. Chairman.  
11 As we were talking about hold harmless, and we  
12 know it keeps you basically the same across the  
13 board, can you just tell me how that would affect  
14 the Kansas City schools, which is a growing school  
15 district.

16 DR. HINSON: Yes, ma'am, it certainly is.  
17 We have been growing an average of 500 children a  
18 year for the last five or six years. Holding us  
19 harmless at this level of funding we are at some  
20 critical decision points about how we continue to  
21 move our district forward. And, Representative,  
22 you have heard me speak about our work to graduate  
23 each student diploma plus, their high school  
24 diploma completed plus at least one year of  
25 college and/or their technical credential. For



1 us, that work is critical not only for that young  
2 person but immediately gives tools for our  
3 students to add to the economy, that technical  
4 degree. So the words at -- we are trying to  
5 determine how we continue to move forward with the  
6 kinds of work that you expect us to be doing when  
7 our funding is, in essence, frozen, and has been  
8 frozen for will be going on two years now, frozen  
9 with the cut that came before.

10 So we are not sure of our plan yet. As  
11 you've heard from other districts, we normally  
12 would be done at this point, but we are working  
13 through those, those scenarios and looking for  
14 what your final decisions will be so we can  
15 finalize what we do to move our kids forward.

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

17 CHAIRMAN RYCKMAN: Dr. Lane, I have a few  
18 questions. One is what is your percentage of LOB  
19 now?

20 DR. LANE: 30 percent.

21 CHAIRMAN RYCKMAN: 30 percent. And I  
22 recall, you may not recall we had a conference  
23 call with a group of superintendents right during  
24 the process of the block grant being passed, and  
25 Senator Masterson and I was on the conference call





1 with it seemed like half the superintendents of  
2 the state. And I remember looking at your numbers  
3 after the passage of -- I think it was 2506 in  
4 carrying the block grant and saying you received  
5 11 and a half million more, and I think you said,  
6 and you correct me, I don't want to put words in  
7 your mouth if it wasn't you, we didn't get it.

8 DR. LANE: No, I don't think those were  
9 my words, sir, but that funding went to property  
10 tax relief because our local community had already  
11 been taxing itself to make sure we could remain at  
12 30 percent.

13 CHAIRMAN RYCKMAN: Right. And that's the  
14 point I was going to get to. And when I look at  
15 what that did to your rates from 13-14 to 15-16,  
16 it looks like you went down almost 14 mills.

17 DR. LANE: That's correct, sir.

18 CHAIRMAN RYCKMAN: And that was based on  
19 equalization at the old formula, and that was the  
20 results. And as you said, and again I do not mean  
21 to put words in your mouth, what I remember  
22 hearing was that money did not go to schools, but  
23 to property tax relief. So my opinion, per  
24 previous testimony, this type of a solution does  
25 allow the money in flux to stay in the classroom



1 and not take from others. I do think we have 20  
2 to 30 winners, so to speak, in areas that did have  
3 very greatly depressed property valuations.

4 So again, that was just kind of my assumption  
5 based on what's happened. And I'm appreciative  
6 for your voters in urging your taxpayers in having  
7 a lower mill rate. But as we hear these needs,  
8 I'm just wondering there is another option and  
9 that is the local effort, as well, and I guess  
10 that's the point I'm trying to clarify.

11 DR. LANE: You are correct and the board  
12 will be having discussions about whether or not we  
13 consider increasing the local level of funding,  
14 keeping in mind that our community is ranked one  
15 of the poorest in the State of Kansas and we are  
16 very sensitive to variability to provide the  
17 resources needed.

18 CHAIRMAN RYCKMAN: Right, and the rate  
19 would just reflect the level of the valuation.  
20 It's not -- like I believe in my district it's a  
21 total of 68 mills and if someone has a \$40,000  
22 house, they are taxed at that 68 mills, and not at  
23 -- I don't know your total mills, but I don't  
24 think it's 68. So we are talking about equity,  
25 it's really hard to get to equity. In fact, I



1 think the testimony we heard on Monday reflected  
2 that.

3 We also heard that, thanks to Representative  
4 Grosserode's question, that every formula that has  
5 been produced has been a result of mainly  
6 politics, so and that's -- we are trying to --  
7 again, our main goal here is to keep our schools  
8 open, provide certainty. And I do definitely  
9 thank you for being here and bringing information.  
10 I didn't really ask a question. If you want to  
11 follow up, I apologize for not asking a question.

12 DR. LANE: Thank you, Mr. Chairman.

13 CHAIRMAN RYCKMAN: Any other questions  
14 for Doctor Lane? Thank you, I think we have a  
15 question for Mr. Freeman. That was from -- I'm  
16 not begging you to, I thought I had a hand.

17 Representative Hutton.

18 MR. HUTTON: Thank you, Mr. Chair. And  
19 glad to see you here today.

20 MR. FREEMAN: Thank you.

21 MR. HUTTON: A few days ago we had a  
22 hearing on another bill that actually benefited  
23 your district more than this bill does and your  
24 silence spoke volumes on that. Can you explain  
25 why you weren't here?



1 MR. FREEMAN: Well, first of all, there  
2 were two bills that came out. And at the time  
3 that they were going through the process, they --  
4 they were quite a bit different and we weren't  
5 quite sure which way to go on either one of them.  
6 But similar kind of issues in terms of looking at  
7 the equity piece of it. Had we been here we  
8 probably -- we would have been in opposition to  
9 them, as well.

10 I think we are on the right track. I think  
11 we are looking at the right things and trying to  
12 find the right answers, I just don't think we are  
13 quite there yet. But, you know, I -- timing is  
14 sometimes a little tough to make everything work  
15 out and it was just one of those -- one of those  
16 issues where we couldn't really decide which way  
17 to go on it, so we decided just to do nothing.  
18 So, I can't say any more than that.

19 MR. HUTTON: I wish we had that same  
20 option.

21 MR. FREEMAN: I understand.

22 MR. HUTTON: Thank you.

23 MR. FREEMAN: I understand.

24 CHAIRMAN RYCKMAN: I second that motion.  
25 Representative Henry.



1 MR. HENRY: Thank you, Mr. Chairman. I  
2 just have a little line of questioning, and we  
3 have a rule not to call out another  
4 representative. But Representative Hutton did go  
5 there last night, so I want to make sure if I get  
6 it wrong that he has a chance to do this.

7 In your testimony, it almost -- you say that  
8 this -- this bill -- let me first start, 2731,  
9 which we had a debate on and this committee  
10 decided not to move it, you know, was a bill that  
11 did redistribute the wealth. And we did have  
12 certain part of the state was going to lose  
13 funding, and Wichita was going to gain funding  
14 under that. And I understand the politics of why  
15 that bill did not move out of this committee, but  
16 it was favorable to your -- to the Wichita area.  
17 Okay? And your testimony says schools are, in  
18 essence, self-funding this plan, and I believe,  
19 and I'm being very respectful what Representative  
20 Hutton said last night, is the property taxpayer  
21 the loser in this plan in that will this, you  
22 know, because a lot of the money for 2731 that was  
23 going to go to schools which would then go to  
24 property taxpayers to reduce property. It wasn't  
25 really going to the classroom; we understood that.



1           So that's -- my question is, will Wichita  
2 school districts, and some of the losers, then  
3 have to self-fund this by going either not giving  
4 back to the property taxpayer the money that they  
5 should have got for equity or will school  
6 districts that are essentially losers have to go  
7 to the property taxpayers to get money to support  
8 schools? Do you understand my line of  
9 questioning?

10           MR. FREEMAN: Yes, I do.

11           MR. HENRY: Truthfully, by this bill, the  
12 property taxpayers are the ones who are paying for  
13 this bill.

14           MR. FREEMAN: It depends on what a school  
15 board -- how a school board reacts to it, right?  
16 When you look at the -- at the -- the dollars are  
17 flat. With the hold harmless dollars, the dollars  
18 are flat. However, for Wichita, we saw a pretty  
19 good size decrease in the LOB equalization aid.  
20 That's where the property tax piece comes in.  
21 Now, the board can choose not to keep their LOB at  
22 the level that it's at now. In other words,  
23 reduce that LOB. And in that case the property,  
24 the property tax owner would not be affected or it  
25 possibly would even lower property taxes.



1           If the board chooses to keep their LOB at the  
2 same level, then we've got to do something to fill  
3 that gap. Okay?

4           Now, the hold harmless money won't fill the  
5 gap completely, so we'd have to figure out some  
6 way to use that capital outlay state aid to fill  
7 that rest of that gap to keep from having to raise  
8 the property tax. So I haven't worked through all  
9 the mechanics of it yet, but we have some options  
10 that we'll have to look at as to whether there is  
11 property tax relief or not or property tax  
12 increase. I think that's kind of where we are at  
13 this point.

14           One of the things that's in the bill, and  
15 again I'm getting some technicalities I probably  
16 shouldn't, but one of the things in the bill is  
17 capital outlay state aid goes directly into the  
18 capital outlay fund in this bill. With it doing  
19 that, we are going to have a hard time making all  
20 of -- all the movement work, you know, what money  
21 we put in which bucket. So we've still got some  
22 work to do to figure out how that might work.

23           MR. HENRY: My last question, and again I  
24 -- is this bill, if it passes, then school boards  
25 are going to have to make some decisions about



1 what to do with property taxpayers in individual  
2 school districts.

3 MR. FREEMAN: Correct, yes.

4 MR. HENRY: Okay. So that's -- when we  
5 say we are hold harmless, what's happening is we  
6 are putting a burden on local property taxpayers  
7 as to whether they get a refund or whether we are  
8 going to have to go to them to get the funding to  
9 make up for the equity.

10 MR. FREEMAN: As I understand it and look  
11 at it now, that's what I -- but I haven't really  
12 looked at it in enough detail. I just read it  
13 last night, so --

14 MR. HENRY: Mr. Chairman, I'm just saying  
15 that -- I'm not sure if I have those correct, but  
16 I'm thinking that my feeling is correct that this  
17 is going to fall -- the funders of this bill,  
18 instead of state funding \$30, \$40,000,000, the  
19 funders of this bill will be the local property  
20 tax, local property taxpayers. So that's just my  
21 opinion, Mr. Chairman.

22 CHAIRMAN RYCKMAN: I appreciate you  
23 bringing the topic up, and I can give you the  
24 intent of the legislation and what the  
25 spreadsheets in front of us show. And I will just





1 walk through Wichita since we are here.

2 Under column one, the capital outlay, there  
3 would be an additional 4.5 million dollars. Under  
4 LOB, since it's now run through the capital outlay  
5 formula, there will be a reduction of about  
6 \$6,000,000. The difference is 1.5.

7 MR. FREEMAN: That's the hold harmless.

8 CHAIRMAN RYCKMAN: And so you would get  
9 the 1.5 back. And right now the way the bill is  
10 written -- and I'd love to have some conversation  
11 to another question, I'll kind of set this aside.  
12 Right now, the way the bill is written, that money  
13 is to go into basically your base aid. So,  
14 therefore, your -- your capital -- your LOB would  
15 be reduced by \$6,000,000. And so you could raise  
16 your -- of course, I don't think you're at your  
17 cap. Where are you at now?

18 MR. FREEMAN: We are at 30 percent. We  
19 don't have authority to go to 33.

20 CHAIRMAN RYCKMAN: Right, but most people  
21 go to 33. The way this is written now, you would  
22 have the ability to raise that approximately  
23 \$6,000,000 back, like Representative Henry did  
24 say, from your property tax owners. However, it  
25 would be an additional 6,000,000 because the 5



1 point -- 1.5 does hold you harmless.

2 You also have the flexibility, under your  
3 capital outlays, since you receive 4.5 million in  
4 your capital outlay account, you could lower your  
5 capital outlay mills and receive approximately the  
6 same money. And that way when you raise your LOB  
7 numbers, your property tax owners would not see an  
8 adjustment.

9 MR. FREEMAN: I agree. That's why I said  
10 I haven't had a chance to work through the  
11 mechanics of what that would do because when we've  
12 had prorations of the LOB in the past to keep that  
13 budget, because that goes directly to the  
14 classroom, we lowered LOBs. So I agree entirely.  
15 So we do have options.

16 CHAIRMAN RYCKMAN: Because you would  
17 receive the same amount of money if you -- if your  
18 valuation stayed the same, mill rate stayed the  
19 same, obviously things adjust, but based on this  
20 bill, the intent and the way it's written you  
21 would not have -- the property taxpayers would not  
22 need adjustments --

23 THE REPORTER: Could you slow down just a  
24 little? Thank you. Sorry to interrupt.

25 CHAIRMAN RYCKMAN: At the beginning I



1 gave instructions to the committee and just  
2 ignored it. If my vice chair was doing her job --  
3 no, just kidding.

4 So I guess my question, if we -- if the bill  
5 is written the way we intended that the -- that it  
6 did provide that type of flexibility, is that a  
7 benefit for your district or not?

8 MR. FREEMAN: Certainly it's a benefit to  
9 have the flexibility to work -- work the numbers,  
10 and -- but again, it will be a choice that we will  
11 be given to the board and they'll make some  
12 decisions about that. So ultimately it comes back  
13 to, you know, the funding levels that we want to  
14 try and maintain.

15 The one -- one other piece of it, and again a  
16 technicality, but if -- if we do wind up lowering  
17 our LOB, then as I -- it's also my understanding  
18 that the equalization aid would drop a little bit,  
19 too, but probably not significantly. But again, I  
20 haven't read all the detail of the bill. I just  
21 haven't had time.

22 CHAIRMAN RYCKMAN: Again, that is not my  
23 understanding, but we will definitely clarify that  
24 at the conclusion of this meeting because we want  
25 to make sure that our language is what we are



1 intending.

2 I'd like to move on just to kind of the same  
3 conversation we had with Dr. Lane as far as the  
4 results of HB 2506. Based on the old formula,  
5 based on our attempt to equalize, put an  
6 additional \$16,000,000 into the school system, the  
7 result of your LOB -- excuse me, your total mills  
8 from 13-14 to 15-16 dropped three.

9 MR. FREEMAN: Correct.

10 CHAIRMAN RYCKMAN: And again, the -- by  
11 doing what the old formula did in a way, and we've  
12 heard from many districts that they would need  
13 more resources, with this type of answer the  
14 courts will allow more of those resources and will  
15 give you more flexibility to answer the needs that  
16 you have. Would you agree with that that, again,  
17 this type of proposal allows you to put more money  
18 for you to operate with?

19 MR. FREEMAN: From the standpoint of the  
20 flexibility that we were given in the block grant?  
21 Is that what you're asking?

22 CHAIRMAN RYCKMAN: Yes. Does this bill,  
23 compared to what we had in previous years or even  
24 the prior bill, that 2731?

25 DR. HINSON: Well, it does give us some



1 flexibility of movement of funds between --  
2 between some of our funds, and in particular the  
3 capital outlay fund. And quite frankly, we took  
4 advantage of that, actually, before the block  
5 grant came into place because the new resolution  
6 allowed us to do that. So the flexibility is a  
7 good thing. However, the way we are currently  
8 using our budget and managing our budget, we  
9 haven't actually taken advantage of any of that  
10 flexibility, not because it -- we didn't --  
11 because we are putting our money in the funds that  
12 we wanted it to be in anyway, so we didn't have a  
13 need to move money back and forth in funds.

14 But, yes, the flexibility is nice and we just  
15 haven't, other than the very first capital outlay  
16 piece, we haven't really taken advantage of it.

17 CHAIRMAN RYCKMAN: And my final question,  
18 what's your total mills now for schools?

19 MR. FREEMAN: Right now, 55, 56,  
20 something like that.

21 CHAIRMAN RYCKMAN: Thank you.  
22 Representative Rhoades.

23 REP. RHOADES: Yeah, real quick, Mr.  
24 Chair. What's your total budget per year?  
25 Because I don't know.



1 MR. FREEMAN: The total, total budget is  
2 about 680,000,000.

3 REP. RHOADES: And do you have an  
4 unencumbered balance currently? What's your  
5 unencumbered balances?

6 MR. FREEMAN: Right now?

7 REP. RHOADES: Right now.

8 MR. FREEMAN: I think the last report it  
9 was at about 110,000,000.

10 REP. RHOADES: So you're, you're almost  
11 15 percent balanced in your unencumbered?

12 MR. FREEMAN: I understand, but the  
13 unencumbered balance right now includes the  
14 property tax -- the large property tax revenue  
15 that we received in January and the LOB and  
16 capital outlay. So it is a little inflated right  
17 now, but will come down. I expect -- I expect  
18 that our cash balances will be down lower,  
19 certainly lower than that at the end of the fiscal  
20 year.

21 CHAIRMAN RYCKMAN: Representative Henry.

22 MR. HENRY: Real fast, Mr. Chairman. I  
23 hope that -- I thought I saw Dale Dennis in the  
24 room, and maybe not. I mean, I think what we are  
25 seeing right now, Mr. Freeman, is what's going to



1 happen for the next two or three months with all  
2 school boards in that how are you going to take  
3 this, you know -- and again, I'm saying what  
4 Representative Hutton said last night, this is  
5 really self-funding. Either the property taxpayer  
6 is not going to get a rebate or they are going to  
7 have an increase, or we are going to have school  
8 districts that say we are going to cut operations  
9 in which they'll have to cut budgets to make up  
10 for the loss in equity. So I hope we are keeping  
11 track of that because we are seeing testimony that  
12 this could possibly be a solution for the new  
13 finance formula, so I hope we are keeping good  
14 records. Because if we started doing this as our  
15 equity test on into the future in the new finance  
16 formula, I'd sure like to see how school districts  
17 are reacting to this.

18 CHAIRMAN RYCKMAN: We also haven't had  
19 testimony of other options as far as other  
20 efficiencies. I know we had three suggestions  
21 from A&M that talked about possibly procurement,  
22 insurance for health care or our capital -- or our  
23 casualty insurance. There hasn't been a lot of  
24 collaboration to work on that yet. In fact, we  
25 saw some of that on the floor yesterday, but there



1 are other choices. Again, there has been some  
2 news and talks about Wichita school districts and  
3 health insurance rates and what they pay. There  
4 is other -- there is other options besides the  
5 ones being presented. All right. Thank you, Mr.  
6 Freeman, for being here.

7 Move on to our neutrals. Dave Trabert,  
8 Kansas Policy Institute.

9 MR. TRABERT: Thank you, Mr. Chairman,  
10 members of the committee. For the record, my name  
11 is Dave Trabert, I'm President of the Kansas  
12 Policy Institute. We here -- we are here today  
13 testifying neutral, on this bill for the simple  
14 reason that it is one of several options that  
15 could resolve the Court's order on equity without  
16 spending more money. And so we certainly agree  
17 with many of the things that Dr. Hinson and Dr.  
18 White said and completely concur with testimony  
19 from Mr. O'Neal, and so I won't bother repeating  
20 much of that on equity.

21 We do believe it is a viable solution to the  
22 Court's ruling. I would, however, like to  
23 disagree with the contention from Dr. Lane where  
24 she said that she was using the transitive  
25 property, if I understand it correctly, to imply





1 that it's not -- doesn't meet the Court because if  
2 A equals B and B equals C, then C equals A, and  
3 she said they are all the same. But, of course,  
4 the first report you had from the Legislative  
5 Research today, and I failed to bring that with me  
6 and I'll try to do it from memory, refutes that.

7 The funding that was in SB7 for equalization  
8 was in round numbers, about \$450,000,000. What is  
9 in the proposal today is \$495,000,000. Now, of  
10 course, the Court did not say, as you've heard  
11 previously, the Court did not say that more money  
12 needs to be spent in order to resolve equity.  
13 They said if you don't, then you could create a  
14 separate adequacy issue, but they didn't say you  
15 had to spend more. And yet, this bill does  
16 propose to spend about \$45,000,000 more than what  
17 was in the SB7 allocation. And that wasn't so  
18 much to do with the money as it was the  
19 distribution. They didn't say there wasn't enough  
20 money in there.

21 So what Dr. Lane is really using, and what my  
22 old math teacher would say, the transitive  
23 property doesn't apply here. You applied logical  
24 fallacy to try to fit the transitive property to  
25 your narrative.



1 Now, I'd also like to address the concerns  
2 about equity, because the Court did say that if  
3 you don't provide more money, that you could  
4 create in a separate, unrelated to this, but a  
5 separate matter of adequacy. We don't believe  
6 that would be the case for a number of reasons.  
7 First of all, the Court said in March of 2014 that  
8 the first test of adequacy is whether students are  
9 meeting and exceeding the Rose capacities.

10 Now, since then, we have had school  
11 districts, the Department of Education, the Kansas  
12 Association of School Boards and others on the  
13 record coming to the legislature, coming to the K-  
14 12 Commission on Student Achievement and  
15 Efficiency also saying we don't know how to  
16 measure and define the Rose capacities. We need  
17 your help to understand this. So, basically, they  
18 are saying we don't have enough money to get home,  
19 but we don't know where home is. That alone, to  
20 me, invalidates the case that they don't have  
21 adequate funding to meet the Rose capacities.

22 There is more, though. As you have seen in  
23 my testimony, there is a chart there showing that  
24 school districts over the last 10 years  
25 collectively have not spent about \$385,000,000 of



1 the money they were given by taxpayers, by the  
2 legislature to operate schools. They increased  
3 their cash reserves from about 468,000,000 to  
4 \$853,000,000 over that 10-year period. That  
5 doesn't include the capital money, it doesn't  
6 include any of the bond issues.

7 You have also had testimony in various  
8 committees this year and in the past where school  
9 districts acknowledge that they choose in some  
10 cases to spend more than is necessary, and that  
11 they've actually opposed many opportunities that  
12 would reduce their costs, whether it be on  
13 procurement or many other ways and make more money  
14 available to the classroom. And that itself may  
15 yet go to an issue of equalization, ironically,  
16 because by choosing to operate inefficiently, they  
17 are forcing other people to be taxed  
18 unnecessarily. It would be interesting to see  
19 what the Court had to say about that.

20 And finally, I would like to conclude with a  
21 comment or a new piece of testimony because a lot  
22 of what I had in here was similar to what you saw  
23 last week. But last week you heard from the  
24 Kansas Association of School Boards, and this also  
25 gets to a matter of whether or not it creates an



1 adequacy issue. They testified that no state  
2 spends less and achieves more. On page 4 of my  
3 testimony, I provided some evidence that  
4 completely contradicts that claim.

5 The National Assessment of Educational  
6 Progress, considered the gold standard of student  
7 achievement measurement. And what I have done  
8 here is simply lay out the scores of Kansas and  
9 two other states. And I chose these two states  
10 because they spend less than Kansas. According to  
11 the Census Bureau -- and these per pupil amounts  
12 are on a head count, so they will be a little bit  
13 different from what you're used to seeing because  
14 KASB reports everything on a full time equivalent.  
15 But according to Census Bureau information, in  
16 2013, which is the most recent available, Kansas  
17 spent \$11,496 per pupil. Texas spent about \$1,100  
18 less, 10,313. Florida spent almost \$2,000 less  
19 than Kansas, 9,420. Above that, you can see the  
20 scale scores for fourth grade and eighth grade  
21 reading and math for both low income kids and  
22 those who were not low income kids. So there is  
23 eight separate measurements here. And what we  
24 find is that the state that spent the least of  
25 those three, Florida, had the best scores on four



1 of those eight measurements. Texas, who spent  
2 more than Florida but less than Kansas, had the  
3 best scores on three of those measurements, and  
4 Kansas had the best score on one measurement. If  
5 you put the full eight measurements together and  
6 create a composite score, again Florida had the  
7 highest score among the three states, Texas second  
8 and Kansas third. It completely refutes the  
9 contention that spending more leads to more  
10 results.

11 So with that, Mr. Chairman, I'd be happy to  
12 stand for questions at the appropriate time.

13 CHAIRMAN RYCKMAN: Committee, this is our  
14 only sign of neutral. Any questions for Mr.  
15 Trabert? I'm not seeing any. Thank you for being  
16 here and thank you for testifying.

17 Representatives Suellentrop does has one  
18 question of Mr. O'Neal. Is he still here?

19 REP. SUELLENTROP: Thank you, Mr.  
20 Chairman.

21 Mike, I have a concern. Early in your  
22 comments you remarked about the Court didn't have  
23 information. The Court didn't have an  
24 understanding of what we do, how we do it, the  
25 tools we used, the rationale behind our decision,



1 things like that. I've got a concern and had a  
2 concern, you know, on the state's behalf is the  
3 Court getting adequate information? Is our party  
4 that represents us doing an appropriate job? And  
5 I don't bring this up just to flog them in public  
6 or anything, but I do have a serious concern about  
7 that was done in the past and perhaps what's going  
8 forward.

9 Now, of course, we've got some documentation  
10 that's being taken now and produced. I guess in  
11 your opinion, in your opinion, has that been a  
12 problem in the past and what we are doing now will  
13 that solve that in the future?

14 MR. O'NEAL: Well, and again, I certainly  
15 didn't mean to imply that the Court has a lack of  
16 understanding about the process, but they do have  
17 a procedural process by which the appellate Court  
18 receives information and then rules. They are  
19 basically ruling on a record from -- from the  
20 lower court. And generally speaking, it's, you  
21 know, sworn testimony, it's exhibits that are  
22 introduced and that sort of thing. And what has  
23 been unique is that the Court has elected to  
24 accept jurisdiction in a case involving, in my  
25 humble opinion, a political question. And about



1 half the states that have looked at this have  
2 declined jurisdiction on the basis that it's  
3 uniquely a political question. Other, other  
4 states, including Kansas, has decided that school  
5 finance is a justiciable issue. And so somewhere  
6 along the line you've got to marry up the process  
7 by which legislation is considered and passed and  
8 then later considered by a Court in a legal  
9 proceeding following, following their rules.

10 In 20-20 hindsight, we should be -- should  
11 have been doing back in Montoy what we are doing  
12 today in terms of building a record. The Court in  
13 Gannon has suggested to us that we need to be able  
14 to show our work. I think in fairness for the  
15 legislature, the legislature thought they were  
16 because you're sending information in the form  
17 that you're used to sending it. The Court,  
18 however, is not getting into the record the  
19 evidence in a manner in which they are accustomed  
20 to getting the evidence. Really no fault of the  
21 legislature, no particular fault of the Court,  
22 except we now need to make sure that we are  
23 marrying up the evidence that we want the Court to  
24 see in a fashion in which the Court is used to  
25 getting it, and I think you have struck on exactly



1 the way that needs to happen and probably ought to  
2 happen in the future.

3 We can't undo what, what has been in the  
4 past, but I think -- I think you now have an  
5 improved system that will help, as the Court has  
6 asked, help show the legislature's work in a way  
7 that the Court is accustomed to receiving such  
8 information.

9 REP. SUELLENTROP: As we move along on  
10 this issue, I appreciate any other comment or  
11 suggestions, as well, to make sure that that  
12 process is clearly visible to them and we are  
13 getting our message to them.

14 MR. O'NEAL: I think you have the  
15 transcript from Monday. Monday was excellent. I  
16 mean, I couldn't -- that's the way to get evidence  
17 into a record. And I think when you see your  
18 transcripts, you'll see that is a good process for  
19 the unique situation you are in. You are in  
20 litigation, so you are not having -- you are not  
21 dealing with things in a usual fashion. You are  
22 needing to respond to the Court in a manner in  
23 which they are accustomed to getting that  
24 information.

25 REP. SUELLENTROP: Thank you.





1 CHAIRMAN RYCKMAN: Representative  
2 Grosserode.

3 REP. GROSSERODE: Thank you, Mr. Chair.  
4 This is still a question for you, Former Speaker.  
5 You spent quite a few years in the legislature.

6 MR. O'NEAL: Don't ask me how many.

7 REP. GROSSERODE: How many of those were  
8 on the education committee?

9 MR. O'NEAL: Actually, only two.

10 REP. GROSSERODE: And were you chair of  
11 that committee?

12 MR. O'NEAL: I was made chairman of the  
13 committee having never served on it. Yes, that  
14 was rather unusual.

15 REP. GROSSERODE: I'm sure it was. I'm  
16 sure it was just really fun.

17 MR. O'NEAL: Not exactly my recollection,  
18 but, yes.

19 REP. GROSSERODE: But you had many  
20 discussions on education during those years, I'm  
21 assuming.

22 MR. O'NEAL: Many.

23 REP. GROSSERODE: Not just on -- in the  
24 committee, but committee of the whole, I'm sure  
25 leadership discussions, whatnot. What is the



1 rationale during that time for having multiple  
2 formulas to address equalization, formulas that  
3 aren't completely different.

4 MR. O'NEAL: Representative, I'm not sure  
5 I have -- I'm not sure I have a good answer for  
6 that. If you look at the history of school  
7 finance and when you think about -- you talk about  
8 the formula, that's really a misnomer because you  
9 have a new formula virtually every year in some  
10 fashion.

11 Dr. Hinson said it best that you go back and  
12 look at the history of just our last school  
13 finance plan, there is a change -- there is a  
14 tweak every year. And it's usually the  
15 legislature responding and not being proactive.  
16 You've had a suggestion that's brought to you as a  
17 way of making or building a better mouse trap or  
18 whatever and over time the formula gets tweaked  
19 enough that you have a lot of different ways of  
20 looking at it.

21 LOB was a fairly new concept, originally  
22 thought to allow school districts to raise extra  
23 money locally for extras. It didn't take much  
24 time for school districts to start building LOBs  
25 into their base operating budget. Some districts



1 continue to rely on it only for extras. But as  
2 soon as you got into the business of having LOBs  
3 go into your general operating expenses, then the  
4 equalization issue became big and so a unique way  
5 of equalizing LOB was created.

6 Not that capital outlay was wrong, but it was  
7 just that day the topic du jour was LOB, so you  
8 devised a way to equalize it. That's the best I  
9 can do in terms of history.

10 REP. GROSSERODE: Is there anything  
11 within the Court record that says that we must  
12 equalize based upon a specific formula? I mean --

13 MR. O'NEAL: No. No. And as -- as I was  
14 explaining, the Court actually comes right out and  
15 says there is any number of ways that the Court  
16 could -- that the legislature could respond to  
17 this. The low-hanging fruit, frankly, in the  
18 Court's opinion would be -- for them, the easy,  
19 obvious way of doing it is just to go back and --  
20 and resurrect the equalization that you had before  
21 Senate Bill 7. And that's -- and you have  
22 accepted that invitation and gone back and said,  
23 well, this looks like a way the Court would find  
24 acceptable and -- but the Court did not say you  
25 had to do capital outlay exactly the way you used



1 to do it or LOB the way you used to do it, but  
2 you need to do it different than the quartile  
3 system that you did in Senate Bill 7, which is  
4 ironic because I would, frankly, submit, and this  
5 is the problem with evidence, you probably spent  
6 more time thinking about that than you did the  
7 81.2 percent, which is a number you backed into.  
8 More time was thought -- and you probably could  
9 have shown your work better on what you did in  
10 Senate Bill 7 than the plan that the Court has  
11 invited you to go back and return to.

12 But again, it's in the way you show the Court  
13 how you came up with that in the deliberative  
14 political process.

15 REP. GROSSERODE: Thank you.

16 CHAIRMAN RYCKMAN: Thank you. Thanks for  
17 being here.

18 Anyone else like to speak that's here on the  
19 bill?

20 Committee, anyone else that has signed up  
21 that have heard from you like to ask a follow-up  
22 question? I'm not seeing any. The hearing is  
23 closed.

24 (THEREUPON, the hearing concluded at  
25 11:37 a.m.)



**CERTIFICATE****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  
24th day of March, 2016.



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



**HOUSE BILL No. 2740**

By Committee on Appropriations

3-22

1 AN ACT concerning education; relating to the financing and instruction  
2 thereof; making and concerning appropriations for the fiscal year  
3 ending June 30, 2017, for the department of education; relating to the  
4 classroom learning assuring student success act; amending K.S.A. 2015  
5 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing  
6 the existing sections.

7  
8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1.

10 DEPARTMENT OF EDUCATION

11 (a) There is appropriated for the above agency from the state general  
12 fund for the fiscal year ending June 30, 2017, the following:

13 Supplemental general state aid.....\$367,582,721  
14 School district equalization state aid.....\$61,792,947

15 (b) There is appropriated for the above agency from the  
16 following special revenue fund or funds for the fiscal year ending June 30,  
17 2017, all moneys now or hereafter lawfully credited to and available in  
18 such fund or funds, except that expenditures other than refunds authorized  
19 by law and transfers to other state agencies shall not exceed the following:

20 School district capital outlay state aid fund.....No limit

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above  
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016  
23 House Substitute for Senate Bill No. 161 from the state general fund in the  
24 block grants to USDs account (652-00-1000-0500), the sum of  
25 \$477,802,500 is hereby lapsed.

26 (d) On July 1, 2016, the expenditure limitation established for the  
27 fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015  
28 Session Laws of Kansas on the school district extraordinary need fund of  
29 the department of education is hereby decreased from \$17,521,425 to  
30 \$15,167,962.

31 (e) On July 1, 2016, or as soon thereafter as moneys are available, the  
32 director of accounts and reports shall transfer \$15,167,962 from the state  
33 general fund to the school district extraordinary need fund of the  
34 department of education.

35 New Sec. 2. (a) For school year 2016-2017, each school district that  
36 has adopted a local option budget is eligible to receive an amount of

1 supplemental general state aid. A school district's eligibility to receive  
2 supplemental general state aid shall be determined by the state board as  
3 provided in this subsection. The state board of education shall:

4 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
5 of each school district in the state and round such amount to the nearest  
6 \$1,000. The rounded amount is the AVPP of a school district for the  
7 purposes of this section;

8 (2) determine the median AVPP of all school districts;

9 (3) prepare a schedule of dollar amounts using the amount of the  
10 median AVPP of all school districts as the point of beginning. The  
11 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
12 from the point of beginning to and including an amount that is equal to the  
13 amount of the AVPP of the school district with the highest AVPP of all  
14 school districts and shall range downward in equal \$1,000 intervals from  
15 the point of beginning to and including an amount that is equal to the  
16 amount of the AVPP of the school district with the lowest AVPP of all  
17 school districts;

18 (4) determine a state aid percentage factor for each school district by  
19 assigning a state aid computation percentage to the amount of the median  
20 AVPP shown on the schedule, decreasing the state aid computation  
21 percentage assigned to the amount of the median AVPP by one percentage  
22 point for each \$1,000 interval above the amount of the median AVPP, and  
23 increasing the state aid computation percentage assigned to the amount of  
24 the median AVPP by one percentage point for each \$1,000 interval below  
25 the amount of the median AVPP. The state aid percentage factor of a  
26 school district is the percentage assigned to the schedule amount that is  
27 equal to the amount of the AVPP of the school district, except that the state  
28 aid percentage factor of a school district shall not exceed 100%. The state  
29 aid computation percentage is 25%;

30 (5) determine the amount of the local option budget adopted by each  
31 school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments  
32 thereto; and

33 (6) multiply the amount computed under subsection (a)(5) by the  
34 applicable state aid percentage factor. The resulting product is the amount  
35 of payment the school district is to receive as supplemental general state  
36 aid in the school year.

37 (b) The state board shall prescribe the dates upon which the  
38 distribution of payments of supplemental general state aid to school  
39 districts shall be due. Payments of supplemental general state aid shall be  
40 distributed to school districts on the dates prescribed by the state board.  
41 The state board shall certify to the director of accounts and reports the  
42 amount due each school district, and the director of accounts and reports  
43 shall draw a warrant on the state treasury payable to the treasurer of the

1 school district. Upon receipt of the warrant, the treasurer of the school  
2 district shall credit the amount thereof to the supplemental general fund of  
3 the school district to be used for the purposes of such fund.

4 (c) If any amount of supplemental general state aid that is due to be  
5 paid during the month of June of a school year pursuant to the other  
6 provisions of this section is not paid on or before June 30 of such school  
7 year, then such payment shall be paid on or after the ensuing July 1, as  
8 soon as moneys are available therefor. Any payment of supplemental  
9 general state aid that is due to be paid during the month of June of a school  
10 year and that is paid to school districts on or after the ensuing July 1 shall  
11 be recorded and accounted for by school districts as a receipt for the  
12 school year ending on the preceding June 30.

13 (d) If the amount of appropriations for supplemental general state aid  
14 is less than the amount each school district is to receive for the school year,  
15 the state board shall prorate the amount appropriated among the school  
16 districts in proportion to the amount each school district is to receive as  
17 determined under subsection (a).

18 (e) The provisions of this section shall be part of and supplemental to  
19 the classroom learning assuring student success act.

20 (f) The provisions of this section shall expire on June 30, 2017.

21 New Sec. 3. (a) There is hereby established in the state treasury the  
22 school district capital outlay state aid fund. Such fund shall consist of all  
23 amounts transferred thereto under the provisions of subsection (c).

24 (b) For school year 2016-2017, each school district which levies a tax  
25 pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall receive  
26 payment from the school district capital outlay state aid fund in an amount  
27 determined by the state board of education as provided in this subsection.  
28 The state board of education shall:

29 (1) Determine the amount of the assessed valuation per pupil (AVPP)  
30 of each school district in the state and round such amount to the nearest  
31 \$1,000. The rounded amount is the AVPP of a school district for the  
32 purposes of this section;

33 (2) determine the median AVPP of all school districts;

34 (3) prepare a schedule of dollar amounts using the amount of the  
35 median AVPP of all school districts as the point of beginning. The  
36 schedule of dollar amounts shall range upward in equal \$1,000 intervals  
37 from the point of beginning to and including an amount that is equal to the  
38 amount of the AVPP of the school district with the highest AVPP of all  
39 school districts and shall range downward in equal \$1,000 intervals from  
40 the point of beginning to and including an amount that is equal to the  
41 amount of the AVPP of the school district with the lowest AVPP of all  
42 school districts;

43 (4) determine a state aid percentage factor for each school district by



1 assigning a state aid computation percentage to the amount of the median  
 2 AVPP shown on the schedule, decreasing the state aid computation  
 3 percentage assigned to the amount of the median AVPP by one percentage  
 4 point for each \$1,000 interval above the amount of the median AVPP, and  
 5 increasing the state aid computation percentage assigned to the amount of  
 6 the median AVPP by one percentage point for each \$1,000 interval below  
 7 the amount of the median AVPP. The state aid percentage factor of a  
 8 school district is the percentage assigned to the schedule amount that is  
 9 equal to the amount of the AVPP of the school district, except that the state  
 10 aid percentage factor of a school district shall not exceed 100%. The state  
 11 aid computation percentage is 25%;

12 (5) determine the amount levied by each school district pursuant to  
 13 K.S.A. 72-8801 et seq., and amendments thereto; and

14 (6) multiply the amount computed under subsection (b)(5), but not to  
 15 exceed 8 mills, by the applicable state aid percentage factor. The resulting  
 16 product is the amount of payment the school district is to receive from the  
 17 school district capital outlay state aid fund in the school year.

18 (c) The state board shall certify to the director of accounts and reports  
 19 the amount of school district capital outlay state aid determined under the  
 20 provisions of subsection (b), and an amount equal thereto shall be  
 21 transferred by the director from the state general fund to the school district  
 22 capital outlay state aid fund for distribution to school districts. All transfers  
 23 made in accordance with the provisions of this subsection shall be  
 24 considered to be demand transfers from the state general fund.

25 (d) Payments from the school district capital outlay state aid fund  
 26 shall be distributed to school districts at times determined by the state  
 27 board of education. The state board of education shall certify to the  
 28 director of accounts and reports the amount due each school district, and  
 29 the director of accounts and reports shall draw a warrant on the state  
 30 treasury payable to the treasurer of the school district. Upon receipt of the  
 31 warrant, the treasurer of the school district shall credit the amount thereof  
 32 to the capital outlay fund of the school district to be used for the purposes  
 33 of such fund.

34 (e) The provisions of this section shall be part of and supplemental to  
 35 the classroom learning assuring student success act.

36 (f) The provisions of this section shall expire on June 30, 2017.

37 New Sec. 4. (a) For school year 2016-2017, the state board of  
 38 education shall disburse school district equalization state aid to each  
 39 school district that is eligible to receive such state aid. In determining  
 40 whether a school district is eligible to receive school district equalization  
 41 state aid, the state board shall:

42 (1) Determine the aggregate amount of supplemental general state aid  
 43 and capital outlay state aid such school district is to receive for school year

1 74-4939a are hereby repealed.

2 Sec. 11. This act shall take effect and be in force from and after its  
 3 publication in the statute book.

1 fiscal year commencing with fiscal year 2005, and each ensuing fiscal year  
 2 thereafter, by any such appropriation act in that account or any other  
 3 account for payment of employer contributions for school districts, shall  
 4 be distributed by the department of education to school districts in  
 5 accordance with this section. Notwithstanding the provisions of K.S.A. 74-  
 6 4939, and amendments thereto, *for school year 2015-2016*, the department  
 7 of education shall disburse to each school district that is an eligible  
 8 employer as specified in K.S.A. 74-4931(1), and amendments thereto, an  
 9 amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and  
 10 amendments thereto, which shall be disbursed pursuant to K.S.A. 2015  
 11 Supp. 72-6465, and amendments thereto. *Notwithstanding the provisions*  
 12 *of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,*  
 13 *the department of education shall disburse to each school district that is*  
 14 *an eligible employer as specified in K.S.A. 74-4931(1), and amendments*  
 15 *thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),*  
 16 *and amendments thereto, which shall be disbursed pursuant to K.S.A.*  
 17 *2015 Supp. 72-6465, and amendments thereto.* Upon receipt of each such  
 18 disbursement of moneys, the school district shall deposit the entire amount  
 19 thereof into a special retirement contributions fund of the school district,  
 20 which shall be established by the school district in accordance with such  
 21 policies and procedures and which shall be used for the sole purpose of  
 22 receiving such disbursements from the department of education and  
 23 making the remittances to the system in accordance with this section and  
 24 such policies and procedures. Upon receipt of each such disbursement of  
 25 moneys from the department of education, the school district shall remit,  
 26 in accordance with the provisions of such policies and procedures and in  
 27 the manner and on the date or dates prescribed by the board of trustees of  
 28 the Kansas public employees retirement system, an equal amount to the  
 29 Kansas public employees retirement system from the special retirement  
 30 contributions fund of the school district to satisfy such school district's  
 31 obligation as a participating employer. Notwithstanding the provisions of  
 32 K.S.A. 74-4939, and amendments thereto, each school district that is an  
 33 eligible employer as specified in K.S.A. 74-4931(1), and amendments  
 34 thereto, shall show within the budget of such school district all amounts  
 35 received from disbursements into the special retirement contributions fund  
 36 of such school district. Notwithstanding the provisions of any other statute,  
 37 no official action of the school board of such school district shall be  
 38 required to approve a remittance to the system in accordance with this  
 39 section and such policies and procedures. All remittances of moneys to the  
 40 system by a school district in accordance with this subsection and such  
 41 policies and procedures shall be deemed to be expenditures of the school  
 42 district.

43 Sec. 10. K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and

1 2016-2017 under sections 2 and 3, and amendments thereto, respectively:  
 2 (2) determine the aggregate amount of supplemental general state aid  
 3 and capital outlay state aid such school district received as a portion of  
 4 general state aid for school year 2015-2016 under K.S.A. 2015 Supp. 72-  
 5 6465, and amendments thereto;  
 6 (3) subtract the amount determined under subsection (a)(1) from the  
 7 amount determined under (a)(2). If the resulting difference is a positive  
 8 number, then the school district is eligible to receive school district  
 9 equalization state aid.  
 10 (b) The amount of school district equalization state aid an eligible  
 11 school district is to receive shall be equal to the amount calculated under  
 12 subsection (a)(3).  
 13 (c) The state board shall prescribe the dates upon which the  
 14 distribution of payments of school district equalization state aid to school  
 15 districts shall be due. Payments of school district equalization state aid  
 16 shall be distributed to school districts on the dates prescribed by the state  
 17 board. The state board shall certify to the director of accounts and reports  
 18 the amount due each school district, and the director of accounts and  
 19 reports shall draw a warrant on the state treasury payable to the treasurer  
 20 of the school district. Upon receipt of the warrant, the treasurer of the  
 21 school district shall credit the amount thereof to the general fund of the  
 22 school district to be used for the purposes of such fund.  
 23 (d) The provisions of this section shall be part of and supplemental to  
 24 the classroom learning assuring student success act.  
 25 (e) The provisions of this section shall expire on June 30, 2017.  
 26 Sec. 5. K.S.A. 2015 Supp. 72-6463 is hereby amended to read as  
 27 follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463  
 28 through 72-6481, *and sections 2 through 4*, and amendments thereto, shall  
 29 be known and may be cited as the classroom learning assuring student  
 30 success act.  
 31 (b) The legislature hereby declares that the intent of this act is to  
 32 lessen state interference and involvement in the local management of  
 33 school districts and to provide more flexibility and increased local control  
 34 for school district boards of education and administrators in order to:  
 35 (1) Enhance predictability and certainty in school district funding  
 36 sources and amounts;  
 37 (2) allow school district boards of education and administrators to  
 38 best meet their individual school district's financial needs; and  
 39 (3) maximize opportunities for more funds to go to the classroom.  
 40 To meet this legislative intent, state financial support for elementary  
 41 and secondary public education will be met by providing a block grant for  
 42 school years 2015-2016 and 2016-2017 to each school district. Each  
 43 school district's block grant will be based in part on, and be at least equal

1 to, the total state financial support as determined for school year 2014-  
2 2015 under the school district finance and quality performance act, prior to  
3 its repeal. All school districts will be held harmless from any decreases to  
4 the final school year 2014-2015 amount of total state financial support.

5 (c) The legislature further declares that the guiding principles for the  
6 development of subsequent legislation for the finance of elementary and  
7 secondary public education should consist of the following:

- 8 (1) Ensuring that students' educational needs are funded;
- 9 (2) providing more funding to classroom instruction;
- 10 (3) maximizing flexibility in the use of funding by school district  
11 boards of education and administrators; and
- 12 (4) achieving the goal of providing students with those education  
13 capacities established in K.S.A. 72-1127, and amendments thereto.

14 (d) The provisions of this section shall be effective from and after  
15 July 1, 2015, through June 30, 2017.

16 Sec. 6. K.S.A. 2015 Supp. 72-6465 is hereby amended to read as  
17 follows: 72-6465. (a) For school year 2015-2016 and school year 2016-  
18 2017, the state board shall disburse general state aid to each school district  
19 in an amount equal to:

20 (1) Subject to the provisions of subsections (b) (c) through (f) (g), the  
21 amount of general state aid such school district received for school year  
22 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as  
23 prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:

24 (A) The amount directly attributable to the ancillary school facilities  
25 weighting as determined for school year 2014-2015 under K.S.A. 72-6443,  
26 prior to its repeal;

27 (B) the amount directly attributable to the cost-of-living weighting as  
28 determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,  
29 prior to its repeal;

30 (C) the amount directly attributable to declining enrollment state aid  
31 as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-  
32 6452, prior to its repeal; and

33 (D) the amount directly attributable to virtual school state aid as  
34 determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,  
35 and amendments thereto, plus;

36 (2) the amount of supplemental general state aid such school district  
37 received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434,  
38 prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to  
39 its repeal, plus;

40 (3) the amount of capital outlay state aid such school district received  
41 for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814,  
42 prior to its repeal, plus;

43 (4) (A) an amount that is directly attributable to the proceeds of the

1 state board of education. ~~At the end of each fiscal year, the director of~~  
2 ~~accounts and reports shall transfer to the state general fund any moneys in~~  
3 ~~the school district extraordinary need fund on each such date in excess of~~  
4 ~~the amount required to pay all amounts of extraordinary need state aid~~  
5 ~~approved by the state finance council for the current school year.~~

6 (e) ~~For school year 2015-2016 and school year 2016-2017, the state~~  
7 ~~board of education shall certify to the director of accounts and reports an~~  
8 ~~amount equal to the aggregate of the amount determined under K.S.A.~~  
9 ~~2015 Supp. 72-6465(a)(7), and amendments thereto, for all school~~  
10 ~~districts. Upon receipt of such certification, the director shall transfer the~~  
11 ~~certified amount from the state general fund to the school district~~  
12 ~~extraordinary need fund. All transfers made in accordance with the~~  
13 ~~provisions of this subsection shall be considered to be demand transfers~~  
14 ~~from the state general fund.~~

15 (f) ~~The approvals by the state finance council required by this section~~  
16 ~~are hereby characterized as matters of legislative delegation and subject to~~  
17 ~~the guidelines prescribed in K.S.A. 75-3711e(e), and amendments thereto.~~  
18 ~~Such approvals may be given by the state finance council when the~~  
19 ~~legislature is in session.~~

20 (g) ~~The provisions of this section shall expire on July 1 June 30,~~  
21 ~~2017.~~

22 Sec. 8. K.S.A. 2015 Supp. 72-6481 is hereby amended to read as  
23 follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-6463  
24 through 72-6481, *and sections 2 through 4*, and amendments thereto, shall  
25 ~~not~~ be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through  
26 72-6481, *and sections 2 through 4*, and amendments thereto, *or any*  
27 *application of such provision to any person or circumstance* is held to be  
28 invalid or unconstitutional by court order, ~~all provisions the invalidity~~  
29 ~~shall not affect other provisions or applications of K.S.A. 2015 Supp. 72-~~  
30 ~~6463 through 72-6481, and sections 2 through 4, and amendments thereto,~~  
31 ~~shall be null and void which can be given effect without the invalid~~  
32 ~~provision or application.~~

33 (b) The provisions of this section shall be effective from and after  
34 July 1, 2015, through June 30, 2017.

35 Sec. 9. K.S.A. 2015 Supp. 74-4939a is hereby amended to read as  
36 follows: 74-4939a. On and after the effective date of this act for each fiscal  
37 year commencing with fiscal year 2005, notwithstanding the provisions of  
38 K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys  
39 appropriated for the department of education from the state general fund  
40 commencing with fiscal year 2005, and each ensuing fiscal year thereafter,  
41 by appropriation act of the legislature, in the KPERs — employer  
42 contributions account and all moneys appropriated for the department of  
43 education from the state general fund or any special revenue fund for each

1 prescribed by the state ~~finance council~~ board, and shall include a  
2 description of the extraordinary need of the school district that is the basis  
3 for the application.

4 (b) The state ~~finance council~~ board shall review all submitted  
5 applications and approve or deny such application based on whether the  
6 applicant school district has demonstrated extraordinary need. As part of  
7 its review of an application, the state ~~finance council~~ board may conduct a  
8 hearing and provide the applicant school district an opportunity to present  
9 testimony as to such school district's extraordinary need. In determining  
10 whether a school district has demonstrated extraordinary need, the state  
11 ~~finance council~~ board shall consider: (1) Any extraordinary increase in  
12 enrollment of the applicant school district for the current school year; (2)  
13 any extraordinary decrease in the assessed valuation of the applicant  
14 school district for the current school year; ~~and~~ (3) any other unforeseen  
15 acts or circumstances which substantially impact the applicant school  
16 district's general fund budget for the current school year; *and* (4) *in lieu of*  
17 *any of the foregoing considerations, whether the applicant school district*  
18 *has reasonably equal access to substantially similar educational*  
19 *opportunity through similar tax effort.*

20 (c) If the state ~~finance council~~ board approves an application it shall  
21 ~~certify to the state board of education that such application was approved~~  
22 ~~and determine~~ the amount of extraordinary need state aid to be disbursed  
23 to the applicant school district from the school district extraordinary need  
24 fund. In approving any application for extraordinary need state aid, the  
25 state ~~finance council~~ board may approve an amount of extraordinary need  
26 state aid that is less than the amount the school district requested in the  
27 application. If the state ~~finance council~~ board denies an application, then  
28 within 15 days of such denial ~~it the state board~~ shall send written notice of  
29 such denial to the superintendent of such school district. ~~The decision of~~  
30 ~~the state finance council shall be final~~ *All administrative proceedings*  
31 *pursuant to this section shall be conducted in accordance with the*  
32 *provisions of the Kansas administrative procedure act. Any action by the*  
33 *state board pursuant to this section shall be subject to review in*  
34 *accordance with the Kansas judicial review act.*

35 (d) There is hereby established in the state treasury the school district  
36 extraordinary need fund which shall be administered by the state  
37 department of education. All expenditures from the school district  
38 extraordinary need fund shall be used for the disbursement of  
39 extraordinary need state aid as approved by the state ~~finance council~~ board  
40 under this section. All expenditures from the school district extraordinary  
41 need fund shall be made in accordance with appropriation acts upon  
42 warrants of the director of accounts and reports issued pursuant to  
43 vouchers approved by the state board of education, or the designee of the

1 tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,  
2 and amendments thereto, provided; the school district has levied such tax;

3 (B) an amount that is directly attributable to the proceeds of the tax  
4 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and  
5 amendments thereto, provided; the school district has levied such tax; *and*

6 (C) an amount that is directly attributable to the proceeds of the tax  
7 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and  
8 amendments thereto, provided; the school district has levied such tax, plus;

9 (5) the amount of virtual school state aid such school district is to  
10 receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;

11 (6) an amount certified by the board of trustees of the Kansas public  
12 employees retirement system which is equal to the participating employer's  
13 obligation of such school district to the system, less;

14 (7) an amount equal to 0.4% of the amount determined under  
15 subsection (a)(1).

16 (b) *For school year 2016-2017, the state board shall disburse*  
17 *general state aid to each school district in an amount equal to:*

18 (1) *Subject to the provisions of subsections (c) through (g), the*  
19 *amount of general state aid such school district received for school year*  
20 *2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as*  
21 *prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:*

22 (A) *The amount directly attributable to the ancillary school facilities*  
23 *weighting as determined for school year 2014-2015 under K.S.A. 72-6443,*  
24 *prior to its repeal;*

25 (B) *the amount directly attributable to the cost-of-living weighting as*  
26 *determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,*  
27 *prior to its repeal;*

28 (C) *the amount directly attributable to declining enrollment state aid*  
29 *as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-*  
30 *6452, prior to its repeal; and*

31 (D) *the amount directly attributable to virtual school state aid as*  
32 *determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,*  
33 *and amendments thereto, plus;*

34 (2) (A) *an amount that is directly attributable to the proceeds of the*  
35 *tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,*  
36 *and amendments thereto, provided the school district has levied such tax;*

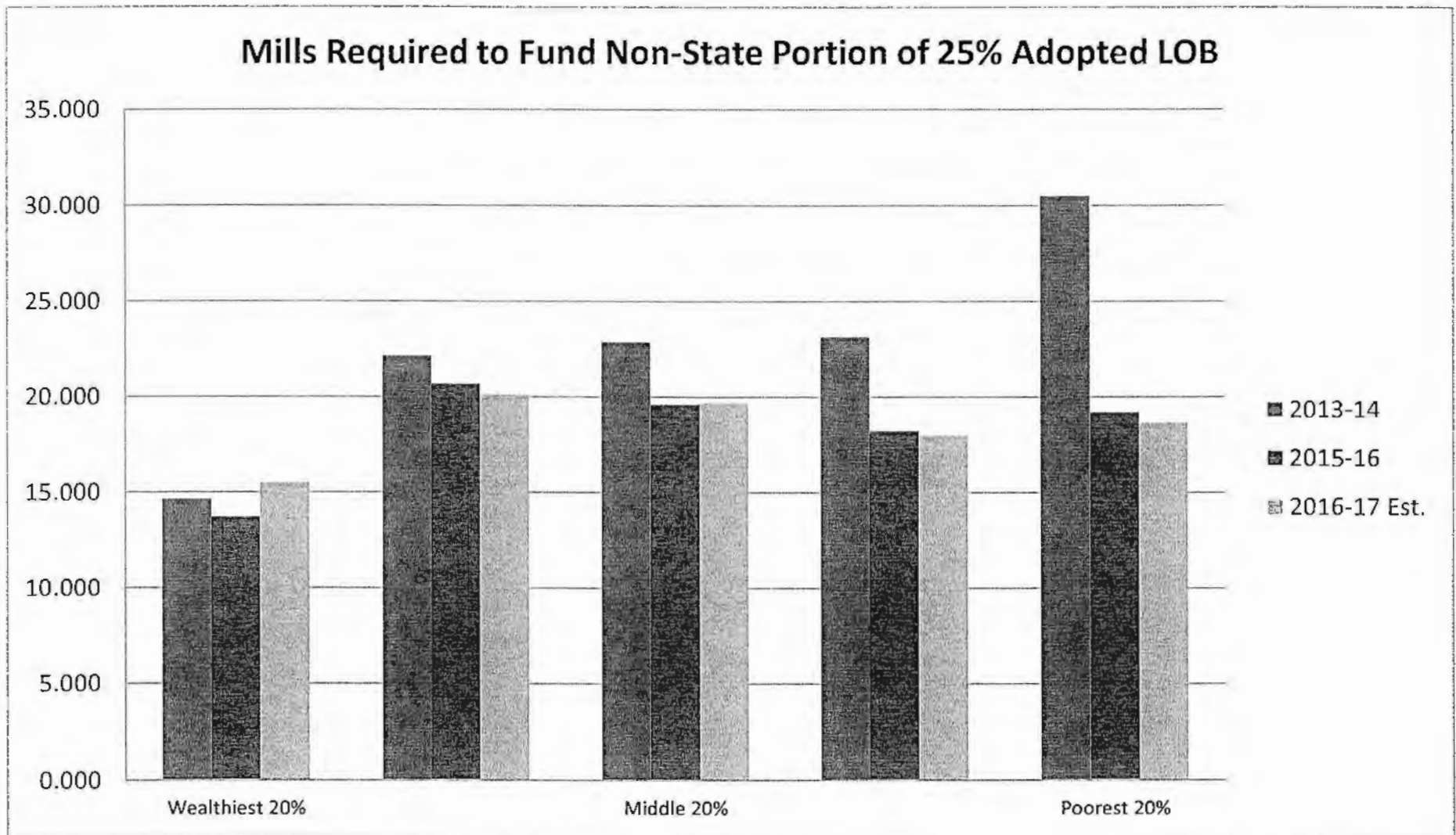
37 (B) *an amount that is directly attributable to the proceeds of the tax*  
38 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and*  
39 *amendments thereto, provided the school district has levied such tax; and*

40 (C) *an amount that is directly attributable to the proceeds of the tax*  
41 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and*  
42 *amendments thereto, provided the school district has levied such tax, plus;*

43 (3) *the amount of virtual school state aid such school district is to*

1 receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus:  
 2 (4) an amount certified by the board of trustees of the Kansas public  
 3 employees retirement system which is equal to the participating employer's  
 4 obligation of such school district to the system, less;  
 5 (5) an amount equal to 0.4% of the amount determined under  
 6 subsection (b)(1).  
 7 (b) (c) For any school district whose school financing sources  
 8 exceeded its state financial aid for school year 2014-2015 as calculated  
 9 under the school district finance and quality performance act, prior to its  
 10 repeal, the amount such school district is entitled to receive under  
 11 subsection (a)(1) or (b)(1) shall be the proceeds of the tax levied by the  
 12 school district pursuant to K.S.A. 2015 Supp. 72-6470, and amendments  
 13 thereto, less the difference between such school district's school financing  
 14 sources and its state financial aid for school year 2014-2015 as calculated  
 15 under the school district finance and quality performance act, prior to its  
 16 repeal.  
 17 (e) (d) For any school district formed by consolidation in accordance  
 18 with article 87 of chapter 72 of the Kansas Statutes Annotated, and  
 19 amendments thereto, prior to the effective date of this act, and whose state  
 20 financial aid for school year 2014-2015 was determined under K.S.A.  
 21 2014 Supp. 72-6445a, prior to its repeal, the amount of general state aid  
 22 for such school district determined under subsection (a)(1) or (b)(1) shall  
 23 be determined as if such school district was not subject to K.S.A. 2014  
 24 Supp. 72-6445a, prior to its repeal, for school year 2014-2015.  
 25 (f) (e) For any school district that consolidated in accordance with  
 26 article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments  
 27 thereto, and such consolidation becomes effective on or after July 1, 2015,  
 28 the amount of general state aid for such school district determined under  
 29 subsection (a)(1) or (b)(1) shall be the sum of the general state aid each of  
 30 the former school districts would have received under subsection (a)(1) or  
 31 (b)(1).  
 32 (g) (f) (1) For any school district that was entitled to receive school  
 33 facilities weighting for school year 2014-2015 under K.S.A. 2014 Supp.  
 34 72-6415b, prior to its repeal, and which would not have been eligible to  
 35 receive such weighting for school year 2015-2016 under K.S.A. 2014  
 36 Supp. 72-6415b, prior to its repeal, an amount directly attributable to the  
 37 school facilities weighting as determined for school year 2014-2015 under  
 38 K.S.A. 72-6415, prior to its repeal, for such school district shall be  
 39 subtracted from the amount of general state aid for such school district  
 40 determined under subsection (a)(1) or (b)(1).  
 41 (2) For any school district which would have been eligible to receive  
 42 school facilities weighting for school year 2015-2016 under K.S.A. 2014  
 43 Supp. 72-6415b, prior to its repeal, but which did not receive such

1 weighting for school year 2014-2015, an amount directly attributable to  
 2 the school facilities weighting as would have been determined under  
 3 K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be  
 4 added to the amount of general state aid for such school district  
 5 determined under subsection (a)(1) or (b)(1).  
 6 (3) For any school district which would have been eligible to receive  
 7 school facilities weighting for school year 2016-2017 under K.S.A. 2014  
 8 Supp. 72-6415b, prior to its repeal, but which did not receive such  
 9 weighting for school year 2014-2015, and which would not have been  
 10 eligible to receive such weighting for school year 2015-2016 under K.S.A.  
 11 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to  
 12 the school facilities weighting as would have been determined under  
 13 K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be  
 14 added to the amount of general state aid for such school district  
 15 determined under subsection (a)(1) or (b)(1).  
 16 (h) (g) (1) For any school district that received federal impact aid for  
 17 school year 2014-2015, if such school district receives federal impact aid  
 18 in school year 2015-2016 in an amount that is less than the amount such  
 19 school district received in school year 2014-2015, then an amount equal to  
 20 the difference between the amount of federal impact aid received by such  
 21 school district in such school years shall be added to the amount of general  
 22 state aid for such school district for school year 2015-2016 as determined  
 23 under subsection (a)(1) or (b)(1).  
 24 (2) For any school district that received federal impact aid for school  
 25 year 2014-2015, if such school district receives federal impact aid in  
 26 school year 2016-2017 in an amount that is less than the amount such  
 27 school district received in school year 2014-2015, then an amount equal to  
 28 the difference between the amount of federal impact aid received by such  
 29 school district in such school years shall be added to the amount of general  
 30 state aid for such school district for school year 2016-2017 as determined  
 31 under subsection (a)(1) or (b)(1).  
 32 (i) (h) The general state aid for each school district shall be disbursed  
 33 in accordance with appropriation acts. In the event the appropriation for  
 34 general state aid exceeds the amount determined under subsection (a) or  
 35 (b) for any school year, then the state board shall disburse such excess  
 36 amount to each school district in proportion to such school district's  
 37 enrollment.  
 38 (j) (i) The provisions of this section shall be effective from and after  
 39 July 1, 2015, through June 30, 2017.  
 40 Sec. 7. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as  
 41 follows: 72-6476. (a) Each school district may submit an application to the  
 42 state finance council board of education for approval of extraordinary need  
 43 state aid. Such application shall be submitted in such form and manner as



\*State aid attributable to hold harmless included in State portion for analysis purposes

## Mills Required to Generate Non-State Portion of 25% Adopted LOB

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17 Est.</u>
Wealthiest 20%	14.659	14.832	13.733	15.510
20%	22.160	20.802	20.673	20.125
Middle 20%	22.879	20.923	19.610	19.734
20%	23.169	18.238	18.213	17.999
Poorest 20%	30.514	19.058	19.190	18.658
 Difference Between Poorest 20% and Wealthiest 20%	 15.855	 4.225	 5.456	 3.148

**House Appropriations Committee  
Testimony: HB 2740  
USD 229 Blue Valley  
March 23, 2015**

Chairman Ryckman and Members of the Committee:

Thank you for the opportunity to appear before you today as a proponent of HB 2740. We are mindful of the challenge you are facing, as you seek an appropriate short-term solution that will allow us to continue our goal of offering a quality education to the students we serve.

We thank you for your hard work and the long hours you have spent on this legislation. We also want to thank you for listening to the concerns of those who have come before this committee previously, which is clearly demonstrated by providing that *all districts will be held harmless* and will not lose funding from their general operating budgets.

Further, we are grateful that you have honored the spirit of the CLASS Act, which was to provide *budget certainty* to school districts for two years while a new school finance formula is being developed.

The Blue Valley district remains committed to providing a quality education for our students and to being good stewards of taxpayer dollars. To that end, we want to work *with* you to develop a solid school finance formula that provides stability and appropriately accounts for the varying needs of students across our state.

We do appreciate the challenges you are facing and we continue to want to work *with* you to solve the K-12 challenges before us in a way that promotes the best outcomes for the students we serve.

We are happy to stand for any questions you may have at the appropriate time.

Presented by: Todd White, Incoming Superintendent





Testimony to House Appropriations Committee  
HB 2740 School Funding Equalization  
March 23, 2016  
Dave Trabert, President

Chairman Ryckman and members of the Committee,

We appreciate this opportunity to present neutral testimony on HB 2740. We're pleased to see the Legislature proactively responding to the Supreme Court ruling on equity in a manner that doesn't increase total funding; our testimony is neutral only because this is but one method of satisfying equity without spending additional money.

As noted in the attached article we published, the Court reaffirmed that constitutional infirmities "can be cured in a variety of ways—at the choice of the legislature" with the proviso that any adjusted funding must also meet a separate test of adequacy – i.e., whether districts are receiving 'enough.' We believe SB 71 introduced last year would be another appropriate response to the Court, whether as written – which would reduce LOB equity by \$3.3 million – or some modification that would spend the same amount.

The Court noted that spending less than would be provided by fully funding the old equity formula could create an 'adequacy' issue, but we believe there is ample evidence that HB 2740 or SB 71 would still provide more than adequate funding.

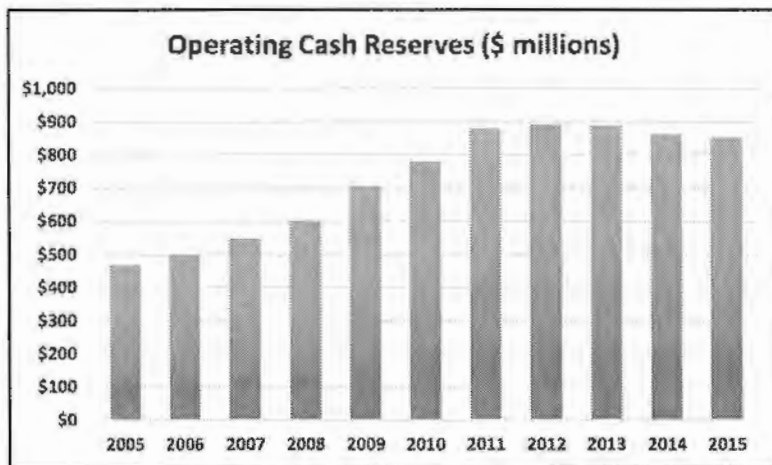
First of all, the Court upheld what we have constantly maintained – education is about outcomes rather than money. They specifically said "*...total spending is not the touchstone for determining adequacy.*"<sup>1</sup>

Instead, the Court says adequacy "*...is met when the public education financing system provided by the legislature for grades K-12—through structure and implementation—is reasonably calculated to have all Kansas public education students meet or exceed the standards set out in Rose and presently codified in K.S.A. 2013 Supp. 72-1127. This test necessarily rejects a legislature's failure to consider actual costs as the litmus test for adjudging compliance with the mandates of Article 6. For example, even if a legislature had not considered actual costs, a constitutionally adequate education nevertheless could have been provided —albeit perhaps accidentally or for worthy non-cost-based reasons.*"<sup>2</sup>

Since school districts admit that they can neither define nor measure the Rose capacities, they have no legal basis for claiming to lack adequate funding to achieve the Rose capacities. This fact alone could be sufficient grounds for dismissal of schools' claims, but there is more.

Schools and their taxpayer-funded lawyers base their adequacy claims on *Montoy*, which relied on the findings of an Augenblick & Myers cost study recommending specific funding levels. However, the *Gannon* Supreme Court rejected the lower court's reliance on that, saying ".... *actual costs from studies are more akin to estimates than the certainties the panel suggested.*"<sup>3</sup>

In distancing itself from the A&M cost study, the Court also said, ".... *the strength of these initial statements was later diluted by our primary focus on cost estimates—a focus that evolved in the Montoy litigation because of how the issues were presented to us by the district court and due to the remedial nature of some of our decisions.*"<sup>4</sup> The A&M cost study was presented as rock-solid evidence in *Montoy* but later, then-KPI scholar Caleb Stegall (now Supreme Court Justice Stegall) discovered that A&M had deviated from its own methodology so as to produce deliberately inflated numbers.<sup>5</sup>



We further know that the funding provided under *Montoy*, which is the basis for school claims of inadequate funding, is more than schools actually need because they haven't needed to spend it all. The \$385 million increase in districts' operating cash reserves over the last ten years comes from state and local funding that wasn't spent – and that's in addition to the \$468 million accumulated through 2005.

### Refuting KASB school funding claims

Last week the Kansas Association of School Boards (KASB) raised several adequacy issues in testimony on the House effort to resolve equity in HB 2731 and SB 512, so we offer the following thoughts in anticipation that the same claims will be made here today.

KASB implied that school funding is not adequate because it hasn't kept up with the change in personal income growth, but that is a claim of entitlement, not adequacy. The Constitution does not say that adequacy is a percentage of personal income or any particular dollar amount. Indeed, if personal income declined for an extended period of time, it is unlikely that the Court or school districts would find a commensurate reduction in school funding to be acceptable and adequate.

As a matter of fact, school districts sued taxpayers for more money in November 2010 after Governor Parkinson reduced funding as a result of a recession. Personal income declined but schools didn't accept that as an excuse to reduce funding.

That said, school funding continues to run ahead of personal income growth, whether measured in its entirety or against the personal income components that are available to pay taxes.

School funding (adjusted upward for KPERS prior to 2005) increased by 188.7 percent between 1990 and 2014 (the last year for which annual Personal Income data is available) while Personal Income increased 185.4 percent.

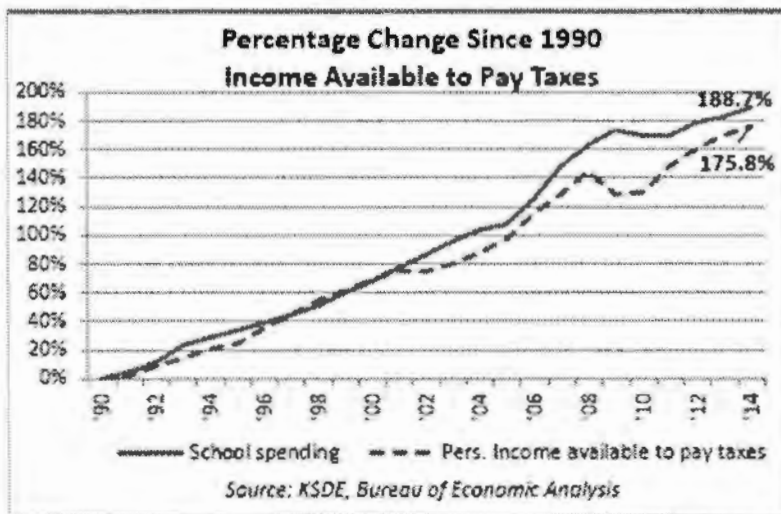
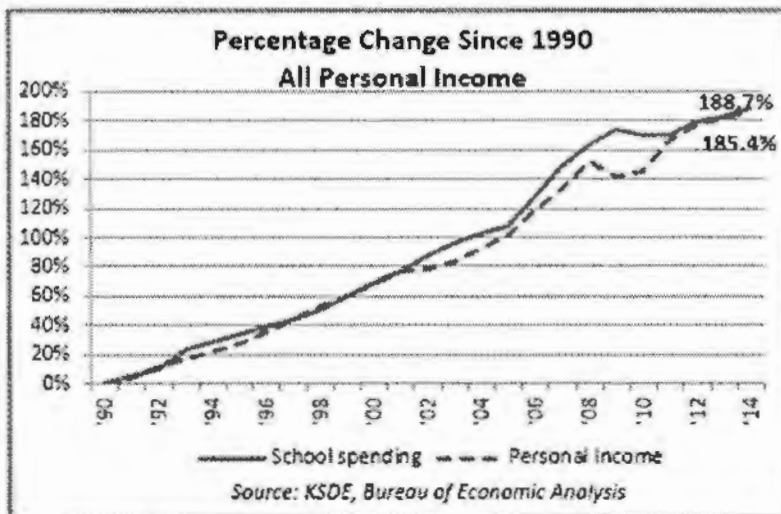
However, Personal Income includes components that are not available to pay taxes, such as employer payments to retirement plans, health insurance and payroll taxes. Measuring school funding against Wages & Salaries, Proprietors' Income, Dividends, Interest, Rent less employee-paid payroll taxes shows an even wider gap from school funding.

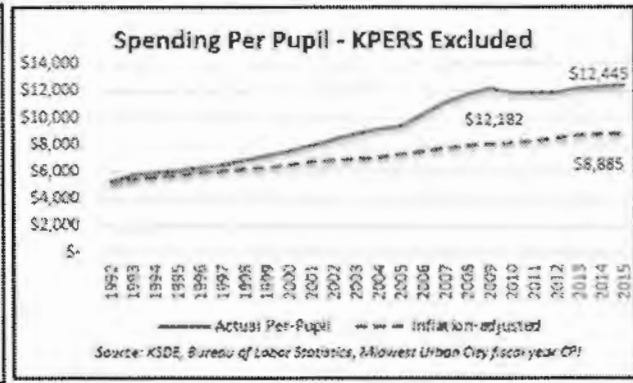
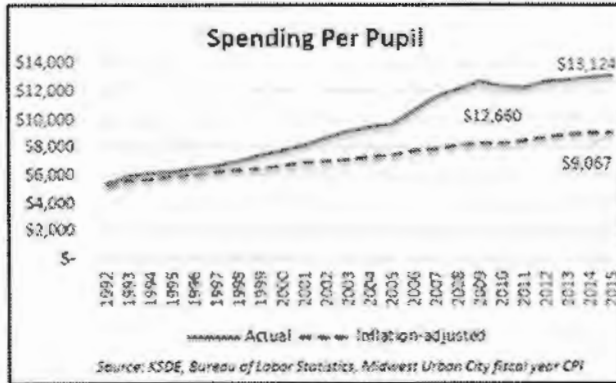
Personal income available to pay taxes increased 175.8 percent, or about 13 percentage points less than school funding.

Not that that matters from an adequacy viewpoint, but to demonstrate that the KASB claim simply doesn't stand up to scrutiny.

Inflation, on the other hand, is a legitimate consideration and here we see that per-pupil funding has far outpaced inflation over the course of the old school funding system. Had funding been increased for inflation since 1992, funding would have been \$1.88 billion less in 2015.

School funding also set another new record in 2015, at \$13,224 per pupil. Even with every dollar of KPERS removed, funding still would have set a record last year, and if non-KPERS funding had been increased for inflation each year, it would have been \$1.64 billion less.





Additional articles are attached that refute KASB claims on the correlation between spending and achievement and the levels of student achievement in Kansas. As for KASB’s claim that no state spends less and achieves more, an honest review of the data shows that at least Texas and Florida spend considerably less but get slightly better results on the National Assessment of Educational Progress. Florida leads wins half of the eight measurements, Texas wins three and Kansas wins one. Florida has the highest composite score, Texas comes in second and Kansas is slightly behind Texas.

Kansas Spends More, Achieves Less on NAEP			
NAEP Grade, Subject and Demos	Kansas	Texas	Florida
4th Grade Reading Score 2015			
Low Income students	208.0	208.3	220.2
Not Low Income students	238.2	234.8	238.5
8th Grade Reading Score 2015			
Low Income students	255.6	251.8	256.6
Not Low Income students	277.5	272.2	274.5
4th Grade Math Score 2015			
Low Income students	230.9	235.1	235.2
Not Low Income students	253.1	259.9	254.3
8th Grade Math Score 2015			
Low Income students	271.8	273.7	265.5
Not Low Income students	294.8	296.0	291.7
Composite - all scores	2029.9	2031.7	2036.5
2013 Per-Pupil Spending (headcount)	\$ 11,496	\$ 10,313	\$ 9,420

Source: Census, NAEP

We’d be happy to work through the remainder of their claims at your convenience, as shown in the attached articles.

**Conclusion**

The equity issue must be resolved and we encourage the Legislature to do so without spending additional money, as the Court does not require more funding to satisfy equity and a large body of evidence shows that more money is not needed.

<sup>1</sup> Gannon v. State of Kansas, page 77 at <http://www.kscourts.org/Cases-and-Opinions/opinions/SupCt/2014/20140307/109335.pdf>

<sup>2</sup> Ibid, page 76.

<sup>3</sup> Ibid

<sup>4</sup> Ibid, page 75.

<sup>5</sup> Caleb Stegall, “Analysis of Montoy vs. State of Kansas” <https://kansaspolicy.org/volume-ii-analysis-of-montoy-vs-state-of-kansas/>

# Nationwide Report on Education Provides Evidence that Kansas Students Perform Poorly in a Nation of Mediocre Achievement

January 18, 2016



Education Week has released its 20th annual edition of Quality Counts, a report card that provides an overall letter grade for each state's education system. Kansas earned a C, with an overall score of 73.9 – slightly lower than the national average of 74.4 (also a C).

Quality Counts employs three indicators to establish an overall grade. Kansas earned a B- in the category called Chance for Success, defined as providing “a cradle-to-career perspective on the role that education plays in promoting positive outcomes throughout a person’s life.” For the School Finance indicator, Kansas earned a C. Unfortunately, Kansas' worst indicator is in K-12 Achievement, a category in which the state earned a D.

## K- 12 Achievement

The achievement category is an amalgamation of 18 outcome measures that include (1) NAEP scores, (2) graduation rates and (3) performance in high school advanced placement classes. The report uses detailed NAEP data, including proficiency rates, achievement gains, poverty gaps and excellence achievement. It is of note that Quality Counts does NOT consider a score in the “Basic” category an achievement, which is the same way KPI

reports NAEP data. Here are a few lowlights regarding Kansas and the NAEP achievement gap data in the report:

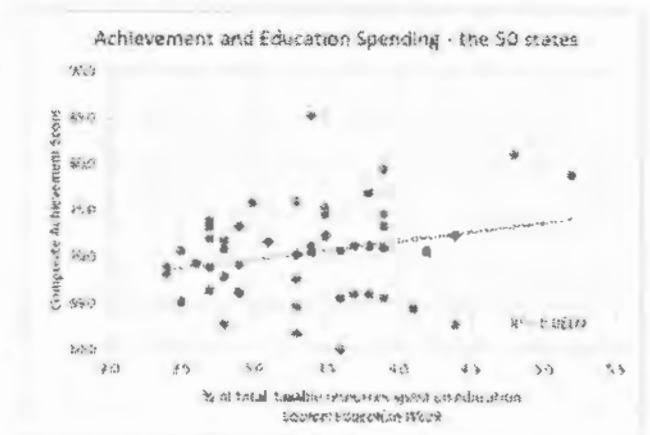
- Only Oregon, Washington and the District of Columbia had a larger increase in the 4th grade achievement gap than the Kansas gap increase of 6.8%.
- While 31 states actually reduced the achievement gap in either 4th grade, 8th grade or both, Kansas had an increase in the achievement gap in both grades.
- Overall, the nation decreased the achievement gap by 0.4% for 4th graders and 0.6% for 8th graders.
- But the most alarming stat is the revelation that Kansas is the ONLY state in which NAEP math scores for both 4th and 8th graders are lower in 2015 than they were in 2003.

Ouch.

And for those who want to blame it on some bogus claim that it all has to do with spending, consider this: data used by Quality Counts ranks Kansas 15th in spending and 41st in achievement.

### Achievement & Spending

It is often argued, especially by education establishment groups in Kansas, that there is a high correlation between spending on education and achievement. That supposition is not supported by the data used in Quality Counts. The scatter-plot below is a graphic display of combining the composite achievement score with the percentage of total taxable resources states spend on education. The scatter-plot of the 50 states shows a virtual flat trend line, indicating almost no correlation between the two. The R2 value, which is a numeric representation of how close each plotted point is to the trend line, of 0.06 falls far short of even being considered a “weak” correlation. Furthermore, the single outlier on the graph, Vermont (the only state that spends more than 5% of its total taxable resources on education), drives most of the incline of the trend line. If Vermont is removed, the R2 value is 0.02. Another interesting note is that the highest achieving state (Massachusetts) spends a lower percentage of their taxable resources than the lowest achieving state (Mississippi).



The results of this report strengthens two fundamental propositions of Kansas Policy Institute regarding education: (1) that Kansas is doing about average in a nation that under-performs and (2) there is no correlation between spending and achievement.

# No correlation between spending and achievement

November 16,  
2015

The Kansas Association of School Boards produced a report recently which some are saying proves that spending more money leads to better outcomes, but even KASB says that is a misinterpretation. I asked Mark Tallman of KASB if that was the case and he replied, *"I specially [sic] said to the group of legislators we invited to lunch that we do NOT claim this report "proves" spending "causes" outcomes changes."*

Mr. Tallman went on to explain that *"...the data indicates that higher spending over time is more often than not a "predictor" of higher NAEP scores, and usually has a positive correlation with higher results. We do not say that correlation proves causation."*

Our review of the data says otherwise, as does that of many other respected school funding experts including Dr. Eric Hanushek of the Hoover Institution at Stanford University, who says, *"...the outcomes observed over the past half century – no matter how massaged – do not suggest that just throwing money at schools is likely to be a policy that solves the significant U.S. schooling problems seen in the levels and distribution of outcomes. We really cannot get around the necessity of focusing on how money is spent on schools."*

## Bi-variate analysis

The KASB report takes only two variables into account – spending and achievement. It's called a bivariate analysis (two variables), which doesn't allow for meaningful conclusions. Dr. Benjamin Scafidi, Director of the Education Economics Center at Kennesaw State University, says, *"...they do not control for the many other factors that impact student achievement. Social scientists do not put much stock into bivariate relationships like the KASB [example] below."* Dr. Scafidi's remarks were directed at the 2013 KASB report that also only looked at changes in spending and achievement.

One such factor ignored by KASB is the impact of Common Core. When Kansas' NAEP scores dipped in 2013, the Kansas Department of Education told legislators that they couldn't identify a particular reason but did note that the transition from previous teaching methods to Common Core may have been a factor. They again honed in on the transition to Common Core to explain the 2015 NAEP decline to legislators this month. KSDE did not blame funding in 2013 or 2015.

## Data refutes notion that spending predicts outcomes

This table lists 8 bi-annual changes in proficiency measurements for each of the last 6 NAEP reports, for a total of 48 total changes; proficiency levels for Low Income students and those who are Not Low Income are shown for two subjects (Reading and Math) for two grade levels (4<sup>th</sup> and 8<sup>th</sup> Grades). In the majority of comparative instances, changes in inflation-adjusted (real) spending did not correspond to changes in proficiency levels. That is,

1. In 31 of the 48 comparative instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED).
2. In 9 of the 48 comparative instances, the increase in proficiency levels was less than the increase in real spending (YELLOW).
3. In 8 of the 48 comparative instances, the increase in proficiency levels was greater than or equal to the increase in real spending (GREEN)

Kansas Spending Per-Pupil and NAEP Percent Proficient										
School Year	\$ Per Pupil	Inflation Index	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2003	\$ 8,894	176.81	18	42	22	42	24	53	19	41
2005	\$ 9,707	185.14	20	42	21	43	30	59	19	43
2007	\$11,558	195.10	21	46	20	44	34	63	23	50
2009	\$12,660	204.26	22	47	19	43	32	60	24	51
2011	\$12,283	211.10	23	50	22	46	33	63	24	54
2013	\$12,781	220.93	22	54	22	48	33	63	24	54
2015	\$13,124	224.61	20	54	22	47	27	58	19	46

Percent Change in Each Category										
School Year	\$ Per Pupil	\$ PP Net Inflation	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2005	9%	4%	11%	0%	-5%	2%	25%	11%	0%	5%
2007	19%	14%	5%	10%	-5%	2%	13%	7%	21%	16%
2009	10%	5%	5%	2%	-5%	-2%	-6%	-5%	4%	2%
2011	-3%	-6%	5%	6%	16%	7%	3%	5%	0%	6%
2013	4%	-1%	-4%	8%	0%	4%	0%	0%	0%	0%
2015	3%	1%	-9%	0%	0%	-2%	-18%	-8%	-21%	-15%

Source: KSDE, National Assessment of Educational Progress (NAEP); BLS, Midwest Urban Cities fiscal year. Low and Not Low refer to student income levels based on eligibility for school lunch programs; Low Income + Not Low Income = All Students.

We performed the same analysis on changes in the national averages, although spending is only available through 2013, so there are only 40 comparative instances. Once again, spending is not a predictor of outcome changes; indeed, in 20 of those 40 instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED). Most notably, real spending declined in 2011 and 2013, but proficiency levels increased in all 8 measurements both years!

United States Spending Per-Pupil and NAEP Percent Proficient										
School Year	\$ Per Pupil	Inflation Index	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2003	\$ 9,522	182.09	15	42	16	40	15	45	11	37
2005	\$10,376	191.70	16	42	15	39	19	50	13	39
2007	\$11,557	204.11	17	44	15	40	22	53	15	42
2009	\$12,539	214.65	17	45	16	42	22	54	17	45
2011	\$12,351	221.06	18	48	18	45	24	57	19	47
2013	\$12,346	231.37	20	51	20	48	26	60	20	49

Percent Change in Each Category										
School Year	\$ Per Pupil	\$ PP Net Inflation	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2005	9%	4%	7%	0%	-6%	-3%	27%	11%	18%	5%
2007	11%	5%	6%	5%	0%	3%	16%	6%	15%	8%
2009	8%	3%	0%	2%	7%	5%	0%	2%	13%	7%
2011	-1%	-4%	6%	7%	13%	7%	9%	6%	12%	4%
2013	0%	-5%	11%	6%	11%	7%	8%	5%	5%	4%

Source: Census, NAEP; BLS, fiscal year. Low and Not Low refer to student income levels based on eligibility for school lunch programs; Low Income + Not Low Income = All Students.

Our analysis is very straightforward; the changes in spending and every measurement of proficiency are examined separately. KASB based their findings on 8-year averages rather than individual years, which masks fluctuations by allowing gains to offset losses; the results are further skewed depending upon the starting point and length of the average. KASB also combines proficiency levels for 4<sup>th</sup> Grade Reading and Math as well as 8<sup>th</sup> grade Reading and Math by averaging those four disparate percentages into a single number, which again hides information. That methodology could present the appearance of improvement (especially by careful selection of the 8-year starting point) even though one or more grade levels and/or subjects could be in decline (which indeed happened). Such manipulation may allow KASB to justify more spending but it disregards the importance of understanding the true

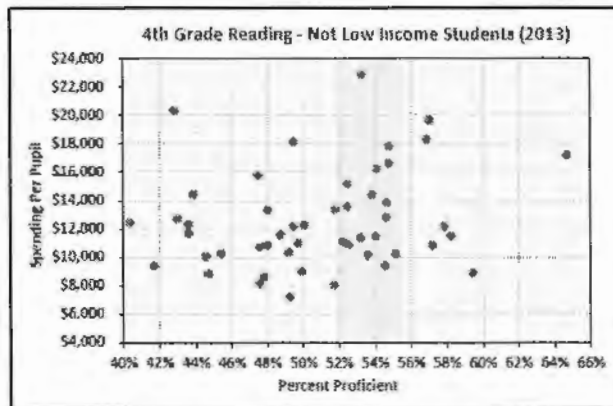
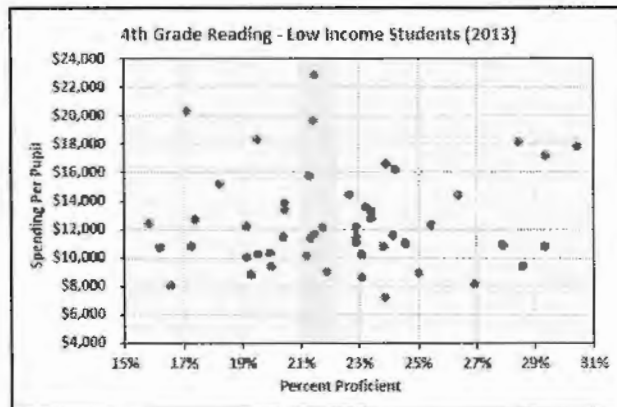


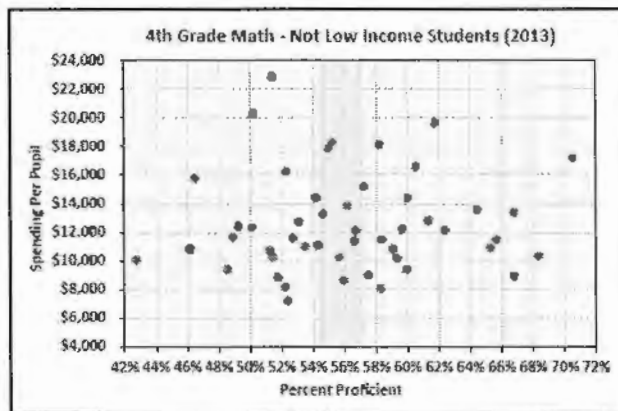
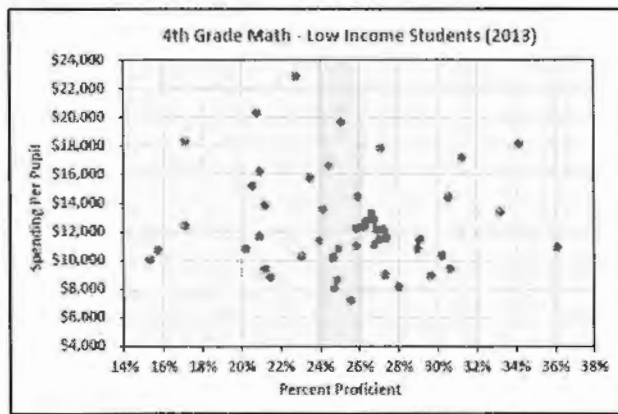
causes of student achievement.

It should be noted our explanation of their methodology is based on our reading of their report; KASB has not responded to requests for their underlying calculations.

KASB also claims that "higher spending states are more likely to have higher results" but once again, the data is contradictory. If spending more money was a "predictor" of higher outcomes, the points on these scatter plots of spending and proficiency levels would be grouped along a line of increasing slope but they are 'all over the map'.

New York schools spent the most at \$22,902 per-pupil and had 4<sup>th</sup> Grade Reading proficiency levels of 21% and 53%, respectively, for Low Income and Not Low Income students. North Carolina schools however, spent just \$8,879 per-pupil yet had proficiency levels of 25% and 59%, respectively. There are many other examples all across the proficiency ranges of grade levels, subject and student income groups where states achieved the same or relatively the same outcomes while spending significantly disparate amounts.





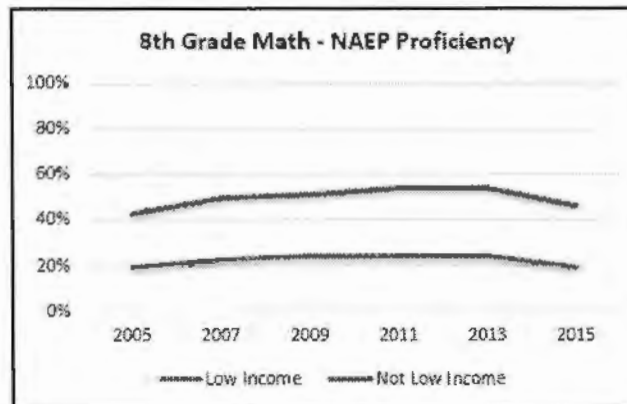
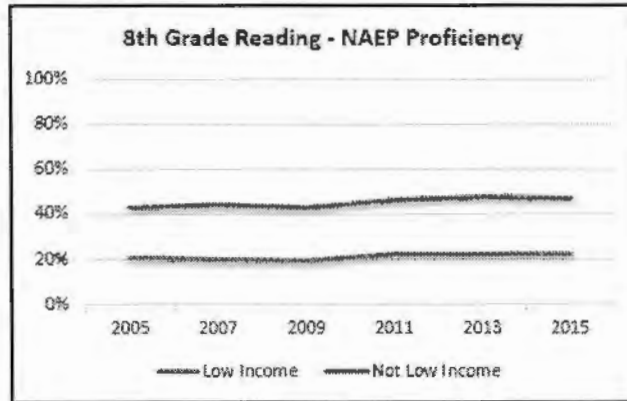
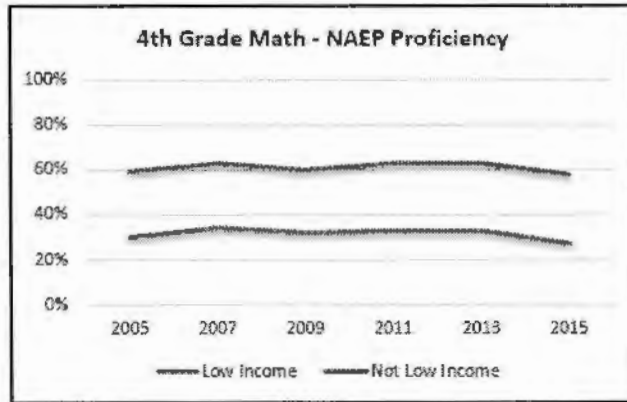
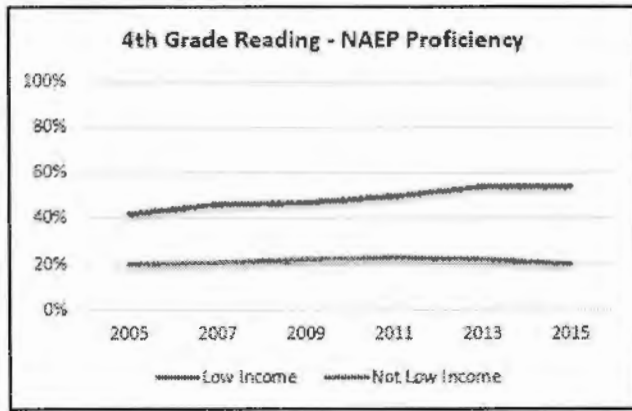
Higher spending would absolutely be a predictor of higher tax bills for citizens but there is no correlation between spending and achievement in the data.

Spending more money may create more opportunity to improve outcomes but only if the extra money is well-spent. As Dr. Hanushek notes, "It's absolutely true that if you spend money well, it has an effect," he said. "But just putting money into schools and assuming it will be spent well isn't necessarily correct and there is substantial evidence that it will not happen." And as has been documented time and time again over the years, there is certainly is evidence of money not being well spent in Kansas.

### **Achievement matters, not national rankings**

KASB makes much of the fact that national rankings on NAEP declined ("Kansas has fallen from a national leader to merely an above average performer") and they use that emotional appeal to push for more money. But actual achievement should be the focus instead of national rankings, especially in a nation that doesn't perform very well. For example, Indiana is ranked #1 for 4<sup>th</sup> Grade Low Income students in Reading – at just 36% Proficient!

Kansas may have had higher national rankings in the past but look at these proficiency levels and decide for yourself: was achievement in any grade or subject ever at acceptable levels?



After nearly a \$2 billion funding increase over the last ten years, only a quarter or less of low income students and only about half of the rest are Proficient on NAEP Reading and Math exams. A "C" or a "D" may be one of the highest grades in the class but not scoring as badly as one's classmates is no indication of acceptable outcomes. Attempting to justify pouring more money into the same system that produced these outcomes is simply about getting more money for the system; it most certainly is not student-focused.

The definition of insanity is doing the same thing over and over and expecting different results. We have tried dramatically higher real (inflation-adjusted) spending in Kansas public schools (43.5% per-pupil over the last 25 years) and in public schools around the nation. For Kansas, those increases in spending into the current education system have yielded the results just above. It is time for Kansas policymakers to call a new play. Our students deserve no less.

*Post Script: We thank education economists Dr. Erick Hanushek and Dr. Benjamin Scafidi for their review and input on this analysis. For a teacher's perspective on this subject, see David Dorsey's thoughts on the Topeka Capital-Journal Blog.*



**House Appropriations Committee  
Testimony on HB 2740**

**Dr. Cynthia Lane, superintendent**  
March 23, 2016

My name is Dr. Cynthia Lane, and I have the privilege of serving as the superintendent of the Kansas City, Kansas Public Schools. I am here to testify in opposition to HB 2740. This bill, which was printed yesterday afternoon, was ostensibly written to respond to the ruling of the Kansas Supreme Court on the *Gannon v. State of Kansas* school funding case. The Supreme Court found that SB 7 was unconstitutional, in that it did not meet the equity requirements of Article VI of the Kansas Constitution. The printout provided at the hearing on March 22 indicates that no district would receive less in Local Option Budget and Capitol Outlay equalization aid for FY 2017 than they received for the current fiscal year (a few districts benefited from the adjustments to the formula, and would collectively receive an additional \$2 million.)

To me, one of the first mathematical properties that we teach our students in Algebra, the Transitive Property, applies directly to this bill: If SB 7 is unconstitutional, and HB 2740 does the same thing as SB 7, then HB 2740 MUST be unconstitutional as well. Perhaps more importantly, HB 2740 does nothing to remedy the equity test put forth by the Court: "school districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort." (*Gannon, p.2*) In fact, rather than remedying identified inequities, it creates the potential to widen the gap between property rich and property poor districts, by reducing equalization aid for LOB by \$82.9 million.

I applaud the fact that this bill attempts to "hold harmless" districts, so that they do not receive less than last year. Doing what is right for the children in Kansas City, Kansas should not come at the expense of children elsewhere in the state, who also deserve schools that are equitably and adequately funded. In fact, the notion of holding districts harmless during a change in the school funding formula has been a practice in Kansas for the past 20 years. However, in the past, the idea of "holding districts harmless" was only used AFTER legislation had been developed to remedy an identified deficiency in the formula. This bill, rather than fixing identified problems in SB 7, simply changes the formula in order to spend the amount of money the legislature is willing to spend, with no regard to the needs of individual students or districts. In doing so, it exacerbates the deficiencies contained in SB 7, which was found unconstitutional by the Shawnee District Court.

I recognize the difficult situation that this committee finds itself in. Creating equity in school finance will require additional resources, and finding those resources at a time when the state is missing already significantly lowered revenue projections is incredibly challenging. However, equity is the right thing to do for children, for families, for communities, and for the future of this state, and I would implore you to have the courage to recognize education's role as the primary economic driver of this state, and to fund it accordingly.

**Testimony before House Appropriations  
HB 2740 – K-12 Equalization response  
Mike O’Neal, Kansas Chamber CEO  
March 23, 2016  
Testimony in support**

**Mr. Chairman and members of the Committee**

On behalf of the Kansas Chamber, I appreciate the opportunity to appear in support of HB 2740, a legislative response to the Court’s latest equity decision in *Gannon*. The Kansas Chamber has a strong Board approved Education agenda for 2016 that includes a call for increasing the quality of education for tomorrow’s workforce and the efficient use of tax dollars through policies that:

- Support a suitable school finance system for K-12 education that ensures taxpayer dollars are adequately and efficiently invested toward instruction in order to provide students and teachers with the resources needed to fulfill the mission of the Department of Education.

The necessity for this legislation derives solely from the Kansas Supreme Court’s Feb. 11, 2016 ruling on the equity phase of the pending *Gannon* school finance litigation and the Court’s less than subtle threat of court-ordered school closure if its articulated equity concerns were not addressed by June 30, 2016. The Court has essentially bifurcated the case and is dealing with the “equity” phase first and the “adequacy” phase later. While this is certainly the Court’s prerogative, and can be dealt with separately, our interpretation of the Legislature’s responsibility, as determined by the Court in recent school finance litigation, is to make suitable provision for the finance of the educational interests of the state. Once it is determined what resources will be provided to that end, it is then the responsibility of the Legislature to allocate or otherwise see to it that the resources are allocated in a manner that is equitable, i.e., such that school districts have reasonably equal access to substantially similar educational opportunity through similar tax effort. With the question of “adequacy” still to be determined, a response to the Court’s equity decision appears to put the proverbial “cart before the horse”.

That said, an equity response is due and we applaud this Committee's effort to make a good faith effort to divine from the Court's opinion an acceptable response on the equity phase such that the threat of school closure is averted. (Regarding school closure we would refer the Committee to KSA 2015 Supp. 72-64b03(d) which prohibits such school closures) As an elected body that works closely with its respective constituents, it is prudent to take the steps this Committee has taken to reduce risk to Kansas taxpayers, families and children who, as the Court has previously held, have a constitutional right to a public education. One way or another, schools must remain open in the fall.

It is also prudent to take steps to protect school districts and school children who were not parties to the litigation and/or who were not affected either way regarding the perceived equalization infirmity or who may have lost resources as a result of the Court's suggestions regarding the prior equity formula. While it would appear to make no sense to threaten these schools with closure when they were not involved in this dispute, we applaud this Committee for taking steps to avoid the risk to these districts and their patrons.

Turning to the Court's language in what we'll call *Gannon II*, the Court, while appearing to state a preferred method of compliance, did acknowledge that the equalization infirmity **"can be cured in a variety of ways – at the choice of the legislature."**

As to the Court's implied preference, the Court noted: **"One obvious way the legislature could comply with Article 6 would be to revive the relevant portions of the previous school funding system and fully fund them within the current block grant system."** Of significance is the fact that the Court is clearly open to continuation of the block grant system and with arriving at an equity response "within" the current block grant system.

A question was raised in the informational hearing about whether the Court will require new or additional funds. First, equity is not a math equation. It is, as the Court has stated: **"School districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort."** In this regard, no witness who testified Monday before the joint Committee in response to questioning by legal counsel was able to articulate or knew of a metric for determining how this test is satisfied. This comes as no surprise since even the Court noted that: **"We acknowledge there was no testimonial evidence that would have allowed the panel to assess relative educational opportunities statewide."**

The Court did, however, speak to the issue of funding. First, the Court acknowledged that: **"equity does not require the legislature to provide equal funding for each student or school district."** The Court went on to say that the test of the funding scheme becomes a consideration of **"whether it sufficiently reduces the unreasonable, wealth-based disparity so the disparity then becomes constitutionally acceptable, not whether the**

**cure necessarily restores funding to the prior levels.** Finally, the Court made it clear that “need” is irrelevant. The Court held that **“equity is not a needs-based determination. Rather, equity is triggered when the legislature bestows revenue-raising authority upon school districts through a source whose value varies widely from district to district, such as with the local option mill levy on property.”**

Given what the Court said in *Gannon II*, it would have been perfectly acceptable to resurrect the capital outlay and LOB equalization formulae pre-SB7 and redistribute current funding accordingly. While that would have created so-called “winners” and “losers”, that is irrelevant to the Court since equity is equity and restoring prior funding is not required. Equity in its most basic form is illustrated by the example of sharing a bottle of pop with your kids. If you happen to pour more into one glass than another you equalize the glasses by pouring the contents of the one with more into the glass with less until they are equal. Equity does not require you to return to the refrigerator and open a new can. Unfortunately, the expectation with regard to school finance equalization has historically been that one is expected to always go back to the refrigerator for more, since a district that has been allocated funds now sees that as their entitlement. Any perceived reduction in an expectation is characterized as a “cut”. The concept of sharing, which we learned in Kindergarten, has been lost, even though, as the Court has ruled, “equity” is the law.

When this Committee considered a proposal (HB 2731) that would restore equalization to the presumably Court-preferred method, which created winners and losers, no district that would have benefitted showed up in support and no district that would have lost funds showed up in opposition. Only neutral testimony was received. It would be difficult to garner the votes necessary to pass such a measure and, notwithstanding a preferred course by the Court, passage of legislation by a majority of willing elected lawmakers would still be necessary.

Turning now to HB 2740, the bill, in our opinion, is a satisfactory response to the Court, given the Court’s own language and the bill’s response. Re-allocation of funds utilizing an approved method of calculating equalization (capital outlay formula) is proposed, with no district losing funds thanks to hold harmless provisions. Funds are included to cover minor changes in calculations due to actions taken subsequent to passage, and KSDE is given the balance of funds to allocate, as needed, in a manner consistent with the Court’s definition of “equity” and including the existing factors for approving additional funds for extraordinary needs.

As to the “hold harmless” provisions, testimony was presented to the Joint Committee Monday that these types or provisions are not uncommon and are part of the inherent nature of the political process by which school finance decisions are made. With regard to the KSDE provisions, given that the Legislature and this Committee are in session only part time, and



given that the Legislature relies on KSDE for equalization calculations and other technical data related to whatever formula may be in place, including block grants, it makes sense to have KSDE handle the “extraordinary needs” fund allocations.

Finally, HB 2740 provides what we’ve heard districts requesting: as much budget certainty as possible, one of the key advantages of the current block grant system. We urge the Committee’s favorable consideration of HB 2740.



## House Appropriations Chairman Ryckman

March 23, 2016  
Jim Freeman  
Wichita Public Schools

### Regarding HB 2740

Chairman Ryckman and members of the Committee:

Thank you for the opportunity to provide input on the issue before us to remedy equity. You have a significant challenge which is intensified by the challenges facing the State General Fund.

We know you are working to find a solution which meets the Court's test and does not close schools. I thank you for your efforts.

However we respectfully believe this plan --- found in both Senate Bill 515 and House Bill 2740 -- does not address the equity issue on two fronts:

- addresses Fiscal Year 17 only and not Fiscal Years 15 and 16;
- it is a redistribution of funds, without new funding, school are in essence self-funding this plan.

We believe the Gannon decision is clear in its finding that equity state aid was inadequate in fiscal years 2015 and forward. To quote from the Revisor of Statutes memo dated February 11, 2016:

"The Court held that the State failed to show sufficient evidence that it complied with the Court's prior equity orders set forth in Gannon I and found that the amended supplemental general state aid and capital outlay state aid formulas failed to cure the unconstitutional wealth-based disparities in fiscal year 2015. The court also held that because SB 7 froze such inequities for fiscal years 2016 and 2017, such unconstitutional inequities carry forward in those years."

The inequity Senate Bill 7, the Block Grant bill, froze into place the FY 15 inequity and carried it forward. State aid proration has negatively impacted property taxes and operations. For the Wichita Public Schools the state aid loss is over -\$26.3 million:

**LOB proration FY 15 -\$5.1m x 3 = -\$15.3m**

**Capital outlay aid: FY 15 -\$3.1m + FY 16 -\$3.4 + FY 17 -\$4.5m = -\$11m**

**Total state aid proration under SB 7, the Block Grant: -\$26.3 million**

This is what we seek to remedy. The bill before us today does not solve the inequity, the loss of \$26 million for the Wichita Public Schools, frozen in by the Block Grant.

We always appreciate efforts to hold districts harmless, but in my memory first funding has added funding and then hold harmless provisions have been applied to protect the outliers. The hold harmless provision in this bill is a redistribution of funds without new funding.

Hold harmless provision in HB 2740 uses SB 7 funding as the base, which was found unconstitutional and is the reason we are here today. The bill redefines equalization to equal the current dollars being spent. Therefore with no new money and district's will still be held at an unconstitutional level. HB 2740 does not solve the issue at hand: equity.

The bill changes the LOB state aid calculation to the capital outlay formula which will provide less equalization aid to districts. The LOB is a key component of our current finance formula and we want to maintain that support for our schools. We do not support changing the LOB equalization formula.

Local Option Budget equalization is a key component in providing resources for schools, and we do not support changing the state aid formula. The Local Option Budget is a significant funding component for districts. Wichita is at the 30% lid, some districts are at the 33% max and some are lower. Statewide the LOB mill levy is 19 mills; total average mill levy is 56 statewide. LOB Equalization is on a significant portion of the total mill levy, compared to the 8 mills for capital outlay. The Local Option Budget supports classrooms and schools and should not be reduced.

Equity is the measure which allows the property poor district to provide similar services compared to wealthier districts. We believe equity is fundamental to providing educational opportunities to Kansas students regardless of their zip code.

Mr. Chairman – we do appreciate your efforts and we are all seeking solutions which will keep school doors open. However we do not support this bill which redefines equalization to equal current dollars; nor does it provide additional funding for districts harmed under the Block Grant. Thank you for your work and diligence on these issues. We understand the legislative process is a process and appreciate your efforts to find solutions.

March 23, 2016

## **House Appropriations Committee**

### **House Bill 2740**

Chairman Ryckman and Members of the Committee,

I am Dr. Jim Hinson, Superintendent of the Shawnee Mission School District in Johnson County. I appear as a proponent on House Bill 2740. This bill appears to be one of the few solutions that has been proposed to the current school-funding situation that attempts to address the Court's demands and holds all districts harmless from loss.

The Shawnee Mission School District desire a solution to the short-term issues related to equity. In addition, we hope the Legislature is working toward addressing a long-term solution that will ultimately satisfy the Supreme Court with a new funding formula.

The bill as written funds the Shawnee Mission School District at a level we anticipated based on the block grants implement in House Substitute for Senate Bill 7 passed in 2015. House Bill 2740 seems to satisfy the equity issue by funding a fully equalized formula related to LOB equalization. Rather than the prior LOB equalization formula, House Bill 2740 uses the capital outlay equalization formula to fund LOB equalization. We are not plaintiffs in the current lawsuit but it appears fully funding this equalization formula addresses court concerns that there should either be no equalization or fully funded equalization to fulfill statutory obligations.

The equalization solution in House Bill 2740 may disappoint some who glimpsed brief hope of a windfall by some earlier potential solutions. This bill, however, appears to satisfy exactly what the block grant intended: to provide budget stability and funding as expected for one more year while a school finance formula is written. We support House Bill 2740 as a one-time, one-year solution to allow the Legislature time to draft a new formula. The principals of House Bill 2740 based on a more uniform formula for equalization, however, may be valuable to include in a new formula.

I am happy to stand for questions at the appropriate time.

**APPENDIX B,  
continued**

## PRELIMINARY

# Journal of the Senate

## FORTY-EIGHTH DAY

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SENATE CHAMBER, TOPEKA, KANSAS  
Thursday, March 24, 2016, 10:00 a.m.

The Senate was called to order by President Susan Wagle.

The roll was called with 40 senators present.

Senator Wagle introduced guest chaplain Kent Otott, Executive Director, North Central Kansas Teens For Christ, Concordia who delivered the following invocation:

Our Most Gracious God, at this very moment, I want to lift up the ladies and gentlemen here today as they begin to conduct business which will affect the people of the State of Kansas. We know by Your Word the people in this chamber are in their positions because of You and the desires of their constituents. Whether the people in this room acknowledge You or not, You will be the One they humbly bow before one day to give an account of their decisions. So guide their hearts, oh God, and allow them to be sensitive to Your desires. Two verses from the Book of James will serve us all well today, "Draw near to God and He will draw near to you. Cleanse your hands, you sinners; and purify your hearts, you double-minded." and "Humble yourselves in the presence of the Lord, and He will exalt you." James 4: 8,10 (NASB) As many will go home to celebrate the Resurrection of Your Son this weekend, give them rest and a splendid time with their families and friends who have missed them during this long, arduous session. As we close our time together in prayer, may you strengthen the people of the great State of Kansas. Bless their businesses, farms, families, and those who are serving in our Armed Forces. Be with those who protect our cities, serve our citizens and educate our children. These things I ask in the name of Your Risen Son, Jesus Christ! Amen!

The Pledge of Allegiance was led by President Wagle.

## REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bill was referred to Committee as indicated:

Judiciary: **HB 2713**

## CHANGE OF REFERENCE

An objection having been made to **HB 2571** appearing on the Consent Calendar, the President directed the bill be removed and placed on the calendar under the heading of General Orders.

The President withdrew **S Sub HB 2479; HB 2558** from the Calendar under the heading of **General Orders**, and referred the bills to the Committee on **Ways and Means**.

#### COMMITTEE OF THE WHOLE

On motion of Senator Bruce, the Senate resolved itself into Committee of the Whole, for consideration of bills on the calendar under the heading of General Orders with Senator Knox in the chair.

On motion of Senator Knox the following report was adopted:

The committee report on **HB 2655** recommending **S Sub HB 2655** be adopted, be amended by motion of Senator Lynn: on page 12, in line 43, by striking "2015" and inserting "2016"

and **S Sub HB 2655** be passed as amended.

A motion by Senator Francisco to further amend **S Sub HB 2655** failed and the following amendment was rejected: on page 2, in line 16, by striking "4" and inserting "3";

On page 3, in line 1, by striking "3" and inserting "2"; in line 10, by striking "4" and inserting "3"; by striking all in lines 27 through 43;

On page 4, by striking all in lines 1 through 30;

On page 7, in line 33, by striking "3 and 4" and inserting "2 and 3";

On page 8, in line 17, by striking "3 through 5" and inserting "2 through 4";

On page 16, in line 13, by striking "3 through 5" and inserting "2 through 4"; in line 15, by striking "3 through 5" and inserting "2 through 4"; in line 19, by striking "3 through 5" and inserting "2 through 4";

And by renumbering sections accordingly

Upon the showing of five hands a roll call vote was requested.

On roll call, the vote was: Yeas 8; Nays 30; Present and Passing 1; Absent or Not Voting 1.

Yeas: Faust-Goudeau, Francisco, Haley, Hawk, Hensley, Holland, Kelly, Pettey.

Nays: Abrams, Arpke, Bowers, Bruce, Denning, Donovan, Fitzgerald, Holmes, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pilcher-Cook, Powell, Pyle, V. Schmidt, Tyson, Wagle, Wilborn, Wolf.

Present and Passing: Baumgardner.

Absent or Not Voting: Smith.

#### CHANGE OF REFERENCE

The President withdrew **S Sub HB 2479** from the Committee on **Ways and Means**, and referred to the calendar under the heading of **General Orders**.

The President withdrew **HB 2558** from the Committee on **Ways and Means**, and referred to the calendar under the heading of **General Orders**.

#### MESSAGE FROM THE HOUSE

The House nonconcurrs in Senate amendments to **S Sub HB 2018**, requests a conference and has appointed Representatives Gonzalez, Pauls and Highberger as conferees on the part of the House.

The House accedes to the request of the Senate for a conference on **SB 19** and has

appointed Representatives Barker, Macheers and Carmichael as conferees on the part of the House.

The House accedes to the request of the Senate for a conference on **Sub SB 22** and has appointed Representatives Barker, Macheers and Carmichael as conferees on the part of the House.

The House accedes to the request of the Senate for a conference on **SB 407** and has appointed Representatives Barker, Macheers and Carmichael as conferees on the part of the House.

The House accedes to the request of the Senate for a conference on **SB 408** and has appointed Representatives Barker, Macheers and Carmichael as conferees on the part of the House.

The House accedes to the request of the Senate for a conference on **SB 449** and has appointed Representatives Hawkins, Dove and Ward as conferees on the part of the House.

The following bills have been stricken from the Calendar under House Rule 1507: **SB 17; H Sub SB 18; H Sub SB 58; SB 97; H Sub SB 106, H Sub SB 125, H Sub SB 136; SB 159, SB 361, SB 365, SB 370, SB 375, SB 382, SB 405, SB 426**

The House adopts the Conference Committee report to agree to disagree on **SB 318**, and has appointed Representatives Hedke, Corbet and Kuether as second conferees on the part of the House.

The House adopts the Conference Committee report on **SB 367**.

The House concurs in Senate amendments to **HB 2134**, and requests return of the bill.

The House concurs in Senate amendments to **HB 2387**, and requests return of the bill.

The House concurs in Senate amendments to **HB 2447**, and requests return of the bill.

#### MESSAGES FROM THE GOVERNOR

**Sub SB 103; SB 358, SB 369** approved on March 23, 2016

#### CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 318** submits the following report:

Your committee on conference agrees to disagree and recommends that a new conference committee be appointed;

And your committee on conference recommends the adoption of this report.

DENNIS HEDKE

KEN CORET

ANNIE KUETHER

*Conferees on part of House*

ROB OLSEN

MIKE PETERSEN

MARCI FRAANCISCO

*Conferees on part of Senate*

On motion of Senator Olson the Senate adopted the conference committee report on



**SB 318**, and requested a new conference be appointed.

The President appointed Senators Olson, Petersen and Francisco as a second Conference Committee on the part of the Senate on **SB 318**.

#### **ORIGINAL MOTION**

On motion of Senator Bruce, the Senate acceded to the request of the House for a conference on **S Sub HB 2018**.

The President appointed Senators Smith, Knox and Pettey as conferees on the part of the Senate.

#### **FINAL ACTION ON BILLS AND CONCURRENT RESOLUTIONS**

On motion of Senator Bruce an emergency was declared by a 2/3 constitutional majority, and **HB 2655** was advanced to Final Action and roll call.

**S Sub HB 2655**, AN ACT concerning education; relating to the financing and instruction thereof; making and concerning appropriations for the fiscal year ending June 30, 2017, for the department of education; relating to the classroom learning assuring student success act; amending K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6474, 72-6476, 72-6481 and 74-4939a and repealing the existing sections.

On roll call, the vote was: Yeas 32; Nays 5; Present and Passing 3; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Fitzgerald, Holmes, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

Nays: Faust-Goudeau, Hensley, Holland, Kelly, Pettey.

Present and Passing: Francisco, Haley, Hawk.

The bill passed, as amended.

#### **EXPLANATION OF VOTE**

Madam President: I vote yes on **Sen Sub for HB 2655**. I believe the legislature should quickly respond to the Supreme Court's equity decision and, more importantly, because it will allow the legislature to focus on developing a new education finance package, one that is based upon input from all of the stakeholders. This will ensure that all Kansas children continue to receive the opportunity to be on the path to being successful by pursuing their chosen occupation through a suitable public education.—

STEVEN ABRAMS

Senators Arpke, Fitzgerald, King, Masterson and Petersen request the record to show they concur with the "Explanation of Vote" offered by Senator Abrams on **S Sub HB 2655**.

Madam President: I vote yes on **Sen Sub for HB 2655** to avoid disruption of public education and to keep the schools open. The Supreme Court, in Gannon, ruled that existing school funding legislation concerning local option budget and capital outlay equalization was unconstitutional and could be enjoined, and in so instructing us to comply. In addition, unless we enacted a law that complied with these equalization concerns by June 30, 2016 all Kansas Public Schools would be closed. Having reviewed the evidence and testimony put on the record for the proceedings, I believe that this bill

at all levels of scrutiny satisfies the Court's demand on the legislature. This will allow the schools to open on time as scheduled, avoiding any unnecessary disruption to public education.—TOM ARPKE

Senators Fitzgerald and Masterson request the record to show they concur with the "Explanation of Vote" offered by Senator Arpke on **S Sub HB 2655**.

Madam President: I vote yes on **Sen Sub for HB 2655** because of the evidence presented. There were three solutions identified. The first two, **SB 512** and **HB 2371**, were fashioned after the prior formulas that the Supreme Court suggested would be one obvious choice. But, not a single school district supported the plan. The members of the respective committees that heard evidence on the bill did not believe it was the best option for Kansas schools. **Sen Sub for HB 2655**, however, was supported, in person, by two school districts and another school district sent a letter in support. Moreover, it includes a "hold harmless" provision that means no school district loses funds. All the school districts that testified – even the opponents of this bill – acknowledged that the hold harmless provision is necessary in light of the legislature's obligation to respond to the Court's remedial order while the school districts' budgeting processes are occurring. The Department of Education witnesses confirmed this view, too. I believe that this bill is the best option among those that I have seen and the evidence that I have reviewed.—JIM DENNING

Senators Arpke, Fitzgerald, Lynn, Masterson, Melcher, Smith, Wagle and Wolf request the record to show they concur with the "Explanation of Vote" offered by Senator Denning on **S Sub HB 2655**.

Madam President: I vote to "PASS" on the **Senate Substitute for House Bill 2655**. I want to support a bill to address the issue of funding equity because I understand how important it is to address the Kansas Supreme Court's concern about equity and keep our schools open. However this bill claims to have its intent "to ensure that public school students receive a constitutionally adequate education through a fair allocation of resources among the school districts and that the distribution of these funds does not result in unreasonable wealth-based disparities among districts." It also claims "Furthermore, the evidence before the legislature confirms that the total amount of school funding meets or exceeds the Supreme Court's standard for adequacy." Although the intent of S Sub for HB 2655 may also be for the legislature to respond to the court order, there are serious questions about how well it addresses the issue of equity and if it is constitutional. In no way can the legislature, with this bill, confirm that the total amount of school funding meets or exceeds the Supreme Court's standard for adequacy. I urge us to consider a bill that adds \$38 million to fund the current equalization formulas and would most likely pass constitutional muster.—MARCI FRANCISCO

Senators Faust-Goudeau and Hawk request the record to show they concur with the "Explanation of Vote" offered by Senator Francisco on **S Sub HB 2655**.

Madam President: **Senate Substitute for HB 2655**: I pass. A "yes" vote would have conveyed that I believe the plan to be a good one. I don't. A "no" vote would have conveyed that I have no problem with schools having to shut down. I do have a problem with that scenario. It is my hope that my pass expresses my belief that **Senate Substitute for HB 2655** is not equitable because it is just a continuation of the unconstitutional block grant (SB7), yet I want to get a proposal to the court for its

consideration in order to assure continued attempts to keep schools open.—TOM HAWK

Madam President: I vote yes on **Sen Sub for HB 2655** because Dale Dennis, of the Department of Education, expressly told me that this plan allowed sufficient flexibility to address any potential equity issues that may arise in the future. Based upon the testimony that he (and others) provided, I feel confident that this plan satisfies the Court's equity concerns and, if inequities arise in the future, sufficient funds will be within Mr. Dennis' discretion to resolve any potential disparity that may occur after enactment.—TY MASTERTSON

Senator Arpke requests the record to show he concurs with the "Explanation of Vote" offered by Senator Masterson on **S Sub HB 2655**.

Madam President: I vote yes on **Senate Substitute for HB 2655** because I firmly believe that the Preamble and Section 2 reflect my view of the evidence that was presented to the committees, and my intention is that this bill will keep our schools open.—LARRY POWELL

Senators Arpke and Masterson request the record to show they concur with the "Explanation of Vote" offered by Senator Powell on **S Sub HB 2655**.

***Protest of Senator Hensley against Senate Substitute for House Bill No. 2655***  
**March 24, 2016**

Madam President: I hereby exercise my right under Article 2, Section 10, of the Kansas Constitution to protest Senate Substitute for House Bill No. 2655.

After submission of a bill at the rail on Monday, March 21, assignment of a bill number (Senate Bill No. 515) on Tuesday, getting the bill in print by early evening and a rushed committee hearing on Wednesday that provided no meaningful opportunity for testimony from the many districts impacted by the passage of this bill, this body now rushes to judgment to enact this bill (Senate Substitute for House Bill No. 2655) that demonstrably harms equity rather than curing the equity defects found by the Kansas Supreme Court. The bill does nothing to actually equalize purchasing power between districts due to differences in local wealth. Furthermore, it is a freeze of equalization payments at the current levels accomplished through the artifice of a "hold harmless" provision that benefits wealthier school districts at the expense of poorer districts. It also harms equity by effectively expanding LOB authority only for districts wealthy enough to afford local property tax increases. This Supposed Equity Bill is the very definition of a constitutionally inequitable bill.

Given the time constraints imposed on the Legislature by the Supreme Court's decision, which was itself precipitated by this body's unconstitutional actions, prudence would have dictated that the Legislature take as its guiding star a system that has been repeatedly found by the District Court Panel and the Supreme Court to be constitutionally equitable; namely, the old equalization formulas. Those formulas, in combination, pass the Supreme Court's equity test; this bill does not. The bill continues to create "winners and losers" as the attached chart and spreadsheet graphically demonstrate by comparing the bill's effects to the old equalization formulas previously found constitutional. My school district, Topeka USD 501, testified against this bill in the house and presented the spreadsheet and chart below along with their written testimony yesterday. The data was not presented to the Senate Committee and I

want the entire Senate to have the benefit of reviewing this information.

When compared to the old equalization formulas, the bill's disastrous effects on equity become apparent. The bill essentially switches the Local Option Budget (LOB) equalization formula to a less generous equalization formula than was previously authorized. While the capital outlay equalization formula might have been approved *for capital outlay* it was not approved for LOB. LOB is a much larger component in classroom funding. This is the direct result of this body attempting to construct a formula based not on educational reasons for the funding, but rather based on the amount of money politically deemed available in the State's checkbook. The bill prorates down the amount of LOB equalization to fit current dollars. Such a proration has been specifically found to be unconstitutional by the Supreme Court in *Gannon I*.

In addition, the hold harmless provisions in the bill (called "school district equalization state aid" in the bill) allow wealthier districts to retain more resources and thus retain the ability to provide more educational opportunity. This allows the wealthier districts to keep the advantage given to them by the block grants enacted under 2015 House Substitute for Senate Bill No. 7 and their wealth. This runs directly counter to the purpose of equalization aid which is supposed to "equalize" purchasing power. The bill instead ensures that the wealthier districts retain their advantages over less wealthy districts and thus fails the equity test.

Additionally, the bill's system allows wealthy districts to game the equalization system in a way that less wealthy districts cannot. For example, Shawnee Mission USD 512, a district that regularly touts their ability to pass increased local school mill levies, could raise their mill levy to completely backfill the \$3,040,285 amount they lose in LOB equalization aid under the Supposed Equity Bill's LOB equalization formula. In addition, they would then receive an additional \$3,040,285 in "hold harmless" money, thereby allowing them to *increase* spending by \$3 million dollars over the block grant. On the other hand, Kansas City USD 500 also loses \$2,502,864 in equalization aid. However, Kansas City is much less likely to get taxpayer approval for an increased local school mill levy to backfill this loss. The "hold harmless" money Kansas City receives will be only \$1,240,706, resulting in a *decrease* in LOB funding to Kansas City by \$1,262,158 over the amount granted under the block grant bill. This does not result in substantially similar educational opportunity through similar tax effort.

The bill also continues the cannibalization of equalization funds that the courts have repeatedly been found to be unconstitutional. By ensuring that any gains in capital outlay equalization are then deducted against any "hold harmless" money the district would receive, it harms the districts that receive capital outlay equalization compared to districts that do not.

Additionally, local school mill levies continue to range from 7.87 mills in Meade to 44.4 mills in South Haven for providing the same educational opportunity. This might have been acceptable to the Court had we used their safe harbor and simply re-adopted and funded the old formulas, however, since we did not, the new scheme must pass the equity test. Under the bill's system, districts will be incentivized to shift more funding locally to backfill the loss of LOB aid due to the less generous LOB formula. This will only exacerbate the range of tax effort required to obtain "similar educational opportunity." It violates the Supreme Court mandate that "School districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort." This tax effort difference is not even close to "similar."

The Topeka Public Schools are already being forced to consider proposals to raise their LOB mill levy in order to make up for losses incurred through the operation of the block grants. The bill means that Topeka taxpayers will face even higher potential local tax increases just to stay even. For districts like Topeka and other less wealthy districts, the bill can only be viewed as yet another package of concessions for wealthier, more politically powerful districts that continues to arbitrarily reassign winners and losers. This merely furthers the inequity in funding for classrooms across the state; it does not cure it as required by the Supreme Court.

The bill is the product of politics and not a consideration of the actual cost to educate Kansas school children. Clearly, the bill does not, by design or in its likely implementation, provide for “reasonably equal access to substantially similar educational opportunity through similar tax effort.” An attempted repackaging of the same resources previously found to violate the Kansas Constitution through a bill that perpetuates wealth-based disparities between the districts rather than curing them cannot reasonably be viewed as a constitutional response to the Supreme Court’s mandate. By passing the bill, this body once again fails in its constitutional duty under Article 6 to provide an equitable education to all Kansas school children.

In addition, if this bill is subsequently found to be unconstitutional by the Supreme Court, the majority party of this Legislature will have brought us dangerously closer to the Court’s June 30 deadline to comply with the *Gannon* decision. If the majority party is truly concerned about keeping schools open next fall, they should have appropriated \$38 million in the fiscal year 2017 budget bill which passed the Legislature over a month ago. Appropriating \$38 million would have been and remains a far more certain solution in meeting the equity test in *Gannon* than the uncertainty resulting from the passage of this bill. —ANTHONY HENSLEY

Senators Faust-Goudeau, Haley, Hawk, Holland, Kelly, and Pettey request the record to show they concur with the “Constitutional Protest” offered by Senator Hensley on **S Sub HB 2655**.

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			RETURN TO OLD FORMULAS Supreme Court Safe Harbor		
			A	B	C
			Gain/Loss in Capital Outlay Aid	Gain/Loss in LOB Aid	Total Gain/Loss in Aid
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
259	Sedgwick	Wichita	4,508,756	5,132,809	9,641,565
500	Wyandotte	Kansas City	1,262,158	970,843	2,233,001
497	Douglas	Lawrence	656,309	1,496,590	2,152,899
501	Shawnee	Topeka Public Schools	829,524	1,032,306	1,861,830
437	Shawnee	Auburn Washburn	776,699	1,061,106	1,837,805
260	Sedgwick	Derby	822,104	769,429	1,591,533
305	Saline	Salina	560,848	587,798	1,148,646
457	Finney	Garden City	293,038	771,202	1,064,241
231	Johnson	Gardner Edgerton	532,373	374,709	907,082
266	Sedgwick	Maize	629,126	120,546	749,672
443	Ford	Dodge City	419,403	318,461	737,865
253	Lyon	Emporia	557,901	168,711	726,613
265	Sedgwick	Goddard	417,394	292,761	710,154
368	Miami	Paola	231,900	478,744	710,644
345	Shawnee	Seaman	354,751	166,303	521,054
313	Reno	Buhler	238,318	279,662	517,980
204	Wyandotte	Bonner Springs	281,143	231,411	512,554
489	Ellis	Hays	0	487,958	487,958
214	Grant	Ulysses	0	487,259	487,259
203	Wyandotte	Piper-Kansas City	162,149	322,090	484,239
450	Shawnee	Shawnee Heights	307,760	167,957	475,716
250	Crawford	Pittsburg	130,319	330,234	460,553
490	Butler	El Dorado	78,638	367,066	445,703
263	Sedgwick	Mulvane	246,570	369,731	616,301
416	Miami	Louisburg	149,710	263,758	413,468
453	Leavenworth	Leavenworth	226,875	185,708	412,584
202	Wyandotte	Turner-Kansas City	218,981	159,606	378,587
375	Butler	Circle	72,089	288,346	360,435
262	Sedgwick	Valley Center Pub Sch	176,871	162,394	339,265
458	Leavenworth	Basehor-Linwood	183,164	140,731	323,896
407	Russell	Russell County	70,624	576,112	646,736
290	Franklin	Ottawa	199,433	111,953	311,386
331	Kingman	Kingman - Norwich	113,499	270,026	383,525
428	Barton	Great Bend	129,100	175,520	304,620
413	Neosho	Chanute Public Schools	202,962	96,141	299,103
435	Dickinson	Abilene	178,373	115,150	293,523
418	McPherson	McPherson	148,145	129,670	277,814
308	Reno	Hutchinson Public Schools	163,146	113,387	276,533
480	Seward	Liberal	0	261,677	261,677

S Sub for HB 2655					I
New LOB Formula and Hold Harmless					
D	E	F	G	H	
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	
		Calculated		Calculated	Calculated
SF16-126 Col 4	SF16-117 Col 4	( D + E )	SF16-133 Col 4	( F + G )	( H - C )
-6,045,648	4,508,756	-1,536,892	1,536,892	0	-9,641,563
-2,502,864	1,262,158	-1,240,706	1,240,706	0	-2,233,001
-2,377,404	656,309	-1,721,096	1,721,096	0	-2,152,899
-1,804,935	829,524	-975,411	975,411	0	-1,861,830
-622,735	776,699	153,964	0	153,964	-1,683,841
-735,024	822,104	87,080	0	87,080	-1,504,453
-1,248,914	560,848	-688,066	688,066	0	-1,148,646
-595,555	293,038	-302,517	302,517	0	-1,064,241
-706,254	532,373	-173,881	173,881	0	-907,082
-1,165,811	629,126	-536,684	536,684	0	-749,672
-788,687	419,403	-369,283	369,283	0	-737,865
-633,906	557,901	-76,005	76,005	0	-726,613
-680,851	417,394	-263,457	263,457	0	-710,154
-47,738	231,900	184,162	0	184,162	-526,482
-714,134	354,751	-359,383	359,383	0	-521,054
-331,796	238,318	-93,478	93,478	0	-517,980
-427,970	281,143	-146,826	146,826	0	-512,554
-317,906	0	-317,906	317,906	0	-487,958
0	0	0	0	0	-487,259
-269,147	162,149	-106,997	106,997	0	-484,239
-596,977	307,760	-289,218	289,218	0	-475,716
-282,583	130,319	-152,264	152,264	0	-460,553
-269,181	78,638	-190,544	190,544	0	-445,703
-55,372	246,570	191,198	0	191,198	-425,103
-172,834	149,710	-23,125	23,125	0	-413,468
-587,559	226,875	-360,684	360,684	0	-412,584
-484,713	218,981	-265,733	265,733	0	-378,587
-293,716	72,089	-221,627	221,627	0	-360,435
-299,711	176,871	-122,841	122,841	0	-339,265
-279,044	183,164	-95,880	95,880	0	-323,896
257,388	70,624	328,012	0	328,012	-318,724
-382,498	199,433	-183,065	183,065	0	-311,386
-35,949	113,499	77,551	0	77,551	-305,974
-434,133	129,100	-305,033	305,033	0	-304,620
-319,215	202,962	-116,253	116,253	0	-299,103
-184,899	178,373	-6,527	6,527	0	-293,523
-688,878	148,145	-540,733	540,733	0	-277,814
-762,972	163,146	-599,826	599,826	0	-276,533
-495,290	0	-495,290	495,290	0	-261,677



			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
469	Leavenworth	Lansing	109,147	147,380	256,527
409	Atchison	Atchison Public Schools	112,164	128,622	240,786
466	Scott	Scott County	21,880	218,133	240,013
445	Montgomery	Coffeyville	55,251	183,890	239,141
383	Riley	Manhattan-Ogden	0	226,458	226,458
261	Sedgwick	Haysville	-24,663	240,573	215,911
494	Hamilton	Syracuse	35,806	197,949	233,755
491	Douglas	Eudora	109,827	80,278	190,105
405	Rice	Lyons	70,841	208,526	279,367
230	Johnson	Spring Hill	0	181,581	181,581
205	Butler	Bluestem	57,613	124,168	181,781
348	Douglas	Baldwin City	120,067	60,705	180,772
394	Butler	Rose Hill Public Schools	104,596	74,905	179,502
114	Doniphan	Riverside	0	188,397	188,397
402	Butler	Augusta	193,229	-18,809	174,421
431	Barton	Hoisington	48,885	339,358	388,243
232	Johnson	De Soto	495,480	-331,295	164,185
483	Seward	Kismet-Plains	0	161,412	161,412
373	Harvey	Newton	236,161	-76,532	159,628
257	Allen	Iola	89,321	66,862	156,183
355	Barton	Ellinwood Public Schools	45,148	343,455	388,603
417	Morris	Morris County	56,732	95,080	151,811
400	McPherson	Smoky Valley	110,105	38,343	148,447
350	Stafford	St John-Hudson	0	148,413	148,413
264	Sedgwick	Clearwater	99,239	48,853	148,092
396	Butler	Douglass Public Schools	47,544	100,531	148,075
270	Rooks	Plainville	0	146,454	146,454
267	Sedgwick	Renwick	154,108	-12,291	141,817
385	Butler	Andover	445,569	-303,842	141,727
470	Cowley	Arkansas City	51,508	78,233	129,741
273	Mitchell	Beloit	76,722	52,695	129,417
287	Franklin	West Franklin	56,631	69,784	126,415
366	Woodson	Woodson	2,648	122,461	125,109
506	Labette	Labette County	91,923	31,683	123,606
508	Cherokee	Baxter Springs	83,323	82,595	165,919
218	Morton	Elkhart	151,571	183,297	334,868
293	Gove	Quinter Public Schools	36,505	104,602	141,107
340	Jefferson	Jefferson West	63,272	49,212	112,485
477	Gray	Ingalls	7,671	136,357	144,028

<p style="text-align: center;"><b>S Sub for HB 2655</b>  <b>New LOB Formula and Hold Harmless</b></p>					
D	E	F	G	H	I
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	Difference Between Old Formulas and S Sub for HB2655
		Calculated		Calculated	
SF16-126 Col 4	SF16-117 Col 4	(D + E)	SF16-133 Col 4	(F + G)	(H - C)
-301,893	109,147	-192,746	192,746	0	-256,527
-223,242	112,164	-111,078	111,078	0	-240,786
-135,092	21,880	-113,212	113,212	0	-240,013
-389,721	55,251	-334,470	334,470	0	-239,141
-1,536,205	0	-1,536,205	1,536,205	0	-226,458
-422,672	-24,663	-447,335	447,335	0	-215,911
-15,072	35,806	20,734	0	20,734	-213,021
-164,977	109,827	-55,150	55,150	0	-190,105
19,028	70,841	89,869	0	89,869	-189,498
-293,948	0	-293,948	293,948	0	-181,581
-56,881	57,613	732	0	732	-181,049
-258,149	120,067	-138,082	138,082	0	-180,772
-179,755	104,596	-75,159	75,159	0	-179,502
12,411	0	12,411	0	12,411	-175,986
-380,141	193,229	-186,912	186,912	0	-174,421
166,216	48,885	215,100	0	215,100	-173,143
-2,022,965	495,480	-1,527,485	1,527,485	0	-164,185
0	0	0	0	0	-161,412
-689,770	236,161	-453,610	453,610	0	-159,628
-189,235	89,321	-99,914	99,914	0	-156,183
190,623	45,148	235,771	0	235,771	-152,832
-164,849	56,732	-108,118	108,118	0	-151,811
-249,239	110,105	-139,135	139,135	0	-148,447
0	0	0	0	0	-148,413
-194,003	99,239	-94,764	94,764	0	-148,092
-52,688	47,544	-5,144	5,144	0	-148,075
0	0	0	0	0	-146,454
-486,381	154,108	-332,273	332,273	0	-141,817
-1,224,162	445,569	-778,593	778,593	0	-141,727
-383,843	51,508	-332,335	332,335	0	-129,741
-203,131	76,722	-126,409	126,409	0	-129,417
-147,513	56,631	-90,882	90,882	0	-126,415
-33,810	2,648	-31,162	31,162	0	-125,109
-215,501	91,923	-123,578	123,578	0	-123,606
-40,859	83,323	42,465	0	42,465	-123,454
60,515	151,571	212,086	0	212,086	-122,782
-16,562	36,505	19,943	0	19,943	-121,164
-145,711	63,272	-82,439	82,439	0	-112,485
24,186	7,671	31,858	0	31,858	-112,171

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
382	Pratt	Pratt	109,265	2,663	111,928
388	Ellis	Ellis	63,307	201,209	264,516
330	Wabauunsee	Mission Valley	52,513	55,913	108,426
309	Reno	Nickerson	54,188	52,922	107,109
353	Sumner	Wellington	164,453	-58,742	105,711
432	Ellis	Victoria	0	103,522	103,522
252	Lyon	Southern Lyon County	50,257	52,988	103,245
282	Elk	West Elk	20,962	79,880	100,842
325	Phillips	Phillipsburg	32,150	55,746	87,896
369	Harvey	Burrton	40,259	139,219	179,479
503	Labette	Parsons	44,300	42,991	87,291
289	Franklin	Wellsville	71,910	15,316	87,226
484	Wilson	Fredonia	20,189	60,945	81,135
473	Dickinson	Chapman	-17,436	97,535	80,099
397	Marion	Centre	45,106	69,540	114,646
113	Nemaha	Prairie Hills	72,950	4,477	77,427
347	Edwards	Kinsley-Offerle	37,583	38,995	76,578
286	Chautauqua	Chautauqua Co Community	6,395	68,962	75,357
511	Harper	Attica	11,276	72,073	83,349
358	Sumner	Oxford	45,956	141,459	187,414
101	Neosho	Erie-Galesburg	42,938	26,178	69,115
268	Sedgwick	Cheney	49,452	18,719	68,171
487	Dickinson	Herington	0	66,014	66,014
410	Marion	Durham-Hillsboro-Lehigh	58,680	6,415	65,096
447	Montgomery	Cherryvale	44,627	18,001	62,628
509	Sumner	South Haven	9,665	105,538	115,203
434	Osage	Santa Fe Trail	34,670	26,102	60,772
439	Harvey	Sedgwick Public Schools	12,600	47,653	60,253
207	Leavenworth	Ft Leavenworth	3,023	69,289	72,312
465	Cowley	Winfield	164,626	-105,386	59,239
320	Pottawatomie	Wamego	61,788	-3,896	57,892
376	Rice	Sterling	49,189	7,963	57,152
403	Rush	Otis-Bison	0	57,129	57,129
333	Cloud	Concordia	67,847	-13,962	53,885
404	Cherokee	Riverton	-6,456	57,760	51,304
288	Franklin	Central Heights	39,054	10,257	49,311
395	Rush	LaCrosse	7,025	41,347	48,372
357	Sumner	Belle Plaine	38,894	8,386	47,280
248	Crawford	Girard	30,793	15,867	46,660

S Sub for HB 2655					I
New LOB Formula and Hold Harmless					
D	E	F	G	H	
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	
		Calculated (D + E)		Calculated (F + G)	
SF16-126 Col 4	SF16-117 Col 4		SF16-133 Col 4		
-373,782	109,265	-264,517	264,517	0	-111,928
91,079	63,307	154,386	0	154,386	-110,230
-136,896	52,513	-84,383	84,383	0	-108,426
-272,711	54,188	-218,523	218,523	0	-107,109
-349,018	164,453	-184,565	184,565	0	-105,711
0	0	0	0	0	-103,522
-133,607	50,257	-83,350	83,350	0	-103,245
-36,436	20,962	-15,474	15,474	0	-100,842
-92,430	32,150	-60,280	60,280	0	-87,896
51,513	40,259	91,772	0	91,772	-87,706
-218,717	44,300	-174,417	174,417	0	-87,291
-206,772	71,910	-134,862	134,862	0	-87,226
-140,475	20,189	-120,285	120,285	0	-81,135
-226,618	-17,436	-244,053	244,053	0	-80,099
-8,485	45,106	36,621	0	36,621	-78,025
-383,134	72,950	-310,184	310,184	0	-77,427
-111,390	37,583	-73,807	73,807	0	-76,578
-16,048	6,395	-9,653	9,653	0	-75,357
-2,523	11,276	8,754	0	8,754	-74,596
67,172	45,956	113,128	0	113,128	-74,287
-165,559	42,938	-122,621	122,621	0	-69,115
-138,423	49,452	-88,971	88,971	0	-68,171
-47,114	0	-47,114	47,114	0	-66,014
-186,307	58,680	-127,627	127,627	0	-65,096
-103,575	44,627	-58,948	58,948	0	-62,628
44,602	9,665	54,267	0	54,267	-60,936
-212,642	34,670	-177,972	177,972	0	-60,772
-48,449	12,600	-35,849	35,849	0	-60,253
9,108	3,023	12,132	0	12,132	-60,180
-571,881	164,626	-407,256	407,256	0	-59,239
-327,496	61,788	-265,708	265,708	0	-57,892
-126,574	49,189	-77,386	77,386	0	-57,152
0	0	0	0	0	-57,129
-262,440	67,847	-194,593	194,593	0	-53,885
-122,514	-6,456	-128,970	128,970	0	-51,304
-130,682	39,054	-91,628	91,628	0	-49,311
-90,382	7,025	-83,358	83,358	0	-48,372
-118,039	38,894	-79,145	79,145	0	-47,280
-170,283	30,793	-139,490	139,490	0	-46,660

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
326	Phillips	Logan	0	46,463	46,463
327	Ellsworth	Ellsworth	31,417	14,956	46,373
249	Crawford	Frontenac Public Schools	21,842	22,896	44,739
245	Coffey	LeRoy-Gridley	0	44,381	44,381
372	Shawnee	Silver Lake	45,831	-1,857	43,974
341	Jefferson	Oskaloosa Public Schools	9,290	33,842	43,132
499	Cherokee	Galena	26,348	16,565	42,914
420	Osage	Osage City	24,153	18,422	42,575
323	Pottawatomie	Rock Creek	0	42,186	42,186
336	Jackson	Holton	65,919	-24,850	41,069
343	Jefferson	Perry Public Schools	23,623	16,745	40,368
504	Labette	Oswego	17,712	22,085	39,797
219	Clark	Minneola	0	39,699	39,699
464	Leavenworth	Tonganoxie	-26,998	62,946	35,948
367	Miami	Osawatomie	78,675	-42,949	35,726
206	Butler	Remington-Whitewater	23,597	10,562	34,159
421	Osage	Lyndon	29,991	3,809	33,801
356	Sumner	Conway Springs	49,413	-17,639	31,773
398	Marion	Peabody-Burns	0	30,713	30,713
285	Chautauqua	Cedar Vale	0	30,380	30,380
471	Cowley	Dexter	16,970	12,332	29,302
271	Rooks	Stockton	0	27,449	27,449
408	Marion	Marion-Florence	0	26,642	26,642
297	Cheyenne	St Francis Comm Sch	0	20,922	20,922
306	Saline	Southeast Of Saline	0	20,414	20,414
312	Reno	Haven Public Schools	66,528	-47,699	18,829
419	McPherson	Canton-Galva	13,823	4,217	18,040
212	Norton	Northern Valley	14,466	1,076	15,542
246	Crawford	Northeast	43,287	-29,258	14,028
386	Greenwood	Madison-Virgil	10,160	3,376	13,536
505	Labette	Chetopa-St. Paul	24,411	-10,982	13,429
371	Gray	Montezuma	9,554	2,554	12,108
242	Wallace	Weskan	0	11,506	11,506
359	Sumner	Argonia Public Schools	0	10,634	10,634
108	Washington	Washington Co. Schools	3,908	5,085	8,993
411	Marion	Goessel	9,414	-1,721	7,693
438	Pratt	Skyline Schools	31,108	-25,538	5,570
322	Pottawatomie	Onaga-Havensville-Wheaton	31,240	-27,230	4,009
448	McPherson	Inman	24,032	-21,078	2,954

S Sub for HB 2655					I
New LOB Formula and Hold Harmless					
D	E	F	G	H	
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	
		Calculated (D + E)		Calculated (F + G)	
SF16-126 Col 4	SF16-117 Col 4		SF16-133 Col 4		Calculated (H - C)
-46,844	0	-46,844	46,844	0	-46,463
-187,355	31,417	-155,937	155,937	0	-46,373
-111,824	21,842	-89,982	89,982	0	-44,739
0	0	0	0	0	-44,381
-157,086	45,831	-111,255	111,255	0	-43,974
-111,831	9,290	-102,541	102,541	0	-43,132
-102,278	26,348	-75,930	75,930	0	-42,914
-131,009	24,153	-106,857	106,857	0	-42,575
-164,492	0	-164,492	164,492	0	-42,186
-239,384	65,919	-173,465	173,465	0	-41,069
-289,101	23,623	-265,478	265,478	0	-40,368
-56,487	17,712	-38,775	38,775	0	-39,797
-84,689	0	-84,689	84,689	0	-39,699
-322,038	-26,998	-349,035	349,035	0	-35,948
-313,930	78,675	-235,255	235,255	0	-35,726
-201,860	23,597	-178,263	178,263	0	-34,159
-105,099	29,991	-75,108	75,108	0	-33,801
-135,100	49,413	-85,687	85,687	0	-31,773
-125,290	0	-125,290	125,290	0	-30,713
-3,358	0	-3,358	3,358	0	-30,380
-31,423	16,970	-14,453	14,453	0	-29,302
-80,629	0	-80,629	80,629	0	-27,449
-134,098	0	-134,098	134,098	0	-26,642
-92,022	0	-92,022	92,022	0	-20,922
-255,415	0	-255,415	255,415	0	-20,414
-383,753	66,528	-317,224	317,224	0	-18,829
-188,068	13,823	-174,245	174,245	0	-18,040
-89,530	14,466	-75,064	75,064	0	-15,542
-144,553	43,287	-101,266	101,266	0	-14,028
-86,657	10,160	-76,497	76,497	0	-13,536
-108,219	24,411	-83,808	83,808	0	-13,429
-101,046	9,554	-91,492	91,492	0	-12,108
-17,107	0	-17,107	17,107	0	-11,506
-73,925	0	-73,925	73,925	0	-10,634
-166,153	3,908	-162,245	162,245	0	-8,993
-85,801	9,414	-76,387	76,387	0	-7,693
-181,179	31,108	-150,071	150,071	0	-5,570
-145,165	31,240	-113,925	113,925	0	-4,009
-220,421	24,032	-196,389	196,389	0	-2,954

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
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			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
					Calculated
<b>USD#</b>	<b>County Name</b>	<b>USD Name</b>	<b>SF16-126 Col 4</b>	<b>SF16-116 Col 4</b>	<b>(A + B)</b>
393	Dickinson	Solomon	22,574	-20,377	2,197
224	Washington	Clifton-Clyde	0	1,579	1,579
220	Clark	Ashland	0	1,352	1,352
211	Norton	Norton Community Schools	36,424	-35,203	1,221
210	Stevens	Hugoton Public Schools	0	1,168	1,168
389	Greenwood	Eureka	10,316	-9,330	986
392	Osborne	Osborne County	19,440	-18,960	481
454	Osage	Burlingame Public School	0	473	473
468	Lane	Healy Public Schools	0	0	0
275	Logan	Triplains	0	0	0
291	Gove	Grinnell Public Schools	0	0	0
474	Kiowa	Haviland	0	0	0
476	Gray	Copeland	0	0	0
292	Gove	Wheatland	0	0	0
106	Ness	Western Plains	0	0	0
269	Rooks	Palco	0	0	0
502	Edwards	Lewis	0	0	0
399	Russell	Paradise	0	0	0
314	Thomas	Brewster	0	0	0
103	Cheyenne	Cheylin	0	0	0
332	Kingman	Cunningham	0	0	0
401	Rice	Chase-Raymond	0	0	0
217	Morton	Rolla	0	0	0
209	Stevens	Moscow Public Schools	0	0	0
241	Wallace	Wallace County Schools	0	0	0
216	Kearny	Deerfield	0	0	0
351	Stafford	Macksville	0	0	0
482	Lane	Dighton	0	0	0
459	Ford	Bucklin	0	0	0
255	Barber	South Barber	0	0	0
200	Greeley	Greeley County Schools	0	0	0
303	Ness	Ness City	0	0	0
227	Hodgeman	Hodgeman County Schools	0	0	0
310	Reno	Fairfield	0	0	0
507	Haskell	Satanta	0	0	0
300	Comanche	Comanche County	0	0	0
444	Rice	Little River	0	0	0
111	Doniphan	Doniphan West Schools	0	0	0
422	Kiowa	Kiowa County	0	0	0





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			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
281	Graham	Graham County	0	0	0
208	Trego	Wakeeney	0	0	0
226	Meade	Meade	0	0	0
274	Logan	Oakley	0	0	0
251	Lyon	North Lyon County	0	0	0
452	Stanton	Stanton County	0	0	0
374	Haskell	Sublette	0	0	0
254	Barber	Barber County North	0	0	0
112	Ellsworth	Central Plains	0	0	0
215	Kearny	Lakin	0	0	0
244	Coffey	Burlington	0	0	0
362	Linn	Prairie View	0	0	0
363	Finney	Holcomb	0	0	0
321	Pottawatomie	Kaw Valley	0	0	0
436	Montgomery	Caney Valley	22,058	-24,293	-2,235
342	Jefferson	McLouth	22,281	-24,544	-2,263
390	Greenwood	Hamilton	0	-2,897	-2,897
235	Bourbon	Uniontown	0	-3,103	-3,103
381	Ford	Spearville	13,053	-17,426	-4,373
284	Chase	Chase County	0	-4,647	-4,647
460	Harvey	Hesston	46,316	-51,316	-5,000
384	Riley	Blue Valley	0	-6,899	-6,899
412	Sheridan	Hoxie Community Schools	0	-11,597	-11,597
339	Jefferson	Jefferson County North	20,071	-32,219	-12,148
429	Doniphan	Troy Public Schools	13,545	-26,369	-12,824
115	Nemaha	Nemaha Central	0	-15,619	-15,619
498	Marshall	Valley Heights	24,965	-41,096	-16,132
479	Anderson	Crest	0	-17,519	-17,519
338	Jefferson	Valley Falls	23,067	-40,674	-17,607
109	Republic	Republic County	0	-17,794	-17,794
461	Wilson	Neodesha	46,331	-65,813	-19,482
365	Anderson	Garnett	82,131	-101,643	-19,512
449	Leavenworth	Easton	28,299	-48,002	-19,703
107	Jewell	Rock Hills	0	-21,459	-21,459
349	Stafford	Stafford	6,337	-28,705	-22,367
337	Jackson	Royal Valley	41,950	-66,459	-24,509
462	Cowley	Central	17,280	-42,065	-24,785
378	Riley	Riley County	45,573	-70,468	-24,895
360	Sumner	Caldwell	10,773	-35,950	-25,177

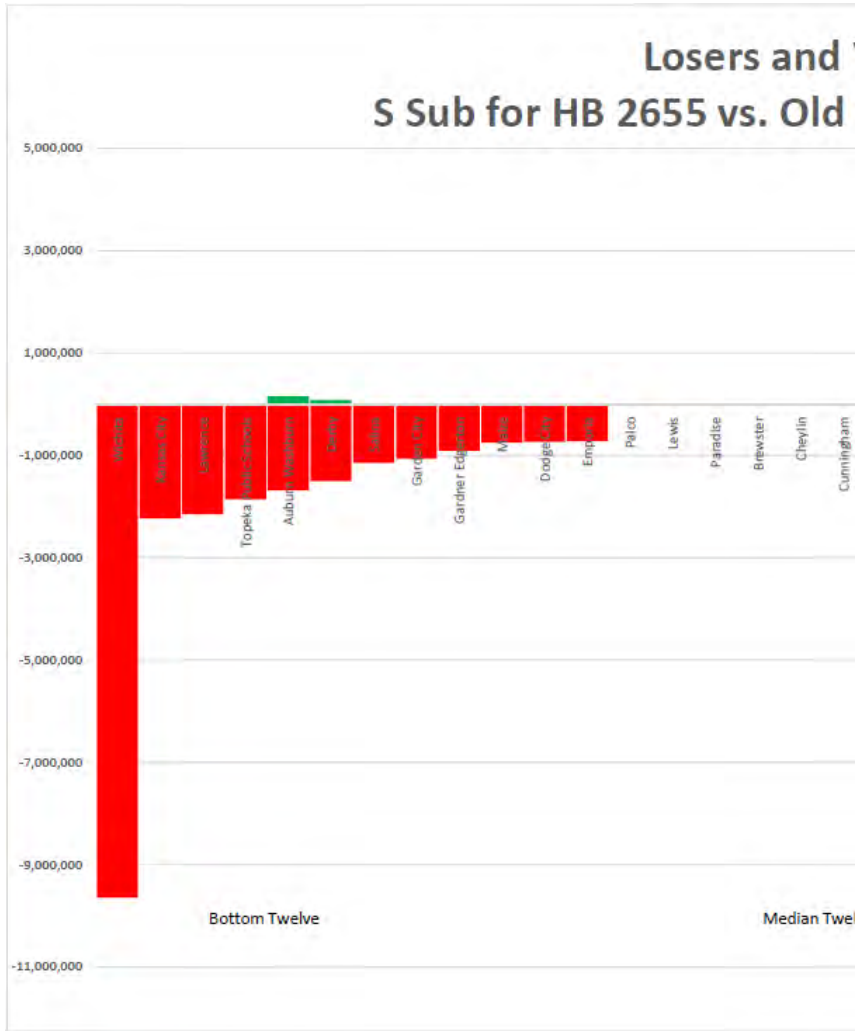


			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
426	Republic	Pike Valley	8,614	-38,185	-29,571
496	Pawnee	Pawnee Heights	0	-30,949	-30,949
481	Dickinson	Rural Vista	0	-32,301	-32,301
493	Cherokee	Columbus	34,756	-68,315	-33,559
387	Wilson	Altoona-Midway	0	-39,888	-39,888
335	Jackson	North Jackson	3,723	-48,855	-45,132
430	Brown	South Brown County	39,756	-85,243	-45,487
311	Reno	Pretty Prairie	12,863	-59,709	-46,845
240	Ottawa	Twin Valley	29,667	-77,676	-48,009
334	Cloud	Southern Cloud	0	-49,047	-49,047
294	Decatur	Oberlin	0	-49,926	-49,926
440	Harvey	Halstead	24,940	-78,075	-53,135
272	Mitchell	Waconda	0	-53,812	-53,812
239	Ottawa	North Ottawa County	-29,753	-25,092	-54,846
105	Rawlins	Rawlins County	5,221	-60,309	-55,087
315	Thomas	Colby Public Schools	44,730	-101,805	-57,075
380	Marshall	Vermillion	30,491	-88,829	-58,337
492	Butler	Flinthills	5,625	-64,096	-58,471
415	Brown	Hiawatha	0	-58,914	-58,914
316	Thomas	Golden Plains	0	-62,815	-62,815
456	Osage	Marais Des Cygnes Valley	0	-64,595	-64,595
237	Smith	Smith Center	11,968	-78,380	-66,411
102	Gray	Cimmaron-Ensign	18,267	-87,804	-69,537
467	Wichita	Leoti	0	-69,661	-69,661
329	Wabaunsee	Mill Creek Valley	9,206	-80,562	-71,356
299	Lincoln	Sylvan Grove	0	-72,558	-72,558
110	Phillips	Thunder Ridge Schools	1,237	-77,117	-75,880
463	Cowley	Udall	14,687	-90,872	-76,185
225	Meade	Fowler	0	-76,428	-76,428
361	Harper	Anthony-Harper	0	-80,374	-80,374
344	Linn	Pleasanton	18,628	-100,193	-81,566
307	Saline	Eli-Saline	33,772	-117,641	-83,869
243	Coffey	Lebo-Waverly	8,467	-100,949	-92,482
446	Montgomery	Independence	70,276	-163,324	-93,048
423	McPherson	Moundridge	0	-108,769	-108,769
379	Clay	Clay Center	-78,661	-41,669	-120,330
364	Marshall	Marysville	0	-132,249	-132,249
377	Atchison	Atchison Co Comm Schools	4,289	-142,627	-138,338
223	Washington	Barnes	0	-140,253	-140,253

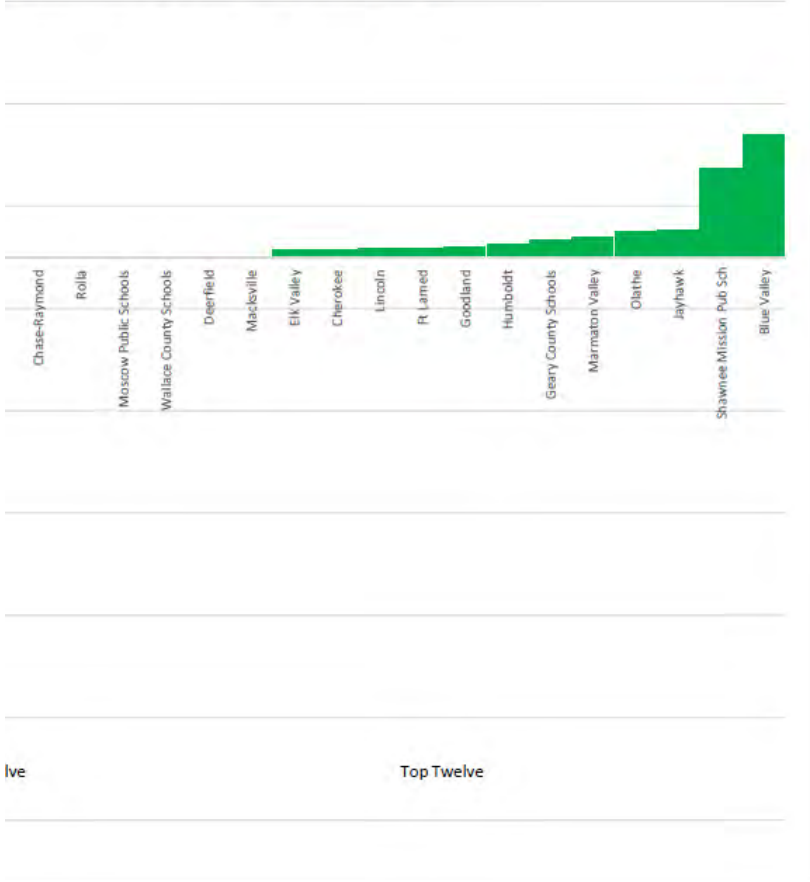
S Sub for HB 2655					I
New LOB Formula and Hold Harmless					
D	E	F	G	H	
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	
		Calculated (D + E)		Calculated (F + G)	
SF16-126 Col 4	SF16-117 Col 4		SF16-133 Col 4		Calculated (H - C)
-152,081	8,614	-143,467	143,467	0	29,571
-85,280	0	-85,280	85,280	0	30,949
-141,353	0	-141,353	141,353	0	32,301
-387,249	34,756	-352,494	352,494	0	33,559
-39,888	0	-39,888	39,888	0	39,888
-160,826	3,723	-157,103	157,103	0	45,132
-252,507	39,756	-212,752	212,752	0	45,487
-164,188	12,863	-151,324	151,324	0	46,845
-258,276	29,667	-228,609	228,609	0	48,009
-119,683	0	-119,683	119,683	0	49,047
-49,926	0	-49,926	49,926	0	49,926
-291,933	24,940	-266,992	266,992	0	53,135
-197,983	0	-197,983	197,983	0	53,812
-222,723	-29,753	-252,476	252,476	0	54,846
-218,936	5,221	-213,715	213,715	0	55,087
-457,878	44,730	-413,148	413,148	0	57,075
-260,333	30,491	-229,841	229,841	0	58,337
-170,372	5,625	-164,747	164,747	0	58,471
-197,162	0	-197,162	197,162	0	58,914
-162,331	0	-162,331	162,331	0	62,815
-155,879	0	-155,879	155,879	0	64,595
-274,626	11,968	-262,658	262,658	0	66,411
-285,031	18,267	-266,764	266,764	0	69,537
-157,678	0	-157,678	157,678	0	69,661
-290,683	9,206	-281,477	281,477	0	71,356
-72,558	0	-72,558	72,558	0	72,558
-205,051	1,237	-203,813	203,813	0	75,880
-206,438	14,687	-191,751	191,751	0	76,185
-89,000	0	-89,000	89,000	0	76,428
-80,374	0	-80,374	80,374	0	80,374
-192,875	18,628	-174,247	174,247	0	81,566
-252,817	33,772	-219,044	219,044	0	83,869
-270,076	8,467	-261,609	261,609	0	92,482
-627,014	70,276	-556,737	556,737	0	93,048
-121,534	0	-121,534	121,534	0	108,769
-369,689	-78,661	-448,351	448,351	0	120,330
-173,754	0	-173,754	173,754	0	132,249
-434,626	4,289	-430,337	430,337	0	138,338
-175,837	0	-175,837	175,837	0	140,253

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
					Calculated
<b>USD#</b>	<b>County Name</b>	<b>USD Name</b>	<b>SF16-126 Col 4</b>	<b>SF16-116 Col 4</b>	<b>(A + B)</b>
234	Bourbon	Fort Scott	-28,319	-112,514	-140,833
283	Elk	Elk Valley	0	-141,713	-141,713
247	Crawford	Cherokee	15,868	-166,473	-150,605
298	Lincoln	Lincoln	-10,762	-151,278	-162,041
495	Pawnee	Ft Larned	-74,248	-94,812	-169,060
352	Sherman	Goodland	-22,702	-185,127	-207,828
258	Allen	Humboldt	59,573	-307,364	-247,791
475	Geary	Geary County Schools	-154,601	-180,051	-334,652
256	Allen	Marmaton Valley	0	-400,146	-400,146
233	Johnson	Olathe	557,018	-1,055,910	-498,892
346	Linn	Jayhawk	-27,233	-512,901	-540,133
512	Johnson	Shawnee Mission Pub Sch	0	-1,737,506	-1,737,506
229	Johnson	Blue Valley	0	-2,407,372	-2,407,372
	<b>TOTALS</b>		<b>23,489,840</b>	<b>14,512,479</b>	<b>38,002,319</b>

<b>S Sub for HB 2655</b>					<b>I</b>
<b>New LOB Formula and Hold Harmless</b>					
<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	
<b>Gain/Loss in LOB Aid</b>	<b>Gain/Loss in Capital Outlay Aid</b>	<b>New Formula Gain/Loss in Aid</b>	<b>Hold Harmless Payment</b>	<b>Total Aid Gain/Loss in Aid</b>	
		Calculated (D + E)		Calculated (F + G)	
SF16-126 Col 4	SF16-117 Col 4		SF16-133 Col 4		
-429,972	-28,319	-458,290	458,290	0	140,833
-156,179	0	-156,179	156,179	0	141,713
-369,680	15,868	-353,812	353,812	0	150,605
-327,143	-10,762	-337,905	337,905	0	162,041
-389,566	-74,248	-463,813	463,813	0	169,060
-568,624	-22,702	-591,325	591,325	0	207,828
-485,907	59,573	-426,335	426,335	0	247,791
-1,363,276	-154,601	-1,517,877	1,517,877	0	334,652
-400,146	0	-400,146	400,146	0	400,146
-9,575,361	557,018	-9,018,343	9,018,343	0	498,892
-660,809	-27,233	-688,042	688,042	0	540,133
-3,040,285	0	-3,040,285	3,040,285	0	1,737,506
-2,407,372	0	-2,407,372	2,407,372	0	2,407,372
		0			
-82,908,792	23,489,840	-59,418,952	61,792,947	2,373,994	-35,628,324



## Winners: Formulas (Safe Harbor)



Ive

Top Twelve



**CONSIDERATION OF APPOINTMENTS**

In accordance with Senate Rule 56, the following appointments, submitted by the Governor to the Senate for confirmation were considered.

Senator Bruce moved the following appointments be confirmed as recommended by the Committees on Federal and State Affairs, Financial Institutions and Insurance Judiciary and Public Health and Welfare.

*By the Governor*

On the appointment to the:

*State Board of Indigents Defense Services:*

Paul Beck, Term ends January 15, 2019

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The appointment was confirmed.

*By the Governor*

On the appointment to the:

*University of Kansas Hospital Authority:*

Robba Moran, Term ends March 15, 2018

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The appointment was confirmed.

*By the Governor*

On the appointment to the:

*Kansas Human Rights Commission:*

Melvin Neufeld, Term ends January 15, 2020

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The appointment was confirmed.

*By the Governor*

On the appointment to the:

*Kansas Human Rights Commission:*

Harold Schorn, Term ends January 15, 2018

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The appointment was confirmed.

*By the Governor*

On the appointment to the:

*University of Kansas Hospital Authority:*

Mark Uhlig, Term ends March 15, 2020

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The appointment was confirmed.

*By the Governor*

On the appointment to the:

*State Lottery Commission:*

James Washington, Term ends March 15, 2020

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The appointment was confirmed.

*By the Governor*

On the appointment to the:

*State Banking Board:*

Brian Weisel, Term ends March 15, 2018

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The appointment was confirmed.

On motion of Senator Bruce, the Senate recessed until 2:00 p.m..

**INTRODUCTION OF ORIGINAL MOTIONS AND SENATE RESOLUTIONS**

Senator Melcher introduced the following Senate resolution, which was read:

SENATE RESOLUTION No. 1785—

A RESOLUTION congratulating and commending Lauren Browning on receiving a 2016 Prudential Spirit of Community Award for exemplary volunteer service.

WHEREAS, Lauren Browning, an esteemed resident of Overland Park, Kansas, and a student at Blue Valley Southwest High School, has achieved national recognition for exemplary volunteer service by receiving a 2016 Prudential Spirit of Community Award; and

WHEREAS, This prestigious award, presented by Prudential Financial in partnership with the National Association of Secondary School Principals, honors young volunteers across America who have demonstrated extraordinary commitment to serving their communities; and

WHEREAS, Lauren Browning began painting faces at community events when she was nine years old to benefit children with cancer. She now oversees an organization called "Faces of Hope," which currently has 10 trained volunteers who paint as many as 3,500 faces a year. Lauren and her staff paint, for free, at numerous community events throughout the year, with an emphasis on events that benefit the fight against childhood cancer. They also paint faces at private functions in exchange for donations to cancer-related charities, sometimes raising as much as \$500 in a single day; and

WHEREAS, The success of the State of Kansas, the strength of our communities and the overall vitality of American society depend, in great measure, upon the dedication of young people like Lauren Browning who use their considerable talents and resources to serve others: Now, therefore,

*Be it resolved by the Senate of the State of Kansas:* That we congratulate and commend Lauren Browning on receiving a 2016 Spirit of Community Award and recognize her outstanding record of volunteer service, peer leadership and community spirit. We extend our best wishes for her continued leadership and success; and

*Be it further resolved:* That the Secretary of the Senate shall send an enrolled copy of this resolution to Lauren Browning.

On emergency motion of Senator Melcher **SR 1785** was adopted unanimously.

**CONSIDERATION OF MOTIONS TO CONCUR AND NONCONCUR**

Senator Longbine moved the Senate concur in House amendments to **H Sub SB 55**.

**H Sub SB 55**, AN ACT concerning health care facilities; relating to correction orders; civil penalties; amending K.S.A. 2015 Supp. 39-945 and 39-946 and repealing the existing sections.

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt,

Smith, Tyson, Wagle, Wilborn, Wolf.

The Senate concurred.

Senator Petersen moved the Senate concur in House amendments to **Sub SB 99**.

**Sub SB 99**, AN ACT concerning the uniform act regulating traffic; relating to height, weight and length of vehicles and loads; exceptions to maximums; amending K.S.A. 8-1905 and 8-1909 and K.S.A. 2015 Supp. 8-1904 and repealing the existing sections.

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The Senate concurred.

### CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to SB 367 submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee amendments, as follows:

On page 3, in line 1, by striking "two months" and inserting "one month"; in line 2, by striking "four" and inserting "three"; in line 6, after the period by inserting "When the court extends the term of probation for a juvenile offender, the court services officer or community correctional services officer responsible for monitoring such juvenile offender shall record the reason given for extending probation. Court services officers shall report such records to the office of judicial administration, and community correctional services officers shall report such records to the department of corrections. The office of judicial administration and the department of corrections shall report such recorded data to the Kansas juvenile justice oversight committee on a quarterly basis.";

On page 6, by striking all in line 36; following line 39, by inserting:

"(F) the requirement for youth residential facilities to maintain sight and sound separation between children in need of care that have an open juvenile offender case and children in need of care that do not have an open juvenile offender case;"

On page 7, in line 2, after "identify" by inserting "evidence-based"; in line 23, by striking "and"; in line 26, by striking "attorney" and inserting "attorneys"; also in line 26, after "training" by inserting "; and

(8) data received from the office of judicial administration and the department of corrections, pursuant to section 1, and amendments thereto, pertaining to extensions of probation for juvenile offenders and an analysis of such data to identify how probation extensions are being used and conclusions regarding the effectiveness of such extensions";

On page 58, in line 29, by striking "a" and inserting "an evidence-based";

On page 59, in line 32, by striking "7" and inserting "6";

On page 65, in line 31, before "secretary" by inserting "office of judicial administration and the"; also in line 31, by striking all after "corrections"; by striking all in line 32;

On page 66, in line 27, by striking "a" and inserting "an"; in line 28, by striking "felony";

On page 108, by striking all in lines 31 through 43;

On page 109, by striking all in lines 1 through 22 and inserting:

"Sec. 61. K.S.A. 75-3722, as amended by section 111 of 2016 House Substitute for Senate Bill No. 161, is hereby amended to read as follows: 75-3722. (a) An allotment system will be applicable to the expenditure of the resources of any state agency, under rules and regulations established as provided in K.S.A. 75-3706, and amendments thereto, only if in the opinion of the secretary of administration on the advice of the director of the budget, the use of an allotment plan is necessary or beneficial to the state. In making this determination the secretary of administration shall take into consideration all pertinent factors including:

- (1) Available resources;
- (2) current spending rates;
- (3) work loads;
- (4) new activities, especially any proposed activities not covered in the agency's request to the governor and the legislature for appropriations;

- (5) the minimum current needs of each agency;

- (6) requests for deficiency appropriations in prior fiscal years;

- (7) unexpended and unencumbered balances; and

- (8) revenue collection rates and prospects.

(b) Whenever for any fiscal year it appears that the resources of the general fund or any special revenue fund are likely to be insufficient to cover the appropriations made against such general fund or special revenue fund, the secretary of administration, on the advice of the director of the budget, shall, in such manner as he or she may determine, inaugurate the allotment system so as to assure that expenditures for any particular fiscal year will not exceed the available resources of the general fund or any special revenue fund for that fiscal year.

(c) (1) The allotment system shall not apply to the legislature or to the courts or their officers and employees, or to payments made from the juvenile justice improvement fund, established in section 13, and amendments thereto, for the development and implementation of evidence-based community programs and practices for juvenile offenders and their families. During the fiscal year ending June 30, 2017, the allotment system provided by this section shall not apply to any item of appropriation for employer contributions for the state of Kansas and participating employers who are eligible employers as specified in K.S.A. 74-4931(1), (2) and (3), and amendments thereto, under the Kansas public employees retirement system pursuant to K.S.A. 74-4939, and amendments thereto.

(2) Agencies affected by decisions of the secretary of administration under this section shall be notified in writing at least 30 days before such decisions may become effective and any affected agency may, by written request addressed to the governor within 10 days after such notice, ask for a review of the decision by the finance council. The finance council shall hear appeals and render a decision within 20 days after the governor receives requests for such hearings.";

On page 119, in line 10, after "75-3722" by inserting ", as amended by section 111 of 2016 House Substitute for Senate Bill No. 161,"; in line 12, by striking the fourth comma;

On page 1, in the title, in line 2, after "75-3722" by inserting ", as amended by section 111 of 2016 House Substitute for Senate Bill No.161,";

And your committee on conference recommends the adoption of this report.

RAMON GONZALEZ

BLAINE FINCH

BOOG HIGHBERGER

*Conferees on part of House*

GREG SMITH

FORREST KNOX

PAT PETTEY

*Conferees on part of Senate*

Senator Smith moved the Senate adopt the Conference Committee Report on **SB 367**.

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The Conference Committee Report was adopted.

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

## CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on Senate amendments to **HB 2563** submits the following report:

The House accedes to all Senate amendments to the bill, and your committee on conference further agrees to amend the bill as printed with Senate Committee amendments, as follows:

On page 1, by striking all in lines 6 through 34;

By striking all on page 2;

On page 3, by striking all in lines 1 and 2; following line 2, by inserting:

"Section 1. K.S.A. 2015 Supp. 8-197 is hereby amended to read as follows: 8-197.

(a) The provisions of K.S.A. 8-197 to 8-199, inclusive, and amendments thereto, shall be a part of and supplemental to the provisions of article 1 of chapter 8 of the Kansas Statutes Annotated, and amendments thereto, and as used in such sections, the words and phrases defined by K.S.A. 8-126, and amendments thereto, shall have the meanings respectively ascribed to them therein.

(b) As used in K.S.A. 8-197 through 8-199, and amendments thereto:

(1) (A) "Nonhighway vehicle" means:

(i) Any motor vehicle which cannot be registered because it is not manufactured for the purpose of using the same on the highways of this state and is not provided with the equipment required by state statute for vehicles of such type which are used on the highways of this state;

(ii) any motor vehicle, other than a salvage vehicle, for which the owner has not provided motor vehicle liability insurance coverage or an approved self insurance plan under K.S.A. 40-3104, and amendments thereto, and has not applied for or obtained registration of such motor vehicle in accordance with article 1 of chapter 8 of the Kansas Statutes Annotated, and amendments thereto;

(iii) any all-terrain vehicle;

(iv) any work-site utility vehicle;

(v) any micro utility truck; ~~or~~

(vi) recreational off-highway vehicle; or

(vii) any travel trailer which cannot be registered because it is not manufactured for the purpose of using the travel trailer on the highways of this state and is not provided with the equipment by state statute for travel trailers which are used on the highways of this state; and

(B) "nonhighway vehicle" shall not include an implement of husbandry, as defined in K.S.A. 8-126, and amendments thereto.

(2) "Salvage vehicle" means:

(A) Any motor vehicle, other than a late model vehicle, which is of a type required to be registered in this state, but which cannot be registered because it has been wrecked or damaged to the extent that: The equipment required by state statute on any such vehicle used on the highways of this state is not present or is not in good condition or proper adjustment, as prescribed by state statute or any rules and regulations adopted pursuant thereto, or such vehicle is in an inoperable condition or a condition that would render the operation thereof on the highways of this state a hazard to the public safety; and in either event, such vehicle would require substantial repairs to rebuild or restore such vehicle to a condition which will permit the registration thereof;

(B) a late model vehicle which is of a type required to be registered in this state and which has been wrecked or damaged to the extent that the total cost of repair is 75% or more of the fair market value of the motor vehicle immediately preceding the time it was wrecked or damaged and such condition was not merely exterior cosmetic damage to such vehicle as a result of windstorm or hail; ~~or~~

(C) a motor vehicle, which is of a type required to be registered in this state that the insurer determines is a total loss and for which the insurer takes title; or

(D) a travel trailer which is of a type required to be registered in this state, but which cannot be registered because it has been wrecked or damaged to the extent that: (i) The equipment required by state statute on any such travel trailer used on the highways of this state is not present or is not in good condition or proper adjustment, as prescribed by state statute or any rules and regulations; or (ii) such travel trailer is in an inoperable condition or a condition that would render the operation on the highways of this state a hazard to the public safety; and in either event, such travel trailer would require substantial repairs to rebuild or restore to a condition which will permit the registration of the travel trailer;

(3) "salvage title" means a certificate of title issued by the division designating a motor vehicle or travel trailer a salvage vehicle;

(4) "rebuilt salvage vehicle" means any motor vehicle or travel trailer previously issued a salvage title;

(5) "rebuilt salvage title" means a certificate of title issued by the division for a vehicle previously designated a salvage vehicle which is now designated a rebuilt salvage vehicle;

(6) "late model vehicle" means any motor vehicle which has a manufacturer's model year designation of or later than the year in which the vehicle was wrecked or damaged or any of the six preceding years;

(7) "fair market value" means the retail value of a motor vehicle as:

(A) Set forth in a current edition of any nationally recognized compilation, including an automated database of retail value; or

(B) determined pursuant to a market survey of comparable vehicles with regard to condition and equipment; and

(8) "cost of repairs" means the estimated or actual retail cost of parts needed to repair a vehicle plus the cost of labor computed by using the hourly labor rate and time allocations for automobile repairs that are customary and reasonable. Retail costs of parts and labor rates may be based upon collision estimating manuals or electronic computer estimating systems customarily used in the automobile industry. The total cost of repairs to rebuild or reconstruct the vehicle shall not include the cost of repairing, replacing or reinstalling tires, sound systems, or any sales tax on parts or materials to rebuild or reconstruct the vehicle.

Sec. 2. K.S.A. 2015 Supp. 8-198 is hereby amended to read as follows: 8-198. (a) A nonhighway or salvage vehicle shall not be required to be registered in this state, as provided in K.S.A. 8-135, and amendments thereto, but nothing in this section shall be construed as abrogating, limiting or otherwise affecting the provisions of K.S.A. 8-142, and amendments thereto, which make it unlawful for any person to operate or knowingly permit the operation in this state of a vehicle required to be registered in this state.

(b) Upon the sale or transfer of any nonhighway vehicle or salvage vehicle, the purchaser thereof shall obtain a nonhighway certificate of title or salvage title, whichever is applicable, in the following manner:

(1) If the transferor is a vehicle dealer, as defined in K.S.A. 8-2401, and amendments thereto, and a certificate of title has not been issued for such vehicle under this section or under the provisions of K.S.A. 8-135, and amendments thereto, such transferor shall make application for and assign a nonhighway certificate of title or a salvage title, whichever is applicable, to the purchaser of such nonhighway vehicle or salvage vehicle in the same manner and under the same conditions prescribed by K.S.A. 8-135, and amendments thereto, for the application for and assignment of a certificate of title thereunder. Upon the assignment thereof, the purchaser shall make application for a new nonhighway certificate of title or salvage title, as provided in subsection (c) or (d).

(2) Except as provided in ~~subsection (b) of~~ K.S.A. 8-199**(b)**, and amendments thereto, if a certificate of title has been issued for any such vehicle under the provisions of K.S.A. 8-135, and amendments thereto, the owner of such nonhighway vehicle or salvage vehicle may surrender such certificate of title to the division of vehicles and make application to the division for a nonhighway certificate of title or salvage title, whichever is applicable, or the owner may obtain from the county treasurer's office a



form prescribed by the division of vehicles and, upon proper execution thereof, may assign the nonhighway certificate of title, salvage title or the regular certificate of title with such form attached to the purchaser of the nonhighway vehicle or salvage vehicle. Upon receipt of the nonhighway certificate of title, salvage title or the regular certificate of title with such form attached, the purchaser shall make application for a new nonhighway certificate of title or salvage title, whichever is applicable, as provided in subsection (c) or (d).

(3) If the transferor is not a vehicle dealer, as defined in K.S.A. 8-2401, and amendments thereto, and a certificate of title has not been issued for the vehicle under this section or a certificate of title was not required under K.S.A. 8-135, and amendments thereto, the transferor shall make application to the division for a nonhighway certificate of title or salvage title, whichever is applicable, as provided in this section, except that in addition thereto, the division shall require a bill of sale or such transferor's affidavit, with at least one other corroborating affidavit, that such transferor is the owner of such nonhighway vehicle or salvage vehicle. If the division is satisfied that the transferor is the owner, the division shall issue a nonhighway certificate of title or salvage title, whichever is applicable, for such vehicle, and the transferor shall assign the same to the purchaser, who shall make application for a new nonhighway certificate of title or salvage title, whichever is applicable, as provided in subsection (c) or (d).

(c) Every purchaser of a nonhighway vehicle, whether assigned a nonhighway certificate of title or a regular certificate of title with the form specified in ~~paragraph (2) of subsection (b)(2)~~ attached, shall make application to the county treasurer of the county in which such person resides for a new nonhighway certificate of title in the same manner and under the same conditions as for an application for a certificate of title under K.S.A. 8-135, and amendments thereto. Such application shall be in the form prescribed by the director of vehicles and shall contain substantially the same provisions as required for an application under ~~subsection (c)(1) of K.S.A. 8-135(c)(1)~~, and amendments thereto. In addition, such application shall provide a place for the applicant to certify that the vehicle for which the application for a nonhighway certificate of title is made is a nonhighway vehicle and other provisions the director deems necessary. Each application for a nonhighway certificate of title shall be accompanied by a fee of \$10, and if the application is not made to the county treasurer within the time prescribed by K.S.A. 8-135, and amendments thereto, for making application for a certificate of title thereunder, an additional fee of \$2.

(d) (1) Except as otherwise provided by this section, the owner of a vehicle that meets the definition of a salvage vehicle shall apply for a salvage title before the ownership of the motor vehicle or travel trailer is transferred. In no event shall such application be made more than 60 days after the vehicle is determined to be a salvage vehicle.

(2) Every insurance company, which pursuant to a damage settlement, acquires ownership of a vehicle that has incurred damage requiring the vehicle to be designated a salvage vehicle, shall apply for a salvage title within 60 days after the title is assigned and delivered by the owner to the insurance company, with all liens released. In the event that an insurance company is unable to obtain voluntary assignment of the title after 30 days from the date the vehicle owner enters into an oral or written damage settlement agreement where the owner agrees to transfer the title, the insurance

company may submit an application on a form prescribed by the division for a salvage title. The form shall be accompanied by an affidavit from the insurance company stating that: (A) The insurance company is unable to obtain a transfer of the title from the owner following an oral or written acceptance of an offer of damage settlement; (B) there is evidence of the damage settlement; (C) that there are no existing liens on the vehicle or all liens on the vehicle have been released; (D) the insurance company has physical possession of the vehicle; and (E) the insurance company has provided the owner, at the owner's last known address, 30 days' prior notice of such intent to transfer and the owner has not delivered a written objection to the insurance company.

(3) Every insurance company which makes a damage settlement for a vehicle that has incurred damage requiring such vehicle to be designated a salvage vehicle, but does not acquire ownership of the vehicle, shall notify the vehicle owner of the owner's obligation to apply for a salvage title for the motor vehicle or travel trailer, and shall notify the division of this fact in accordance with procedures established by the division. The vehicle owner shall apply for a salvage title within 60 days after being notified by the insurance company.

(4) The lessee of any vehicle which incurs damage requiring the vehicle to be designated a salvage vehicle shall notify the lessor of this fact within 30 days of the determination that the vehicle is a salvage vehicle.

(5) The lessor of any motor vehicle or travel trailer which has incurred damage requiring the vehicle to be titled as a salvage vehicle, shall apply for a salvage title within 60 days after being notified of this fact by the lessee.

(6) Every person acquiring ownership of a motor vehicle or travel trailer that meets the definition of a salvage vehicle, for which a salvage title has not been issued, shall apply for the required document prior to any further transfer of such vehicle, but in no event, more than 60 days after ownership is acquired.

(7) Every purchaser of a salvage vehicle, whether assigned a salvage title or a regular certificate of title with the form specified in ~~paragraph (2) of subsection (b)(2)~~ attached, shall make application to the county treasurer of the county in which such person resides for a new salvage title, in the same manner and under the same condition as for an application for a certificate of title under K.S.A. 8-135, and amendments thereto. Such application shall be in the form prescribed by the director of vehicles and shall contain substantially the same provisions as required for an application under ~~subsection (c)(1) of K.S.A. 8-135(c)(1)~~, and amendments thereto. In addition, such application shall provide a place for the applicant to certify that the vehicle for which the application for salvage title is made is a salvage vehicle, and other provisions the director deems necessary. Each application for a salvage title shall be accompanied by a fee of \$10 and if the application is not made to the county treasurer within the time prescribed by K.S.A. 8-135, and amendments thereto, for making application for a certificate of title thereunder, an additional fee of \$2.

(8) Failure to apply for a salvage title as provided by this subsection shall be a class C nonperson misdemeanor.

(e) A nonhighway certificate of title or salvage title shall be in form and color as prescribed by the director of vehicles. A nonhighway certificate of title or salvage title shall indicate clearly and distinctly on its face that it is issued for a nonhighway vehicle or salvage vehicle, whichever is applicable. A nonhighway certificate of title or salvage title shall contain substantially the same information as required on a certificate of title

issued under K.S.A. 8-135, and amendments thereto, and other information the director deems necessary.

(f) (1) A nonhighway certificate of title or salvage title may be transferred in the same manner and under the same conditions as prescribed by K.S.A. 8-135, and amendments thereto, for the transfer of a certificate of title, except as otherwise provided in this section. A nonhighway certificate of title or salvage title may be assigned and transferred only while the vehicle remains a nonhighway vehicle or salvage vehicle.

(2) Upon transfer or sale of a nonhighway vehicle in a condition which will allow the registration of such vehicle, the owner shall assign the nonhighway certificate of title to the purchaser, and the purchaser shall obtain a certificate of title and register such vehicle as provided in K.S.A. 8-135, and amendments thereto. No regular certificate of title shall be issued for a vehicle for which there has been issued a nonhighway certificate of title until there has been compliance with K.S.A. 8-116a, and amendments thereto.

(3) (A) Upon transfer or sale of a salvage vehicle which has been rebuilt or restored or is otherwise in a condition which will allow the registration of such vehicle, the owner shall assign the salvage title to the purchaser, and the purchaser shall obtain a rebuilt salvage title and register such vehicle as provided in K.S.A. 8-135, and amendments thereto. No rebuilt salvage title shall be issued for a vehicle for which there has been issued a salvage title until there has been compliance with K.S.A. 8-116a, and amendments thereto, and the notice required in ~~paragraph (3)(B) of this subsection~~(f)(3)(B) has been attached to such vehicle.

(B) As part of the inspection for a rebuilt salvage title conducted under K.S.A. 8-116a, and amendments thereto, the Kansas highway patrol shall attach a notice affixed to the left door frame of the rebuilt salvage vehicle indicating the vehicle identification number of such vehicle and that such vehicle is a rebuilt salvage vehicle. In addition to any fee allowed under K.S.A. 8-116a, and amendments thereto, a fee of \$5 shall be collected from the owner of such vehicle requesting the inspection for the notice required under this paragraph. All moneys received under this paragraph shall be remitted in accordance with ~~subsection (e) of K.S.A. 8-116a(e)~~, and amendments thereto.

(C) Failure to apply for a rebuilt salvage title as provided by this paragraph shall be a class C nonperson misdemeanor.

(g) The owner of a salvage vehicle which has been issued a salvage title and has been assembled, reconstructed, reconstituted or restored or otherwise placed in an operable condition may make application to the county treasurer for a permit to operate such vehicle on the highways of this state over the most direct route from the place such salvage vehicle is located to a specified location named on the permit and to return to the original location. No such permit shall be issued for any vehicle unless the owner has motor vehicle liability insurance coverage or an approved self-insurance plan under K.S.A. 40-3104, and amendments thereto. Such permit shall be on a form furnished by the director of vehicles and shall state the date the vehicle is to be taken to the other location, the name of the insurer, as defined in K.S.A. 40-3103, and amendments thereto, and the policy number or a statement that the vehicle is included in a self-insurance plan approved by the commissioner of insurance, a statement attesting to the correctness of the information concerning financial security, the vehicle identification

number and a description of the vehicle. Such permit shall be signed by the owner of the vehicle. The permit shall be carried in the vehicle for which it is issued and shall be displayed so that it is visible from the rear of the vehicle. The fee for such permit shall be \$1 which shall be retained by the county treasurer, who shall annually forward 25% of all such fees collected to the division of vehicles to reimburse the division for administrative expenses, and shall deposit the remainder in a special fund for expenses of issuing such permits.

(h) A nonhighway vehicle or salvage vehicle for which a nonhighway certificate of title or salvage title has been issued pursuant to this section shall not be deemed a motor vehicle for the purposes of K.S.A. 40-3101 to 40-3121, inclusive, and amendments thereto, except when such vehicle is being operated pursuant to subsection (g). Any person who knowingly makes a false statement concerning financial security in obtaining a permit pursuant to subsection (g), or who fails to obtain a permit when required by law to do so is guilty of a class C misdemeanor.

(i) Any person who, on July 1, 1996, is the owner of an all-terrain vehicle, as defined in K.S.A. 8-126, and amendments thereto, shall not be required to file an application for a nonhighway certificate of title under the provisions of this section for such all-terrain vehicle, unless the person transfers an interest in such all-terrain vehicle.

(j) Any person who, on July 1, 2006, is the owner of a work-site utility vehicle, as defined in K.S.A. 8-126, and amendments thereto, shall not be required to file an application for a nonhighway certificate of title under the provisions of this section for such work-site utility vehicle, unless the person transfers an interest in such work-site utility vehicle.

Sec. 3. K.S.A. 8-199 is hereby amended to read as follows: 8-199. (a) Except as provided in subsection (b), it shall be unlawful for any person to sell or transfer the ownership of any nonhighway vehicle or salvage vehicle, unless such person shall give to the purchaser thereof an assigned nonhighway certificate of title or salvage title.

(b) The sale or transfer of ownership of a nonhighway vehicle or salvage vehicle shall include the acquisition of any such vehicle by an insurer, as defined by K.S.A. 40-3103, and amendments thereto, from any person upon payment of consideration therefor in satisfaction of such insurer's obligation under a policy of motor vehicle insurance but the transferor of a vehicle for which a title has been issued under K.S.A. 8-135, and amendments thereto, shall not be required to obtain a nonhighway certificate of title or salvage title for such vehicle and may assign to the insurer the certificate of title issued pursuant to K.S.A. 8-135, and amendments thereto. It shall be unlawful for any insurer to sell or attempt to sell any nonhighway vehicle or salvage vehicle, through power of attorney or otherwise, unless such insurer shall obtain a nonhighway certificate of title or salvage title issued in the name of the insurer.

(c) Any person, firm, company, corporation, partnership, association or other legal entity who violates the provisions of this section shall be guilty of a class C misdemeanor.

(d) Nothing in this act shall be construed as relieving any person of the payment of the tax imposed on the sale of a motor vehicle or travel trailer pursuant to K.S.A. 79-3603, and amendments thereto.";

Also on page 3, in line 3, before "K.S.A" by inserting "K.S.A. 8-199 and"; also in line 3, by striking "8-235 is" and inserting "8-197 and 8-198 are";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "motor"; also in line 1, by striking all after "to"; in line 2, by striking all before the semicolon and inserting "travel trailers"; also in line 2, after "amending" by inserting "K.S.A. 8-199 and"; in line 3, by striking "8-235" and inserting "8-197 and 8-198"; also in line 3, by striking "section" and inserting "sections";

And your committee on conference recommends the adoption of this report.

MIKE PETERSEN

KAY WOLF

PAT PETTEY

*Conferees on part of Senate*

RICHARD PROEHL

RON RYCKMAN, SR.

ADAM LUSKER

*Conferees on part of House*

Senator Petersen moved the Senate adopt the Conference Committee Report on **HB 2563**.

On roll call, the vote was: Yeas 40; Nays 0; Present and Passing 0; Absent or Not Voting 0.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Longbine, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

The Conference Committee Report was adopted.

#### COMMITTEE OF THE WHOLE

On motion of Senator Bruce, the Senate resolved itself into Committee of the Whole, for consideration of bills on the calendar under the heading of General Orders with Senator Knox in the chair.

On motion of Senator Knox the following report was adopted:

**HB 2571** be amended by motion of Senator O'Donnell: on page 3, in line 10, by striking "statute book" and inserting "Kansas register" and the bill be passed as amended.

An amendment was offered by Senator LaTurner. A ruling of the chair was requested as to the germaneness to the bill. The Chair of the Rules Committee ruled the amendment not germane.

A motion to reconsider Senator O'Donnell's amendment failed.

**HB 2558** be amended by the adoption of the committee amendments, and the bill be passed as amended.

**S Sub HB 2479** be passed over and retain a place on the calendar.

#### FINAL ACTION ON BILLS AND CONCURRENT RESOLUTIONS

On motion of Senator Bruce an emergency was declared by a 2/3 constitutional majority, and **HB 2558**, **HB 2571** were advanced to Final Action and roll call.

**HB 2571**, AN ACT concerning community mental health centers; relating to license

renewal; amending K.S.A. 2015 Supp. 75-3307b and repealing the existing section.

On roll call, the vote was: Yeas 39; Nays 0; Present and Passing 0; Absent or Not Voting 1.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

Absent or Not Voting: Longbine.

The bill passed, as amended.

**HB 2558**, AN ACT concerning elections; amending K.S.A. 2015 Supp. 25-21a01 and 80-2508 and repealing the existing sections.

On roll call, the vote was: Yeas 39; Nays 0; Present and Passing 0; Absent or Not Voting 1.

Yeas: Abrams, Arpke, Baumgardner, Bowers, Bruce, Denning, Donovan, Faust-Goudeau, Fitzgerald, Francisco, Haley, Hawk, Hensley, Holland, Holmes, Kelly, Kerschen, King, Knox, LaTurner, Love, Lynn, Masterson, McGinn, Melcher, O'Donnell, Olson, Ostmeyer, Petersen, Pettey, Pilcher-Cook, Powell, Pyle, V. Schmidt, Smith, Tyson, Wagle, Wilborn, Wolf.

Absent or Not Voting: Longbine.

The bill passed, as amended.

#### MESSAGE FROM THE HOUSE

The House adopts the Conference Committee report on **SB 390**.

#### CONSIDERATION OF MOTIONS TO CONCUR AND NONCONCUR

On motion of Senator Bruce the Senate nonconcurred in the House amendments to **SB 224** and requested a conference committee be appointed.

The Vice President appointed Senators Ostmeyer, LaTurner and Faust-Goudeau as a conference committee on the part of the Senate.

On motion of Senator Bruce the Senate nonconcurred in the House amendments to **H Sub SB 280** and requested a conference committee be appointed.

The Vice President appointed Senators Donovan, Tyson and Holland as a conference committee on the part of the Senate.

On motion of Senator Bruce the Senate nonconcurred in the House amendments to **SB 326** and requested a conference committee be appointed.

The Vice President appointed Senators Ostmeyer, LaTurner and Faust-Goudeau as a conference committee on the part of the Senate.

#### CHANGE OF CONFERENCE

The Vice President announced the appointment of Senator Ostmeyer as a member of the Conference Committee on **HB 2502** to replace Senator King.

The Vice President announced the appointment of Senator LaTurner as a member of the Conference Committee on **HB 2502** to replace Senator Smith.

The Vice President announced the appointment of Senator Faust-Goudeau as a member of the Conference Committee on **HB 2502** to replace Senator Haley.

**INTRODUCTION OF BILLS AND CONCURRENT RESOLUTIONS**

The following concurrent resolution was introduced and read by title:  
SENATE CONCURRENT RESOLUTION No. **SCR 1613**—  
By Senators Wagle, Bruce and Hensley

A CONCURRENT RESOLUTION relating to the 2016 regular session of the legislature; extending such session beyond 90 calendar days; and providing for adjournment thereof.

*Be it resolved by the Legislature of the State of Kansas, two-thirds of the members elected to the Senate and two-thirds of the members elected to the House of Representatives concurring therein:* That the 2016 regular session of the legislature shall be extended beyond 90 calendar days; and

*Be it further resolved:* That the legislature shall adjourn at the close of business of the daily session convened on March 24, 2016, and shall reconvene at 10:00 a.m. on April 27, 2016; and

*Be it further resolved:* That the legislature may adjourn and reconvene at any time during the period on and after April 27, 2016, to June 1, 2016, but the legislature shall reconvene at 10:00 a.m. on June 1, 2016, at which time the legislature shall continue in session and shall adjourn sine die at the close of business on June 1, 2016; and

*Be it further resolved:* That the secretary of the senate and the chief clerk of the house of representatives and employees specified by the director of legislative administrative services for such purpose shall attend their duties each day during periods of adjournment, Sundays excepted, for the purpose of receiving messages from the governor and conducting such other business as may be required; and

*Be it further resolved:* That members of the legislature shall not receive the per diem compensation and subsistence allowances provided for in K.S.A. 46-137a(a) and (b), and amendments thereto, for any day within a period in which both houses of the legislature are adjourned for more than two days, Sundays excepted; and

*Be it further resolved:* That members of the legislature attending a legislative meeting of whatever nature when authorized pursuant to law, or by the Legislative Coordinating Council or by the President of the Senate or the Speaker of the House of Representatives and members of a conference committee attending a meeting of the conference committee authorized by the President of the Senate and the Speaker of the House of Representatives during any period of adjournment for which members are not authorized compensation and allowances pursuant to K.S.A. 46-137a, and amendments thereto, shall receive compensation and travel expenses or allowances as provided by K.S.A. 75-3212, and amendments thereto.

On emergency motion of Senator Bruce **SCR 1613** was adopted by voice vote.

**REPORT ON ENROLLED BILLS**

**SR 1784, SR 1785** reported correctly enrolled, properly signed and presented to the Secretary of the Senate on March 24, 2016.

On motion of Senator Bruce, the Senate adjourned until 10:00 a.m., Wednesday, April 27, 2016.

ROSE MARIE GLATT, CHARLENE BAILEY, CINDY SHEPARD, *Journal Clerks*.  
COREY CARNAHAN, *Secretary of the Senate*.





# Journal of the House

## FORTY-EIGHTH DAY

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HALL OF THE HOUSE OF REPRESENTATIVES,  
TOPEKA, KS, Thursday, March 24, 2016, 9:00 a.m.

The House met pursuant to adjournment with Speaker pro tem Mast in the chair.

The roll was called with 123 members present.

Reps. Edmonds and Seiwert were excused on excused absence by the Speaker.

Present later: Reps. Edmonds and Seiwert.

Excused later: Rep. Rubin.

Prayer by Chaplain Brubaker:

Gracious and Loving God,  
Thank You for Your faithfulness and  
for this new day.  
Thank you for the gift of Your grace and presence  
as these leaders have met together  
and so faithfully served the last few months.  
We are grateful for the fellowship and understanding,  
the mutual respect and shared vision,  
and for the perseverance and insight  
into the common concerns addressed in this legislature.  
Continue to guide them and bless them.  
In Christ's Name I pray,  
Amen.

The Pledge of Allegiance was led by Rep. Boldra.

### REFERENCE OF BILLS AND CONCURRENT RESOLUTIONS

The following bills were referred to committees as indicated:

Appropriations: **HB 2741**.

Taxation: **SB 353, SB 359**.

### MESSAGES FROM THE SENATE

The Senate announced the appointment of Senator Arpke to replace Senator Baumgardner as a conferee on **S Sub for HB 2008**.

The Senate announced the appointment of Senator Arpke to replace Senator Baumgardner as a conferee on **HB 2622**.

The Senate announced the appointment of Senator Longbine to replace Senator

Smith as a conferee on **H Sub for SB 168**.

The Senate announced the appointment of Senator Hensley to replace Senator Haley as a conferee on **H Sub for SB 168**.

The Senate accedes to the request of the House for a conference on **S Sub for HB 2088** and has appointed Senators Donovan, Tyson and Holland as conferees on the part of the Senate.

The Senate accedes to the request of the House for a conference on **Sub HB 2289** and has appointed Senators King, Smith and Haley as conferees on the part of the Senate.

The Senate accedes to the request of the House for a conference on **HB 2436** and has appointed Senators Petersen, Wolf and Pettey as conferees on the part of the Senate.

The Senate accedes to the request of the House for a conference on **HB 2460** and has appointed Senators Smith, Knox and Pettey as conferees on the part of the Senate.

The Senate accedes to the request of the House for a conference on **HB 2463** and has appointed Senators Smith, Knox and Pettey as conferees on the part of the Senate.

The Senate accedes to the request of the House for a conference on **S Sub for HB 2509** and has appointed Senators Lynn, Wagle and Holland as conferees on the part of the Senate.

The Senate nonconcurrs in House amendments to **SB 19**, requests a conference and has appointed Senators King, Smith and Haley as conferees on the part of the Senate.

The Senate nonconcurrs in House amendments to **Sub SB 22**, requests a conference and has appointed Senators King, Smith and Haley as conferees on the part of the Senate.

The Senate nonconcurrs in House amendments to **SB 407**, requests a conference and has appointed Senators King, Smith and Haley as conferees on the part of the Senate.

The Senate nonconcurrs in House amendments to **SB 408**, requests a conference and has appointed Senators King, Smith and Haley as conferees on the part of the Senate.

The Senate nonconcurrs in House amendments to **SB 449**, requests a conference and has appointed Senators O'Donnell, Bowers and Kelly as conferees on the part of the Senate.

Also, announcing passage of **SB 424, SB 469, SB 480, SB 509; Sub SB 356, Sub SB 462**.

Announcing passage of **HB 2018**, as amended by **Senate Substitute for HB 2018**.

## **INTRODUCTION OF SENATE BILLS AND CONCURRENT RESOLUTIONS**

The following Senate bills were thereupon introduced and read by title:

**Sub SB 356, SB 424, Sub SB 462, SB 469, SB 480, SB 509**

## **INTRODUCTION OF ORIGINAL MOTIONS**

On motion of Rep. Vickrey, the House acceded to the request of the Senate for a conference on **SB 19**.

Speaker pro tem Mast thereupon appointed Reps. Barker, Macheers and Carmichael as conferees on the part of the House.

On motion of Rep. Vickrey, the House acceded to the request of the Senate for a

conference on **Sub SB 22**.

Speaker pro tem Mast thereupon appointed Reps. Barker, Macheers and Carmichael as conferees on the part of the House.

On motion of Rep. Vickrey, the House acceded to the request of the Senate for a conference on **SB 407**.

Speaker pro tem Mast thereupon appointed Reps. Barker, Macheers and Carmichael as conferees on the part of the House.

On motion of Rep. Vickrey, the House acceded to the request of the Senate for a conference on **SB 408**.

Speaker pro tem Mast thereupon appointed Reps. Barker, Macheers and Carmichael as conferees on the part of the House.

On motion of Rep. Vickrey, the House acceded to the request of the Senate for a conference on **SB 449**.

Speaker pro tem Mast thereupon appointed Reps. Hawkins, Dove and Ward as conferees on the part of the House.

#### **MOTIONS TO CONCUR AND NONCONCUR**

On motion of Rep. Gonzalez, the House nonconcurrent in Senate amendments to **S Sub for HB 2018** and asked for a conference.

Speaker pro tem Mast thereupon appointed Reps. Gonzalez, Pauls and Highberger as conferees on the part of the House.

On motion of Rep. Vickrey, the House recessed until 11:00 a.m.

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#### LATE MORNING SESSION

The House met pursuant to recess with Speaker pro tem Mast in the chair.

#### **CONFERENCE COMMITTEE REPORT**

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 318** submits the following report:

Your committee on conference agrees to disagree and recommends that a new conference committee be appointed;

And your committee on conference recommends the adoption of this report.

DENNIS HEDKE  
KEN CORBET  
ANNIE KUETHER  
*Conferees on part of House*

ROB OLSON  
MIKE PETERSEN  
MARCI FRANCISCO  
*Conferees on part of Senate*

On motion of Rep. Hedke the conference committee report on **SB 318** to agree to disagree, was adopted.

Speaker pro tem Mast thereupon appointed Reps. Hedke, Corbet and Kuether as second conferees on the part of the House.

### **CONFERENCE COMMITTEE REPORT**

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 367** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee amendments, as follows:

On page 3, in line 1, by striking "two months" and inserting "one month"; in line 2, by striking "four" and inserting "three"; in line 6, after the period by inserting "When the court extends the term of probation for a juvenile offender, the court services officer or community correctional services officer responsible for monitoring such juvenile offender shall record the reason given for extending probation. Court services officers shall report such records to the office of judicial administration, and community correctional services officers shall report such records to the department of corrections. The office of judicial administration and the department of corrections shall report such recorded data to the Kansas juvenile justice oversight committee on a quarterly basis.";

On page 6, by striking all in line 36; following line 39, by inserting:

"(F) the requirement for youth residential facilities to maintain sight and sound separation between children in need of care that have an open juvenile offender case and children in need of care that do not have an open juvenile offender case;"

On page 7, in line 2, after "identify" by inserting "evidence-based"; in line 23, by striking "and"; in line 26, by striking "attorney" and inserting "attorneys"; also in line 26, after "training" by inserting "; and

(8) data received from the office of judicial administration and the department of corrections, pursuant to section 1, and amendments thereto, pertaining to extensions of probation for juvenile offenders and an analysis of such data to identify how probation extensions are being used and conclusions regarding the effectiveness of such extensions";

On page 58, in line 29, by striking "a" and inserting "an evidence-based";

On page 59, in line 32, by striking "7" and inserting "6";

On page 65, in line 31, before "secretary" by inserting "office of judicial administration and the"; also in line 31, by striking all after "corrections"; by striking all in line 32;

On page 66, in line 27, by striking "a" and inserting "an"; in line 28, by striking "felony";

On page 108, by striking all in lines 31 through 43;

On page 109, by striking all in lines 1 through 22 and inserting:

"Sec. 61. K.S.A. 75-3722, as amended by section 111 of 2016 House Substitute for Senate Bill No. 161, is hereby amended to read as follows: 75-3722. (a) An allotment system will be applicable to the expenditure of the resources of any state agency, under rules and regulations established as provided in K.S.A. 75-3706, and amendments thereto, only if in the opinion of the secretary of administration on the advice of the director of the budget, the use of an allotment plan is necessary or beneficial to the

state. In making this determination the secretary of administration shall take into consideration all pertinent factors including:

- (1) Available resources;
- (2) current spending rates;
- (3) work loads;
- (4) new activities, especially any proposed activities not covered in the agency's request to the governor and the legislature for appropriations;
- (5) the minimum current needs of each agency;
- (6) requests for deficiency appropriations in prior fiscal years;
- (7) unexpended and unencumbered balances; and
- (8) revenue collection rates and prospects.

(b) Whenever for any fiscal year it appears that the resources of the general fund or any special revenue fund are likely to be insufficient to cover the appropriations made against such general fund or special revenue fund, the secretary of administration, on the advice of the director of the budget, shall, in such manner as he or she may determine, inaugurate the allotment system so as to assure that expenditures for any particular fiscal year will not exceed the available resources of the general fund or any special revenue fund for that fiscal year.

(c) (1) The allotment system shall not apply to the legislature or to the courts or their officers and employees, or to payments made from the juvenile justice improvement fund, established in section 13, and amendments thereto, for the development and implementation of evidence-based community programs and practices for juvenile offenders and their families. During the fiscal year ending June 30, 2017, the allotment system provided by this section shall not apply to any item of appropriation for employer contributions for the state of Kansas and participating employers who are eligible employers as specified in K.S.A. 74-4931(1), (2) and (3), and amendments thereto, under the Kansas public employees retirement system pursuant to K.S.A. 74-4939, and amendments thereto.

(2) Agencies affected by decisions of the secretary of administration under this section shall be notified in writing at least 30 days before such decisions may become effective and any affected agency may, by written request addressed to the governor within 10 days after such notice, ask for a review of the decision by the finance council. The finance council shall hear appeals and render a decision within 20 days after the governor receives requests for such hearings.";

On page 119, in line 10, after "75-3722" by inserting ", as amended by section 111 of 2016 House Substitute for Senate Bill No. 161,"; in line 12, by striking the fourth comma;

On page 1, in the title, in line 2, after "75-3722" by inserting ", as amended by section 111 of 2016 House Substitute for Senate Bill No. 161,";

And your committee on conference recommends the adoption of this report.

RAMON C. GONZALEZ

BLAINE FINCH

DENNIS "BOOG" HIGHBERGER

*Conferees on part of House*

GREG SMITH  
 FORREST J. KNOX  
 PAT PETTEY

*Conferees on part of Senate*

On motion of Rep. Finch, the conference committee report on **SB 367** was adopted.

On roll call, the vote was: Yeas 118; Nays 5; Present but not voting: 0; Absent or not voting: 2.

Yeas: Alcalá, Alford, Anthimides, Ballard, Barker, Barton, Becker, Billinger, Boldra, Bollier, Bradford, Bruchman, Burroughs, Campbell, Carlin, Carmichael, B. Carpenter, W. Carpenter, Claeys, Clark, Clayton, Concannon, Corbet, Curtis, E. Davis, DeGraaf, Dierks, Doll, Dove, Estes, Ewy, Finch, Finney, Francis, Frownfelter, Gallagher, Garber, Goico, Gonzalez, Grosserode, Hawkins, Hedke, Helgerson, Hemsley, Henderson, Henry, Hibbard, Highberger, Highland, Hildabrand, Hill, Hineman, Hoffman, Houser, Houston, Huebert, Hutchins, Hutton, Jennings, Johnson, D. Jones, K. Jones, Kelly, Kiegerl, Kleeb, Kuether, Lewis, Lunn, Lusk, Lusker, Macheers, Mason, McPherson, Merrick, Moxley, O'Brien, Osterman, Ousley, F. Patton, Pauls, Peck, Phillips, R. Powell, Proehl, Rahjes, Read, Rhoades, Rooker, Rubin, Ruiz, Ryckman, Ryckman Sr., Sawyer, Scapa, Schroeder, Schwab, Schwartz, Scott, Sloan, C. Smith, Suellentrop, Sutton, S. Swanson, Thimesch, Thompson, Tietze, Todd, Trimmer, Vickrey, Victors, Waymaster, Weber, C., Whipple, Whitmer, K. Williams, Wilson, Winn, Wolfe Moore.

Nays: Esau, Kahrs, Kelley, Mast, Ward.

Present but not voting: None.

Absent or not voting: Edmonds, Seiwert.

**MOTIONS TO CONCUR AND NONCONCUR**

On motion of Rep. Hawkins, the House concurred in Senate amendments to **HB 2387**, AN ACT concerning emergency medical services; amending K.S.A. 2015 Supp. 65-6102, 65-6111, 65-6112, 65-6120, 65-6121, 65-6129b, 65-6129c, 65-6133, 65-6135 and 65-6144 and repealing the existing sections.

(The House requested the Senate to return the bill, which was in conference).

On roll call, the vote was: Yeas 120; Nays 0; Present but not voting: 0; Absent or not voting: 5.

Yeas: Alcalá, Alford, Anthimides, Ballard, Barker, Barton, Becker, Billinger, Boldra, Bollier, Bradford, Bruchman, Burroughs, Campbell, Carlin, Carmichael, B. Carpenter, W. Carpenter, Claeys, Clark, Clayton, Concannon, Corbet, Curtis, E. Davis, DeGraaf, Dierks, Doll, Dove, Esau, Estes, Ewy, Finch, Finney, Francis, Frownfelter, Gallagher, Garber, Goico, Gonzalez, Grosserode, Hawkins, Hedke, Helgerson, Hemsley, Henderson, Henry, Hibbard, Highberger, Highland, Hildabrand, Hill, Hineman, Hoffman, Houser, Houston, Huebert, Hutchins, Hutton, Jennings, Johnson, D. Jones, K. Jones, Kahrs, Kelley, Kelly, Kiegerl, Kuether, Lewis, Lunn, Lusk, Lusker, Macheers, Mason, Mast, McPherson, Merrick, Moxley, O'Brien, Osterman, Ousley, F. Patton, Pauls, Peck, Phillips, R. Powell, Proehl, Rahjes, Read, Rhoades, Rooker, Rubin, Ruiz, Ryckman, Ryckman Sr., Scapa, Schroeder, Schwab, Schwartz, Scott, Sloan, C. Smith, Sutton, S. Swanson, Thimesch, Thompson, Tietze, Todd, Trimmer, Vickrey, Victors, Ward, Waymaster, Weber, C., Whipple, Whitmer, K. Williams, Wilson, Winn, Wolfe Moore.

Nays: None.

Present but not voting: None.

Absent or not voting: Edmonds, Kleeb, Sawyer, Seiwert, Suellentrop.

On motion of Rep. Schwab, the House concurred in Senate amendments to **HB 2134**, AN ACT concerning consumer credit; relating to security freezes on protected consumer reports; amending K.S.A. 2015 Supp. 50-702 and repealing the existing section.

(The House requested the Senate to return the bill, which was in conference).

On roll call, the vote was: Yeas 120; Nays 0; Present but not voting: 0; Absent or not voting: 5.

Yeas: Alcalá, Alford, Anthimides, Ballard, Barker, Barton, Becker, Billinger, Boldra, Bollier, Bradford, Bruchman, Burroughs, Campbell, Carlin, Carmichael, B. Carpenter, W. Carpenter, Claeys, Clark, Clayton, Concannon, Corbet, Curtis, E. Davis, DeGraaf, Dierks, Doll, Dove, Esau, Estes, Ewy, Finch, Finney, Francis, Frownfelter, Gallagher, Garber, Goico, Gonzalez, Grosserode, Hawkins, Hedke, Helgerson, Hemsley, Henderson, Henry, Hibbard, Highberger, Highland, Hildabrand, Hill, Hineman, Hoffman, Houser, Houston, Huebert, Hutchins, Hutton, Jennings, Johnson, D. Jones, K. Jones, Kahrs, Kelley, Kelly, Kiegerl, Kuether, Lewis, Lunn, Lusk, Lusker, Macheers, Mason, Mast, McPherson, Merrick, Moxley, O'Brien, Osterman, Ousley, F. Patton, Pauls, Peck, Phillips, R. Powell, Proehl, Rahjes, Read, Rhoades, Rooker, Rubin, Ruiz, Ryckman, Ryckman Sr., Scapa, Schroeder, Schwab, Schwartz, Scott, Sloan, C. Smith, Sutton, S. Swanson, Thimesch, Thompson, Tietze, Todd, Trimmer, Vickrey, Victors, Ward, Waymaster, Weber, C., Whipple, Whitmer, K. Williams, Wilson, Winn, Wolfe Moore.

Nays: None.

Present but not voting: None.

Absent or not voting: Edmonds, Kleeb, Sawyer, Seiwert, Suellentrop.

On motion of Rep. Pauls, the House concurred in Senate amendments to **HB 2447**, AN ACT concerning crimes, punishment and criminal procedure; relating to the secretary of corrections; program credits; delinquent time lost on parole; amending K.S.A. 2015 Supp. 21-6821 and 75-5217 and repealing the existing sections.

(The House requested the Senate to return the bill, which was in conference).

On roll call, the vote was: Yeas 119; Nays 1; Present but not voting: 0; Absent or not voting: 5.

Yeas: Alcalá, Alford, Anthimides, Ballard, Barker, Barton, Becker, Billinger, Boldra, Bollier, Bradford, Bruchman, Burroughs, Campbell, Carlin, Carmichael, B. Carpenter, W. Carpenter, Claeys, Clark, Clayton, Concannon, Corbet, Curtis, E. Davis, DeGraaf, Dierks, Doll, Dove, Esau, Estes, Ewy, Finch, Finney, Francis, Frownfelter, Gallagher, Garber, Goico, Gonzalez, Grosserode, Hawkins, Hedke, Helgerson, Hemsley, Henderson, Henry, Hibbard, Highberger, Highland, Hildabrand, Hill, Hineman, Hoffman, Houser, Houston, Huebert, Hutchins, Hutton, Jennings, Johnson, D. Jones, K. Jones, Kahrs, Kelley, Kelly, Kiegerl, Kuether, Lewis, Lunn, Lusk, Lusker, Macheers, Mason, Mast, McPherson, Merrick, Moxley, O'Brien, Osterman, Ousley, F. Patton, Pauls, Peck, Phillips, R. Powell, Proehl, Rahjes, Read, Rhoades, Rooker, Rubin, Ruiz,

Ryckman, Ryckman Sr., Scapa, Schroeder, Schwab, Schwartz, Scott, Sloan, C. Smith, Sutton, S. Swanson, Thimesch, Thompson, Tietze, Todd, Trimmer, Vickrey, Victors, Waymaster, Weber, C., Whipple, Whitmer, K. Williams, Wilson, Winn, Wolfe Moore.

Nays: Ward.

Present but not voting: None.

Absent or not voting: Edmonds, Kleeb, Sawyer, Seiwert, Suellentrop.

### INTRODUCTION OF ORIGINAL MOTIONS AND HOUSE RESOLUTIONS

The following resolution was introduced and read by title:

HOUSE RESOLUTION No. **HR 6057**—

By Representative Burroughs

**HR 6057**—A RESOLUTION supporting the Federal Railroad Administration's proposed rule, requiring that trains operated in America be operated by no smaller than a two-person crew.

WHEREAS, The safe operation of freight and passenger trains is vital to commerce, and Kansas supports efforts to keep train operations safe in our state; and

WHEREAS, The Federal Railroad Administration (FRA) has published a notice of proposed rulemaking (NPRM) regarding adequate staffing on trains, a factor believed to be vital to ensuring safe train operations; and

WHEREAS, Polling across America from North Dakota to Alabama shows overwhelming bi-partisan support of two-person crews, with 83 to 87 percent of those polled in favor of mandating that trains be operated by a crew of at least two qualified individuals; and

WHEREAS, National studies show that a minimum of two on-board crew members is vital to operating trains safely and minimizing the likelihood of train-related accidents; and

WHEREAS, Virtually all trains in North America are already operated by crews of at least two individuals, making the economic impact of this proposed rule minimal; and

WHEREAS, The FRA agrees that, while advancements in automated technology, such as Positive Train Control (PTC) systems, improve railroad safety, they are not a substitute for a train's on-board crew members: Now, therefore,

*Be it resolved by the House of Representatives of the State of Kansas:* That we support the FRA's proposed rule, requiring that trains operated in America be operated by no smaller than a two-person crew; and

*Be it further resolved:* That the Chief Clerk of the House of Representatives shall cause this resolution to be filed with the United States Department of Transportation in the form of comments in support of the proposed rule.

### REPORTS OF STANDING COMMITTEES

Committee on **Appropriations** recommends **SB 59**, as amended by House Committee, be amended by substituting a new bill to be designated as "House Substitute for SENATE BILL NO. 59," as follows:

"House Substitute for SENATE BILL NO. 59

By Committee on Appropriations



"AN ACT concerning education; relating to the financing and instruction thereof; making and concerning appropriations for the fiscal year ending June 30, 2017, for the department of education; relating to the classroom learning assuring student success act; amending K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6474, 72-6476, 72-6481 and 74-4939a and repealing the existing sections.";

And the substitute bill be passed.

(**H Sub for SB 59** was thereupon introduced and read by title.)

On motion of Rep. Vickrey, the House recessed until 2:00 p.m.

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#### AFTERNOON SESSION

The House met pursuant to recess with Speaker pro tem Mast in the chair.

#### MESSAGES FROM THE SENATE

The Senate accedes to the request of the House for a conference on **S Sub for HB 2018** and has appointed Senators Smith, Knox and Pettey as conferees on the part of the Senate.

The Senate adopts the Conference Committee report to agree to disagree on **SB 318**, and has appointed Senators Olson, Petersen and Francisco as second conferees on the part of the Senate.

Announcing passage of **HB 2655** as amended by **Senate Substitute for HB 2655**.

#### CONCUR AND NONCONCUR

On motion of Rep. Hutton to concur in conference on **HB 2617**, the motion was withdrawn.

#### CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on House amendments to **SB 390** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee of the Whole amendments, as follows:

On page 60, in line 30, after "other" by inserting "state or"; by striking all in lines 31 and 32; in line 33, by striking all before the comma; also in line 33, after "bank" by inserting "or trust company";

On page 71, following line 2, by inserting:

"New Sec. 65. (a) A bank, savings bank, savings and loan association or credit union may conduct a savings promotion in which promotion participants deposit money into a savings account or other savings program in order to obtain entries and participate in the promotion, provided that the bank, savings bank, savings and loan association or credit union:

(1) Conducts the promotion in a manner so as to ensure that each entry has an equal chance of winning the designated prize;

(2) fully discloses the terms and conditions of the promotion to each of its account holders;

(3) maintains records sufficient to facilitate an audit of the promotion;

(4) ensures that only account holders 18 years of age and older are permitted to participate in the promotion;

(5) does not require any consideration; and

(6) offers an interest rate and charges fees on any promotion-qualifying account that are approximately the same as those on a comparable account that does not qualify for the promotion.

(b) (1) The state bank commissioner is authorized to promulgate rules and regulations as necessary to effectuate the provisions of this section pertaining to banks, savings banks and savings and loan associations. Such rules and regulations shall be promulgated by July 1, 2017.

(2) The credit union administrator is authorized to promulgate rules and regulations as necessary to effectuate the provisions of this section pertaining to credit unions. Such rules and regulations shall be promulgated by July 1, 2017.

(3) The state bank commissioner and credit union administrator shall collaborate in order to promulgate rules and regulations affecting account holders that are consistent, other than the type of institution to which they apply.";

And by renumbering sections accordingly;

And your committee on conference recommends the adoption of this report.

SCOTT SCHWAB

JIM KELLY

RODERICK HOUSTON

*Conferees on part of House*

JEFF LONGBINE

ELAINE BOWERS

TOM HAWK

*Conferees on part of Senate*

On motion of Rep. Kelly, the conference committee report on **SB 390** was adopted.

On roll call, the vote was: Yeas 123; Nays 0; Present but not voting: 0; Absent or not voting: 2.

Yeas: Alcalá, Alford, Anthimides, Ballard, Barker, Barton, Becker, Billinger, Boldra, Bollier, Bradford, Bruchman, Burroughs, Campbell, Carlin, Carmichael, B. Carpenter, W. Carpenter, Claeys, Clark, Clayton, Concannon, Corbet, Curtis, E. Davis, DeGraaf, Dierks, Doll, Dove, Esau, Estes, Ewy, Finch, Finney, Francis, Frownfelter, Gallagher, Garber, Goico, Gonzalez, Grosserode, Hawkins, Hedke, Helgerson, Hemsley, Henderson, Henry, Hibbard, Highberger, Highland, Hildabrand, Hill, Hineman, Hoffman, Houser, Houston, Huebert, Hutchins, Hutton, Jennings, Johnson, D. Jones, K. Jones, Kahrs, Kelley, Kelly, Kiegerl, Kleeb, Kuether, Lewis, Lunn, Lusk, Lusker, Macheers, Mason, Mast, McPherson, Merrick, Moxley, O'Brien, Osterman, Ousley, F. Patton, Pauls, Peck, Phillips, R. Powell, Proehl, Rahjes, Read, Rhoades, Rooker, Ruiz, Ryckman, Ryckman Sr., Sawyer, Scapa, Schroeder, Schwab, Schwartz, Scott, Seiwert, Sloan, C. Smith, Suellentrop, Sutton, S. Swanson, Thimesch, Thompson, Tietze, Todd, Trimmer, Vickrey, Victors, Ward, Waymaster, Weber, C., Whipple, Whitmer, K.

Williams, Wilson, Winn, Wolfe Moore.

Nays: None.

Present but not voting: None.

Absent or not voting: Edmonds, Rubin.

### MOTIONS TO CONCUR AND NONCONCUR

On motion of Rep. Ryckman, the House concurred in Senate amendments to **S Sub for HB 2655**, AN ACT concerning education; relating to the financing and instruction thereof; making and concerning appropriations for the fiscal year ending June 30, 2017, for the department of education; relating to the classroom learning assuring student success act; amending K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6474, 72-6476, 72-6481 and 74-4939a and repealing the existing sections.

Call of the House was demanded.

On roll call, the vote was: Yeas 93; Nays 31; Present but not voting: 0; Absent or not voting: 1.

Yeas: Alford, Barker, Barton, Becker, Billinger, Boldra, Bollier, Bradford, Bruchman, Campbell, B. Carpenter, W. Carpenter, Claeys, Clark, Clayton, Concannon, Corbet, E. Davis, DeGraaf, Dierks, Doll, Dove, Esau, Estes, Ewy, Finch, Francis, Gallagher, Garber, Goico, Gonzalez, Grosserode, Hawkins, Hedke, Hemsley, Hibbard, Highland, Hildabrand, Hill, Hineman, Hoffman, Houser, Huebert, Hutchins, Hutton, Jennings, Johnson, D. Jones, K. Jones, Kahrs, Kelley, Kelly, Kiegerl, Kleeb, Lewis, Lunn, Lusk, Macheers, Mason, Mast, McPherson, Merrick, Moxley, O'Brien, Ousley, F. Patton, Pauls, Peck, Phillips, R. Powell, Proehl, Rahjes, Read, Rhoades, Rooker, Ryckman, Ryckman Sr., Schroeder, Schwab, Schwartz, Seiwert, C. Smith, Suellentrop, Sutton, S. Swanson, Thimesch, Thompson, Todd, Vickrey, Waymaster, Weber, C., Whitmer, K. Williams.

Nays: Alcalá, Anthimides, Ballard, Burroughs, Carlin, Carmichael, Curtis, Edmonds, Finney, Frownfelter, Helgerson, Henderson, Henry, Highberger, Houston, Kuether, Lusker, Osterman, Ruiz, Sawyer, Scapa, Scott, Sloan, Tietze, Trimmer, Victors, Ward, Whipple, Wilson, Winn, Wolfe Moore.

Present but not voting: None.

Absent or not voting: Rubin.

### EXPLANATIONS OF VOTE

MR. SPEAKER: I vote yes on **S Sub for HB 2655**. There were three solutions identified. SB 512 and HB 2731, were fashioned after the prior formulas that the Supreme Court suggested would be one obvious choice and yet not one district supported the plan and the members of the respective committees that heard evidence on the bill did not believe it was the best option for Kansas schools. It includes a "hold harmless" provision that means no school districts lose funds. School districts testified that the hold harmless provision is necessary. I believe this bill, at this time, is the best option among those that I have seen. — MARC PHOADES, PEGGY MAST, JOHN WHITMER, LES MASON, JOHN BRADFORD, DENNIS HEDKE, BILL SUTTON, TONY BARTON, WILL CARPENTER, MIKE HOUSER, CHARLES MACHEERS, SHARON SCHWARTZ, BECKY HUTCHINS, CHUCK WEBER, S. MIKE KIEGERL, MARIO GOICO, STEVE HUEBERT, KYLE HOFFMAN, KEN CORBET, DICK JONES

MR. SPEAKER: I vote yes on **S Sub for HB 2655** because I want to respond to the

Supreme Court's concern over the equalization and, more importantly, because it will allow the legislature to focus on enacting a new school finance package, based upon input from the educational professionals, that will ensure that all Kansas children continue to receive the opportunity to pursue their chosen occupation through a suitable public education. – STEPHEN ALFORD, TROY WAYMASTER, JOE SEIWERT

MR. SPEAKER: I am voting YES today on **S Sub for HB 2655** for the purpose of keeping schools open. This plan misses the point of the equity portion of the Gannon case, provides no relief to the unequal tax burden facing certain districts in our state and perpetuates funding levels already ruled unconstitutional. However, there is nothing more important than ensuring our children have access to public education. Alternate options exist but this is the only one we have been given a chance to vote on. – SUZIE SWANSON, DIANA DIERKS, DON HILL, TOM MOXLEY, LARRY HIBBARD, GREG LEWIS, RAMON GONZALEZ, STEPHANIE CLAYTON, SUE BOLDRÁ, LINDA GALLAGHER, JOHN EWY

MR. SPEAKER: While I am doubtful **S Sub for HB 2655** is a solution that will satisfy the court, I am voting YES today for the purpose of keeping schools open. Better options could be developed but this is the only one we have been given a chance to vote on. It is unfortunate that this solution was crafted by a small minority of legislators without full deliberation or inclusion. – DON HINEMAN, MELISSA ROOKER

MR. SPEAKER: I vote to concur in **S Sub for HB 2655** even though I suspect it will not meet the Supreme Court's directive. The reason for my vote is to show the Court that the legislature is giving a good faith effort to meet our assignment and perhaps the Court, in turn, will pull back its deadline to close schools allowing more time for us to find a final workable solution. – STEVEN R. BECKER

MR. SPEAKER: I vote No on **S Sub for HB 2655** because the equalization formula offered does not appreciably increase aid to schools. It shifts money within existing inadequate appropriated funds and has the probability of requiring increases in local mill levies. Providing flexibility to school districts to move funds between inadequately funded programs does not improve educational outcomes. Including KPERs contributions in the school finance formula does not add money to classrooms and educational outcomes. **S Sub for HB 2655** resembles rearranging the deck chairs on the Titanic. – TOM SLOAN

MR. SPEAKER: I vote no on **S Sub for HB 2655**. This bill does absolutely nothing to respond to the court's ruling, or to remedy the inequities in SB 7 (the Block Grant bill), which the Supreme Court has declared unconstitutional. Rather, this bill is a naked and brazen attempt by supporters to create a legislative record that would force the Court to keep schools open, while **not** responding to the constitutional demand for an equitable school finance system.

We believe that this legislation is unconstitutional on its face, and is simply an effort to manipulate the judicial process, along with public opinion. – PAM CURTIS, BRODERICK HENDERSON, VALDENIA WINN, SYDNEY CARLIN, TOM BURROUGHS, LOUIS RUIZ

## CONFERENCE COMMITTEE REPORT

MADAM PRESIDENT and MR. SPEAKER: Your committee on conference on

House amendments to **SB 318** submits the following report:

The Senate accedes to all House amendments to the bill, and your committee on conference further agrees to amend the bill as printed with House Committee of the Whole amendments, as follows:

On page 1, in line 13, after "transfer" by inserting "\$45,000 from the KETA administrative fund of the state corporation commission to the state general fund and transfer"; also in line 13, after "all" by inserting "remaining";

And your committee on conference recommends the adoption of this report.

DENNIS HEDKE

KEN CORBET

*Conferees on part of House*

ROB OLSON

MIKE PETERSEN

MARCI FRANCISCO

*Conferees on part of Senate*

On motion of Rep. Hedke, the conference committee report on **SB 318** was adopted.

On roll call, the vote was: Yeas 98; Nays 26; Present but not voting: 0; Absent or not voting: 1.

Yeas: Alford, Anthimides, Barker, Barton, Becker, Billinger, Boldra, Bollier, Bradford, Bruchman, Campbell, B. Carpenter, W. Carpenter, Claeys, Clark, Clayton, Concannon, Corbet, E. Davis, DeGraaf, Dierks, Doll, Dove, Edmonds, Esau, Estes, Ewy, Finch, Francis, Gallagher, Garber, Goico, Gonzalez, Grosserode, Hawkins, Hedke, Hemsley, Henry, Hibbard, Highland, Hildabrand, Hill, Hineman, Hoffman, Houser, Huebert, Hutchins, Hutton, Jennings, Johnson, D. Jones, K. Jones, Kahrs, Kelley, Kelly, Kiegerl, Kleeb, Lewis, Lunn, Lusk, Macheers, Mason, Mast, McPherson, Merrick, Moxley, O'Brien, Osterman, F. Patton, Pauls, Peck, Phillips, R. Powell, Proehl, Rahjes, Read, Rhoades, Rooker, Ryckman, Ryckman Sr., Scapa, Schroeder, Schwab, Schwartz, Seiwert, Sloan, Suellentrop, Sutton, S. Swanson, Thimesch, Thompson, Todd, Vickrey, Waymaster, Weber, C., Whipple, Whitmer, K. Williams.

Nays: Alcala, Ballard, Burroughs, Carlin, Carmichael, Curtis, Finney, Frownfelter, Helgerson, Henderson, Highberger, Houston, Kuether, Lusker, Ousley, Ruiz, Sawyer, Scott, C. Smith, Tietze, Trimmer, Victors, Ward, Wilson, Winn, Wolfe Moore.

Present but not voting: None.

Absent or not voting: Rubin.

#### MESSAGES FROM THE SENATE

The Senate concurs in House amendments to **H Sub for SB 55**, and requests return of the bill.

The Senate concurs in House amendments to **Sub for SB 99**, and requests return of the bill.

The Senate adopts the Conference Committee report on **SB 367**.

The Senate adopts the Conference Committee report on **HB 2563**.

#### REPORT OF STANDING COMMITTEE

Your Committee on **Calendar and Printing** recommends on requests for resolutions

and certificates that

**Request No. 73**, by Representative Tom Phillips, congratulating Cooper Lohman for being named the Kansas Middle School State Honoree for the Prudential Spirit Community Award;

**Request No. 74**, by Representative Becky Hutchins, congratulating Jackson Heights High School Boys Basketball Team for winning the 2A State championship;

**Request No. 75**, by Representatives Roderick Houston and Gail Finney, recognizing Storytime Village, Inc. for their dedication to helping our children thrive in the area of early childhood development;

**Request No. 76**, by Representative Ken Rahjes recognizing Coach Bill Johnson of Norton Community High School for coaching the 2016 State 3-2-1A champion wrestling team;

**Request No. 77**, by Representative Ken Rahjes recognizing Norton Community High School for winning the 2016 Kansas State 3-2-1A wrestling title;

**Request No. 78**, by Representative Kasha Kelley congratulating Mitchell and Christopher Gingher for exemplary community involvement as young people;

**Request No. 79**, by Representative Richard Billinger congratulating the Colby High School Wrestling team for winning the Class 4A wrestling championship;

**Request No. 80**, by Representative John Ewy commending Sharon Miller for 35 years of service as a medication aide at The Kansas Soldiers' Home, Fort Dodge;

be approved and the Chief Clerk of the House be directed to order the printing of said certificates and order drafting of said resolutions.

On motion of Rep. Vickrey, the committee report was adopted.

#### **CHANGE OF CONFEREES**

Speaker pro tem Mast announced the appointment of Reps. Pauls, Todd and Scott as a member of the conference committee on **HB 2502** to replace Reps. Barker, Macheers and Carmichael.

#### **MESSAGES FROM THE SENATE**

Announcing adoption of **SCR 1613**.

Also, announcing passage of **HB 2571**, as amended.

Announcing passage of **HB 2558**, as amended.

The Senate nonconcurrs in House amendments to **SB 224**, requests a conference and has appointed Senators Ostmeyer, LaTurner and Faust-Goudeau as conferees on the part of the Senate.

The Senate nonconcurrs in House amendments to **H Sub for SB 280**, requests a conference and has appointed Senators Donovan, Tyson and Holland as conferees on the part of the Senate.

The Senate nonconcurrs in House amendments to **SB 326**, requests a conference and has appointed Senators Ostmeyer, LaTurner and Faust-Goudeau as conferees on the part of the Senate.

The Senate announced the appointment of Senator Ostmeyer to replace Senator King

as a conferee on **HB 2502**.

The Senate announced the appointment of Senator LaTurner to replace Senator Smith as a conferee on **HB 2502**.

The Senate announced the appointment of Senator Faust-Goudeau to replace Senator Haley as a conferee on **HB 2502**.

#### **INTRODUCTION OF SENATE BILLS AND CONCURRENT RESOLUTIONS**

On motion of Rep. Burroughs, **SCR 1613**, A CONCURRENT RESOLUTION relating to the 2016 regular session of the legislature; extending such session beyond 90 calendar days; and providing for adjournment thereof, was introduced and emergency adopted.

#### **REPORT ON ENGROSSED BILLS**

**S Sub for HB 2131** reported correctly re-engrossed March 23, 2016.

#### **REPORT ON ENGROSSED RESOLUTIONS**

**HR 6045** reported correctly engrossed March 23, 2016.

#### **REPORT ON ENROLLED RESOLUTIONS**

**HR 6047, HR 6053, HR 6054** reported correctly enrolled and properly signed on March 24, 2016.

#### **BILLS STRICKEN FROM CALENDAR**

In accordance with House Rule 1507, the following bills were stricken from the Calendar for March 24, 2016: **SB 17, H Sub for Sub SB 18, H Sub for SB 58, SB 97, H Sub for SB 106, H Sub for SB 125, H Sub for SB 136, SB 159, SB 361, SB365, SB 370, SB 375, SB 382, SB 405, SB 426**

On motion of Rep. Vickrey, the House adjourned until 10:00 a.m., Wednesday, April 27, 2016.

BECKIE HENDRICKS, JENNY HAUGH, *Journal Clerks.*

SUSAN W. KANNARR, *Chief Clerk.*

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**In The House Of Representatives  
Of The State Of Kansas**

Protest of Representatives Carmichael and Ward  
Senate Substitute for House Bill 2655  
March 24, 2016

Mr. Speaker:

Pursuant to Article 2, Section 10, of the Constitution of the State of Kansas we lodge this protest against Senate Substitute for House Bill No. 2655.

On February 9, 2016 one of the undersigned, Representative Carmichael, along with others introduced House Bill 2655, a bill to commemorate the laying of the cornerstone of the Kansas Capitol. Following full committee hearing and review, the bill was amended and recommended by a House standing committee for passage. Thereafter the amended bill was heard and debated by the House Committee of the Whole on February 22, 2016 and recommended favorably for passage. By emergency action of the full House on the same day, the bill was passed by the House of Representatives and forwarded to the Senate for its consideration.

The bill then remained a stranger to the House until hours prior to the House's First Adjournment on March 24, 2016, when it reappeared on a motion to concur with a substitute bill passed by the Senate the same morning. The substitute bill was never considered by a House standing or special committee, nor by the House Committee of the Whole. Instead, just hours after its passage by the Senate, the substitute bill arrived on the House floor for an up or down vote, without opportunity for receipt of testimony in committee nor an opportunity for full debate and amendment by members of the House.

The substitute bill which arrived on the House floor was described as a "legislative fix" for the constitutional infirmities in the so called "block grant" school funding plan passed by the House in the dark of night last year. In fact, the substitute bill does nothing to actually equalize purchasing power between districts resulting from differences in local wealth. Instead it is a freeze of equalization payments at the current levels accomplished through the artifice of a "hold harmless" provision that benefits wealthier school districts at the expense of poorer districts. The bill also violates the constitutional requirement of equity by expanding Local Option Budget (LOB) authority only for districts wealthy enough to afford local property tax increases. As a result the substitute bill not only violates the constitutional requirement of equity in purchasing power between districts through the so-called "hold harmless" provision, it also denies equity in tax burden for education between districts by sanctioning increases in LOB levies by wealthy districts the proceeds of which will now go to support operating budgets.

Given the necessary time constraints imposed on the Legislature by our Supreme Court's decision in *Gannon v. State of Kansas, et. al.*, \_\_\_\_ Kan. \_\_\_\_, Docket No. 113,267, February 11, 2016, which was itself made necessary by the Legislature's previous unconstitutional enactments, prudence would have dictated the Legislature find safe harbor in a system which has repeatedly been found by both the District Court



Three Judge Panel and our Supreme Court to be constitutionally equitable; namely, the prior equalization formulas. Those formulas, in combination, pass our Supreme Court's equity test, but this substitute bill does not. The substitute bill continues to create "winners and losers" as the attached chart and spreadsheet, which are incorporated by reference herein, graphically demonstrate. These charts and spreadsheets, provided to the Legislature by the Kansas State Department of Education, compare the substitute bill's effects with the prior equalization formulas previously found constitutional. Regrettably, this information was for the most part unavailable to House members in time for meaningful review prior to the passage of Senate Substitute for House Bill 2655 because the well-established committee process of the House was ignored in the members' rush to leave town for "spring break."

When compared to the prior equalization formulas, the substitute bill's disastrous effects on equity become apparent. The bill essentially switches the LOB equalization formula to a less generous equalization formula than was previously authorized. While the capital outlay equalization formula might have been approved by the courts for capital outlay it was not approved for LOB. LOB is a much larger component in classroom funding. This is the direct result of the Legislature's attempt to construct an educational funding formula based not on sound educational considerations and needs, but rather based on the amount of money available in the State General Fund following the disastrous tax loopholes created by the Legislature and Governor in 2012 and 2013. The bill prorates down the amount of LOB equalization to fit the currently available dollars. Such a proration was found unconstitutional by our Supreme Court in its first *Gannon* decision.

In addition, the "hold harmless" provisions in the substitute bill (described as "school district equalization state aid") allow wealthier districts to retain more resources and thereby retain the ability to provide greater educational opportunity than less wealthy districts. This allows the wealthier districts to keep the financial advantage bestowed upon them by the block grants enacted under 2015 House Substitute for Senate Bill 7 as compared with less financially fortunate districts. This runs directly counter to the purpose of equalization aid which is to "equalize" purchasing power between districts for educational needs. The bill instead ensures that wealthier districts maintain their financial advantage over less wealthy districts and therefore fails the Kansas Constitution's educational equity requirement.

Meanwhile, the substitute bill's funding scheme allows wealthy districts to distort the equalization system to their advantage in a way that less wealthy districts cannot. For example, Shawnee Mission USD 512, a district that regularly touts their ability to pass increased local school mill levies, could raise their mill levy to completely backfill the \$3,040,285 amount they lose in LOB equalization aid under the substitute bill's supposed LOB equalization formula. Under the substitute bill, USD 512 would then receive an additional \$3,040,285 in "hold harmless" money, thereby allowing them to increase spending by \$3 million dollars over the block grant formula of the existing law. On the other hand, Kansas City USD 500 loses \$2,502,864 in equalization aid under the substitute bill. However, the economically less fortunate Kansas City School District is much less likely to receive taxpayer approval for an increased local school mill levy to backfill this loss. The "hold harmless" money the Kansas City District receives will be only \$1,240,706, resulting in a net decrease in LOB funding to Kansas City schools of

\$1,262,158 over the amount it receives under the current block grant formula. This example clearly denies Kansas City children and taxpayers substantially similar educational opportunity through similar tax effort.

The substitute bill also perpetuates the short-changing of equalization funds which our courts have repeatedly found contrary to the Kansas Constitution. By ensuring that any gains in capital outlay equalization are then deducted from any “hold harmless” money a district receives, the substitute bill decreases funding to districts that receive capital outlay equalization payments as compared with districts that do not receive these equalization payments.

Additionally, local school mill levies continue to range from 7.87 mills in Meade USD 266 to 44.4 mills in South Haven USD 509 for providing the same educational opportunity. This may have been acceptable under the Kansas Constitution had the Legislature found shelter in the safe harbor suggested by our courts and simply re-adopted and funded the pre-block grant funding formula, but since the Legislature did not take refuge in the safe harbor, the new scheme must pass the equity test. Under the substitute bill’s funding scheme, districts will be incentivized to shift more funding locally to backfill the loss of LOB aid due to the less generous LOB formula. This will only exacerbate the range of tax effort required to obtain “similar educational opportunity.” It therefore violates our Supreme Court’s correct reading of the Kansas Constitution and concomitant holding that “School districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort.” This disparate tax effort required by the substitute bill does not come even close to “similar.”

In our community, the Wichita Public Schools USD 259 are already being forced to consider raising their LOB mill levy in order to make up for losses incurred through the operation of the block grants. The substitute bill means Wichita taxpayers will face more local tax increases just to stay even. For districts like Wichita, and other less wealthy districts, the substitute bill can only be viewed as yet another package of concessions for wealthier, more politically powerful districts, that continues to arbitrarily pick, based on political strength, economic winners and losers. This increases the inequity in funding for classrooms across the state and does not cure that inequity as properly required by our Supreme Court.

The substitute bill is the product of politics rather than a consideration of the actual cost to educate Kansas school children. Clearly, the bill does not, by design or in its likely implementation, provide for “reasonably equal access to substantially similar educational opportunity through similar tax effort.” An attempted re-formulation of the same resources previously found to violate the Kansas Constitution through a bill that perpetuates wealth-based disparities between districts rather than curing them cannot reasonably be viewed as an appropriate and constitutional response to our Supreme Court’s decision in *Gannon*. By passing the substitute bill, the Legislature once again fails in its duty under the Kansas Constitution to provide for an equitable educational opportunity for all Kansas school children.

Finally, if this substitute bill is found to be unconstitutional by our Supreme Court, the majority party of this Legislature will have brought us dangerously closer to the Court’s June 30 deadline to comply with the *Gannon* decision. If the majority party is truly concerned about keeping schools open next fall, they should have appropriated the

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additional and necessary \$38 million for public education in the fiscal year 2017 budget which passed the Legislature over a month ago. Appropriating the necessary \$38 million would have been, and remains, a far more certain solution in meeting the equity test in *Gannon* than the uncertainty resulting from the passage of this ill-conceived legislation.

We therefore lodge this protest, and the attachments thereto, with the Chief Clerk of the Kansas House of Representative for publication in the Journal of the House of Representatives pursuant to Article 2, Section 10 of the Constitution of the State of Kansas.

Jim Ward  
Kansas State Representative  
*District 86*

John Carmichael  
Kansas State Representative  
*District 92*

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
259	Sedgwick	Wichita	4,508,756	5,132,809	9,641,565
500	Wyandotte	Kansas City	1,262,158	970,843	2,233,001
497	Douglas	Lawrence	656,309	1,496,590	2,152,899
501	Shawnee	Topeka Public Schools	829,524	1,032,306	1,861,830
437	Shawnee	Auburn Washburn	776,699	1,061,106	1,837,805
260	Sedgwick	Derby	822,104	769,429	1,591,533
305	Saline	Salina	560,848	587,798	1,148,646
457	Finney	Garden City	293,038	771,202	1,064,241
231	Johnson	Gardner Edgerton	532,373	374,709	907,082
266	Sedgwick	Maize	629,126	120,546	749,672
443	Ford	Dodge City	419,403	318,461	737,865
253	Lyon	Emporia	557,901	168,711	726,613
265	Sedgwick	Goddard	417,394	292,761	710,154
368	Miami	Paola	231,900	478,744	710,644
345	Shawnee	Seaman	354,751	166,303	521,054
313	Reno	Buhler	238,318	279,662	517,980
204	Wyandotte	Bonner Springs	281,143	231,411	512,554
489	Ellis	Hays	0	487,958	487,958
214	Grant	Ulysses	0	487,259	487,259
203	Wyandotte	Piper-Kansas City	162,149	322,090	484,239
450	Shawnee	Shawnee Heights	307,760	167,957	475,716
250	Crawford	Pittsburg	130,319	330,234	460,553
490	Butler	El Dorado	78,638	367,066	445,703
263	Sedgwick	Mulvane	246,570	369,731	616,301
416	Miami	Louisburg	149,710	263,758	413,468
453	Leavenworth	Leavenworth	226,875	185,708	412,584
202	Wyandotte	Turner-Kansas City	218,981	159,606	378,587
375	Butler	Circle	72,089	288,346	360,435
262	Sedgwick	Valley Center Pub Sch	176,871	162,394	339,265
458	Leavenworth	Basehor-Linwood	183,164	140,731	323,896
407	Russell	Russell County	70,624	576,112	646,736
290	Franklin	Ottawa	199,433	111,953	311,386
331	Kingman	Kingman - Norwich	113,499	270,026	383,525
428	Barton	Great Bend	129,100	175,520	304,620
413	Neosho	Chanute Public Schools	202,962	96,141	299,103
435	Dickinson	Abilene	178,373	115,150	293,523
418	McPherson	McPherson	148,145	129,670	277,814
308	Reno	Hutchinson Public Schools	163,146	113,387	276,533
480	Seward	Liberal	0	261,677	261,677

S Sub for HB 2655					
New LOB Formula and Hold Harmless					
D	E	F	G	H	I
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	Difference Between Old Formulas and S Sub for HB2655
		Calculated		Calculated	Calculated
SF16-126 Col 4	SF16-117 Col 4	(D + E)	SF16-133 Col 4	(F + G)	(H - C)
-6,045,648	4,508,756	-1,536,892	1,536,892	0	-9,641,565
-2,502,864	1,262,158	-1,240,706	1,240,706	0	-2,233,001
-2,377,404	656,309	-1,721,096	1,721,096	0	-2,152,899
-1,804,935	829,524	-975,411	975,411	0	-1,861,830
-622,735	776,699	153,964	0	153,964	-1,683,841
-735,024	822,104	87,080	0	87,080	-1,504,453
-1,248,914	560,848	-688,066	688,066	0	-1,148,646
-595,555	293,038	-302,517	302,517	0	-1,064,241
-706,254	532,373	-173,881	173,881	0	-907,082
-1,165,811	629,126	-536,684	536,684	0	-749,672
-788,687	419,403	-369,283	369,283	0	-737,865
-633,906	557,901	-76,005	76,005	0	-726,613
-680,851	417,394	-263,457	263,457	0	-710,154
-47,738	231,900	184,162	0	184,162	-526,482
-714,134	354,751	-359,383	359,383	0	-521,054
-331,796	238,318	-93,478	93,478	0	-517,980
-427,970	281,143	-146,826	146,826	0	-512,554
-317,906	0	-317,906	317,906	0	-487,958
0	0	0	0	0	-487,259
-269,147	162,149	-106,997	106,997	0	-484,239
-596,977	307,760	-289,218	289,218	0	-475,716
-282,583	130,319	-152,264	152,264	0	-460,553
-269,181	78,638	-190,544	190,544	0	-445,703
-55,372	246,570	191,198	0	191,198	-425,103
-172,834	149,710	-23,125	23,125	0	-413,468
-587,559	226,875	-360,684	360,684	0	-412,584
-484,713	218,981	-265,733	265,733	0	-378,587
-293,716	72,089	-221,627	221,627	0	-360,435
-299,711	176,871	-122,841	122,841	0	-339,265
-279,044	183,164	-95,880	95,880	0	-323,896
257,388	70,624	328,012	0	328,012	-318,724
-382,498	199,433	-183,065	183,065	0	-311,386
-35,949	113,499	77,551	0	77,551	-305,974
-434,133	129,100	-305,033	305,033	0	-304,620
-319,215	202,962	-116,253	116,253	0	-299,103
-184,899	178,373	-6,527	6,527	0	-293,523
-688,878	148,145	-540,733	540,733	0	-277,814
-762,972	163,146	-599,826	599,826	0	-276,533
-495,290	0	-495,290	495,290	0	-261,677

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
469	Leavenworth	Lansing	109,147	147,380	256,527
409	Atchison	Atchison Public Schools	112,164	128,622	240,786
466	Scott	Scott County	21,880	218,133	240,013
445	Montgomery	Coffeyville	55,251	183,890	239,141
383	Riley	Manhattan-Ogden	0	226,458	226,458
261	Sedgwick	Haysville	-24,663	240,573	215,911
494	Hamilton	Syracuse	35,806	197,949	233,755
491	Douglas	Eudora	109,827	80,278	190,105
405	Rice	Lyons	70,841	208,526	279,367
230	Johnson	Spring Hill	0	181,581	181,581
205	Butler	Bluestem	57,613	124,168	181,781
348	Douglas	Baldwin City	120,067	60,705	180,772
394	Butler	Rose Hill Public Schools	104,596	74,905	179,502
114	Doniphan	Riverside	0	188,397	188,397
402	Butler	Augusta	193,229	-18,809	174,421
431	Barton	Hoisington	48,885	339,358	388,243
232	Johnson	De Soto	495,480	-331,295	164,185
483	Seward	Kismet-Plains	0	161,412	161,412
373	Harvey	Newton	236,161	-76,532	159,628
257	Allen	Iola	89,321	66,862	156,183
355	Barton	Ellinwood Public Schools	45,148	343,455	388,603
417	Morris	Morris County	56,732	95,080	151,811
400	McPherson	Smoky Valley	110,105	38,343	148,447
350	Stafford	St John-Hudson	0	148,413	148,413
264	Sedgwick	Clearwater	99,239	48,853	148,092
396	Butler	Douglass Public Schools	47,544	100,531	148,075
270	Rooks	Plainville	0	146,454	146,454
267	Sedgwick	Renwick	154,108	-12,291	141,817
385	Butler	Andover	445,569	-303,842	141,727
470	Cowley	Arkansas City	51,508	78,233	129,741
273	Mitchell	Beloit	76,722	52,695	129,417
287	Franklin	West Franklin	56,631	69,784	126,415
366	Woodson	Woodson	2,648	122,461	125,109
506	Labette	Labette County	91,923	31,683	123,606
508	Cherokee	Baxter Springs	83,323	82,595	165,919
218	Morton	Elkhart	151,571	183,297	334,868
293	Gove	Quinter Public Schools	36,505	104,602	141,107
340	Jefferson	Jefferson West	63,272	49,212	112,485
477	Gray	Ingalls	7,671	136,357	144,028

<b>S Sub for HB 2655</b>					
<b>New LOB Formula and Hold Harmless</b>					
<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>
<b>Gain/Loss in LOB Aid</b>	<b>Gain/Loss in Capital Outlay Aid</b>	<b>New Formula Gain/Loss in Aid</b>	<b>Hold Harmless Payment</b>	<b>Total Aid Gain/Loss in Aid</b>	<b>Difference Between Old Formulas and S Sub for HB2655</b>
		<b>Calculated</b>		<b>Calculated</b>	<b>Calculated</b>
<b>SF16-126 Col 4</b>	<b>SF16-117 Col 4</b>	<b>( D + E )</b>	<b>SF16-133 Col 4</b>	<b>( F + G )</b>	<b>( H - C )</b>
-301,893	109,147	-192,746	192,746	0	-256,527
-223,242	112,164	-111,078	111,078	0	-240,786
-135,092	21,880	-113,212	113,212	0	-240,013
-389,721	55,251	-334,470	334,470	0	-239,141
-1,536,205	0	-1,536,205	1,536,205	0	-226,458
-422,672	-24,663	-447,335	447,335	0	-215,911
-15,072	35,806	20,734	0	20,734	-213,021
-164,977	109,827	-55,150	55,150	0	-190,105
19,028	70,841	89,869	0	89,869	-189,498
-293,948	0	-293,948	293,948	0	-181,581
-56,881	57,613	732	0	732	-181,049
-258,149	120,067	-138,082	138,082	0	-180,772
-179,755	104,596	-75,159	75,159	0	-179,502
12,411	0	12,411	0	12,411	-175,986
-380,141	193,229	-186,912	186,912	0	-174,421
166,216	48,885	215,100	0	215,100	-173,143
-2,022,965	495,480	-1,527,485	1,527,485	0	-164,185
0	0	0	0	0	-161,412
-689,770	236,161	-453,610	453,610	0	-159,628
-189,235	89,321	-99,914	99,914	0	-156,183
190,623	45,148	235,771	0	235,771	-152,832
-164,849	56,732	-108,118	108,118	0	-151,811
-249,239	110,105	-139,135	139,135	0	-148,447
0	0	0	0	0	-148,413
-194,003	99,239	-94,764	94,764	0	-148,092
-52,688	47,544	-5,144	5,144	0	-148,075
0	0	0	0	0	-146,454
-486,381	154,108	-332,273	332,273	0	-141,817
-1,224,162	445,569	-778,593	778,593	0	-141,727
-383,843	51,508	-332,335	332,335	0	-129,741
-203,131	76,722	-126,409	126,409	0	-129,417
-147,513	56,631	-90,882	90,882	0	-126,415
-33,810	2,648	-31,162	31,162	0	-125,109
-215,501	91,923	-123,578	123,578	0	-123,606
-40,859	83,323	42,465	0	42,465	-123,454
60,515	151,571	212,086	0	212,086	-122,782
-16,562	36,505	19,943	0	19,943	-121,164
-145,711	63,272	-82,439	82,439	0	-112,485
24,186	7,671	31,858	0	31,858	-112,171

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			A	B	C
			Gain/Loss in Capital Outlay Aid	Gain/Loss in LOB Aid	Total Gain/Loss in Aid
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	(A + B)
382	Pratt	Pratt	109,265	2,663	111,928
388	Ellis	Ellis	63,307	201,209	264,516
330	Wabauunsee	Mission Valley	52,513	55,913	108,426
309	Reno	Nickerson	54,188	52,922	107,109
353	Sumner	Wellington	164,453	-58,742	105,711
432	Ellis	Victoria	0	103,522	103,522
252	Lyon	Southern Lyon County	50,257	52,988	103,245
282	Elk	West Elk	20,962	79,880	100,842
325	Phillips	Phillipsburg	32,150	55,746	87,896
369	Harvey	Burrton	40,259	139,219	179,479
503	Labette	Parsons	44,300	42,991	87,291
289	Franklin	Wellsville	71,910	15,316	87,226
484	Wilson	Fredonia	20,189	60,945	81,135
473	Dickinson	Chapman	-17,436	97,535	80,099
397	Marion	Centre	45,106	69,540	114,646
113	Nemaha	Prairie Hills	72,950	4,477	77,427
347	Edwards	Kinsley-Offerle	37,583	38,995	76,578
286	Chautauqua	Chautauqua Co Community	6,395	68,962	75,357
511	Harper	Attica	11,276	72,073	83,349
358	Sumner	Oxford	45,956	141,459	187,414
101	Neosho	Erie-Galesburg	42,938	26,178	69,115
268	Sedgwick	Cheney	49,452	18,719	68,171
487	Dickinson	Herington	0	66,014	66,014
410	Marion	Durham-Hillsboro-Lehigh	58,680	6,415	65,096
447	Montgomery	Cherryvale	44,627	18,001	62,628
509	Sumner	South Haven	9,665	105,538	115,203
434	Osage	Santa Fe Trail	34,670	26,102	60,772
439	Harvey	Sedgwick Public Schools	12,600	47,653	60,253
207	Leavenworth	Ft Leavenworth	3,023	69,289	72,312
465	Cowley	Winfield	164,626	-105,386	59,239
320	Pottawatomie	Wamego	61,788	-3,896	57,892
376	Rice	Sterling	49,189	7,963	57,152
403	Rush	Otis-Bison	0	57,129	57,129
333	Cloud	Concordia	67,847	-13,962	53,885
404	Cherokee	Riverton	-6,456	57,760	51,304
288	Franklin	Central Heights	39,054	10,257	49,311
395	Rush	LaCrosse	7,025	41,347	48,372
357	Sumner	Belle Plaine	38,894	8,386	47,280
248	Crawford	Girard	30,793	15,867	46,660



S Sub for HB 2655					
New LOB Formula and Hold Harmless					
D	E	F	G	H	I
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	Difference Between Old Formulas and S Sub for HB2655
		Calculated		Calculated	Calculated
SF16-126 Col 4	SF16-117 Col 4	(D + E)	SF16-133 Col 4	(F + G)	(H - C)
-373,782	109,265	-264,517	264,517	0	-111,928
91,079	63,307	154,386	0	154,386	-110,130
-136,896	52,513	-84,383	84,383	0	-108,426
-272,711	54,188	-218,523	218,523	0	-107,109
-349,018	164,453	-184,565	184,565	0	-105,711
0	0	0	0	0	-103,522
-133,607	50,257	-83,350	83,350	0	-103,245
-36,436	20,962	-15,474	15,474	0	-100,842
-92,430	32,150	-60,280	60,280	0	-87,896
51,513	40,259	91,772	0	91,772	-87,706
-218,717	44,300	-174,417	174,417	0	-87,291
-206,772	71,910	-134,862	134,862	0	-87,226
-140,475	20,189	-120,285	120,285	0	-81,135
-226,618	-17,436	-244,053	244,053	0	-80,099
-8,485	45,106	36,621	0	36,621	-78,025
-383,134	72,950	-310,184	310,184	0	-77,427
-111,390	37,583	-73,807	73,807	0	-76,578
-16,048	6,395	-9,653	9,653	0	-75,357
-2,523	11,276	8,754	0	8,754	-74,596
67,172	45,956	113,128	0	113,128	-74,287
-165,559	42,938	-122,621	122,621	0	-69,115
-138,423	49,452	-88,971	88,971	0	-68,171
-47,114	0	-47,114	47,114	0	-66,014
-186,307	58,680	-127,627	127,627	0	-65,096
-103,575	44,627	-58,948	58,948	0	-62,628
44,602	9,665	54,267	0	54,267	-60,936
-212,642	34,670	-177,972	177,972	0	-60,772
-48,449	12,600	-35,849	35,849	0	-60,253
9,108	3,023	12,132	0	12,132	-60,180
-571,881	164,626	-407,256	407,256	0	-59,239
-327,496	61,788	-265,708	265,708	0	-57,892
-126,574	49,189	-77,386	77,386	0	-57,152
0	0	0	0	0	-57,129
-262,440	67,847	-194,593	194,593	0	-53,885
-122,514	-6,456	-128,970	128,970	0	-51,304
-130,682	39,054	-91,628	91,628	0	-49,311
-90,382	7,025	-83,358	83,358	0	-48,372
-118,039	38,894	-79,145	79,145	0	-47,280
-170,283	30,793	-139,490	139,490	0	-46,660

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			A	B	C
			Gain/Loss in Capital Outlay Aid	Gain/Loss in LOB Aid	Total Gain/Loss in Aid
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
326	Phillips	Logan	0	46,463	46,463
327	Ellsworth	Ellsworth	31,417	14,956	46,373
249	Crawford	Frontenac Public Schools	21,842	22,896	44,739
245	Coffey	LeRoy-Gridley	0	44,381	44,381
372	Shawnee	Silver Lake	45,831	-1,857	43,974
341	Jefferson	Oskaloosa Public Schools	9,290	33,842	43,132
499	Cherokee	Galena	26,348	16,565	42,914
420	Osage	Osage City	24,153	18,422	42,575
323	Pottawatomie	Rock Creek	0	42,186	42,186
336	Jackson	Holton	65,919	-24,850	41,069
343	Jefferson	Perry Public Schools	23,623	16,745	40,368
504	Labette	Oswego	17,712	22,085	39,797
219	Clark	Minneola	0	39,699	39,699
464	Leavenworth	Tonganoxie	-26,998	62,946	35,948
367	Miami	Osawatomie	78,675	-42,949	35,726
206	Butler	Remington-Whitewater	23,597	10,562	34,159
421	Osage	Lyndon	29,991	3,809	33,801
356	Sumner	Conway Springs	49,413	-17,639	31,773
398	Marion	Peabody-Burns	0	30,713	30,713
285	Chautauqua	Cedar Vale	0	30,380	30,380
471	Cowley	Dexter	16,970	12,332	29,302
271	Rooks	Stockton	0	27,449	27,449
408	Marion	Marion-Florence	0	26,642	26,642
297	Cheyenne	St Francis Comm Sch	0	20,922	20,922
306	Saline	Southeast Of Saline	0	20,414	20,414
312	Reno	Haven Public Schools	66,528	-47,699	18,829
419	McPherson	Canton-Galva	13,823	4,217	18,040
212	Norton	Northern Valley	14,466	1,076	15,542
246	Crawford	Northeast	43,287	-29,258	14,028
386	Greenwood	Madison-Virgil	10,160	3,376	13,536
505	Labette	Chetopa-St. Paul	24,411	-10,982	13,429
371	Gray	Montezuma	9,554	2,554	12,108
242	Wallace	Weskan	0	11,506	11,506
359	Sumner	Argonia Public Schools	0	10,634	10,634
108	Washington	Washington Co. Schools	3,908	5,085	8,993
411	Marion	Goessel	9,414	-1,721	7,693
438	Pratt	Skyline Schools	31,108	-25,538	5,570
322	Pottawatomie	Onaga-Havensville-Wheaton	31,240	-27,230	4,009
448	McPherson	Inman	24,032	-21,078	2,954

S Sub for HB 2655					I
New LOB Formula and Hold Harmless					
D	E	F	G	H	
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	
		Calculated		Calculated	Calculated
SF16-126 Col 4	SF16-117 Col 4	(D + E)	SF16-133 Col 4	(F + G)	(H - C)
-46,844	0	-46,844	46,844	0	-46,463
-187,355	31,417	-155,937	155,937	0	-46,373
-111,824	21,842	-89,982	89,982	0	-44,739
0	0	0	0	0	-44,381
-157,086	45,831	-111,255	111,255	0	-43,974
-111,831	9,290	-102,541	102,541	0	-43,132
-102,278	26,348	-75,930	75,930	0	-42,914
-131,009	24,153	-106,857	106,857	0	-42,575
-164,492	0	-164,492	164,492	0	-42,186
-239,384	65,919	-173,465	173,465	0	-41,069
-289,101	23,623	-265,478	265,478	0	-40,368
-56,487	17,712	-38,775	38,775	0	-39,797
-84,689	0	-84,689	84,689	0	-39,699
-322,038	-26,998	-349,035	349,035	0	-35,948
-313,930	78,675	-235,255	235,255	0	-35,726
-201,860	23,597	-178,263	178,263	0	-34,159
-105,099	29,991	-75,108	75,108	0	-33,801
-135,100	49,413	-85,687	85,687	0	-31,773
-125,290	0	-125,290	125,290	0	-30,713
-3,358	0	-3,358	3,358	0	-30,380
-31,423	16,970	-14,453	14,453	0	-29,302
-80,629	0	-80,629	80,629	0	-27,449
-134,098	0	-134,098	134,098	0	-26,642
-92,022	0	-92,022	92,022	0	-20,922
-255,415	0	-255,415	255,415	0	-20,414
-383,753	66,528	-317,224	317,224	0	-18,829
-188,068	13,823	-174,245	174,245	0	-18,040
-89,530	14,466	-75,064	75,064	0	-15,542
-144,553	43,287	-101,266	101,266	0	-14,028
-86,657	10,160	-76,497	76,497	0	-13,536
-108,219	24,411	-83,808	83,808	0	-13,429
-101,046	9,554	-91,492	91,492	0	-12,108
-17,107	0	-17,107	17,107	0	-11,506
-73,925	0	-73,925	73,925	0	-10,634
-166,153	3,908	-162,245	162,245	0	-8,993
-85,801	9,414	-76,387	76,387	0	-7,693
-181,179	31,108	-150,071	150,071	0	-5,570
-145,165	31,240	-113,925	113,925	0	-4,009
-220,421	24,032	-196,389	196,389	0	-2,954

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			A	B	C
			Gain/Loss in Capital Outlay Aid	Gain/Loss in LOB Aid	Total Gain/Loss in Aid
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
393	Dickinson	Solomon	22,574	-20,377	2,197
224	Washington	Clifton-Clyde	0	1,579	1,579
220	Clark	Ashland	0	1,352	1,352
211	Norton	Norton Community Schools	36,424	-35,203	1,221
210	Stevens	Hugoton Public Schools	0	1,168	1,168
389	Greenwood	Eureka	10,316	-9,330	986
392	Osborne	Osborne County	19,440	-18,960	481
454	Osage	Burlingame Public School	0	473	473
468	Lane	Healy Public Schools	0	0	0
275	Logan	Triplains	0	0	0
291	Gove	Grinnell Public Schools	0	0	0
474	Kiowa	Haviland	0	0	0
476	Gray	Copeland	0	0	0
292	Gove	Wheatland	0	0	0
106	Ness	Western Plains	0	0	0
269	Rooks	Palco	0	0	0
502	Edwards	Lewis	0	0	0
399	Russell	Paradise	0	0	0
314	Thomas	Brewster	0	0	0
103	Cheyenne	Cheylin	0	0	0
332	Kingman	Cunningham	0	0	0
401	Rice	Chase-Raymond	0	0	0
217	Morton	Rolla	0	0	0
209	Stevens	Moscow Public Schools	0	0	0
241	Wallace	Wallace County Schools	0	0	0
216	Kearny	Deerfield	0	0	0
351	Stafford	Macksville	0	0	0
482	Lane	Dighton	0	0	0
459	Ford	Bucklin	0	0	0
255	Barber	South Barber	0	0	0
200	Greeley	Greeley County Schools	0	0	0
303	Ness	Ness City	0	0	0
227	Hodgeman	Hodgeman County Schools	0	0	0
310	Reno	Fairfield	0	0	0
507	Haskell	Satanta	0	0	0
300	Comanche	Comanche County	0	0	0
444	Rice	Little River	0	0	0
111	Doniphan	Doniphan West Schools	0	0	0
422	Kiowa	Kiowa County	0	0	0

<b>S Sub for HB 2655</b> <b>New LOB Formula and Hold Harmless</b>					
D	E	F	G	H	I
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	Difference Between Old Formulas and S Sub for HB2655
		Calculated (D + E)		Calculated (F + G)	Calculated (H - C)
SF16-126 Col 4	SF16-117 Col 4	(D + E)	SF16-133 Col 4	(F + G)	(H - C)
-145,883	22,574	-123,309	123,309	0	-2,197
-127,159	0	-127,159	127,159	0	-1,579
0	0	0	0	0	-1,352
-253,864	36,424	-217,440	217,440	0	-1,221
0	0	0	0	0	-1,168
-183,480	10,316	-173,164	173,164	0	-986
-150,376	19,440	-130,936	130,936	0	-481
-68,019	0	-68,019	68,019	0	-473
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			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			A	B	C
			Gain/Loss in Capital Outlay Aid	Gain/Loss in LOB Aid	Total Gain/Loss in Aid
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
281	Graham	Graham County	0	0	0
208	Trego	Wakeeney	0	0	0
226	Meade	Meade	0	0	0
274	Logan	Oakley	0	0	0
251	Lyon	North Lyon County	0	0	0
452	Stanton	Stanton County	0	0	0
374	Haskell	Sublette	0	0	0
254	Barber	Barber County North	0	0	0
112	Ellsworth	Central Plains	0	0	0
215	Kearny	Lakin	0	0	0
244	Coffey	Burlington	0	0	0
362	Linn	Prairie View	0	0	0
363	Finney	Holcomb	0	0	0
321	Pottawatomie	Kaw Valley	0	0	0
436	Montgomery	Caney Valley	22,058	-24,293	-2,235
342	Jefferson	McLouth	22,281	-24,544	-2,263
390	Greenwood	Hamilton	0	-2,897	-2,897
235	Bourbon	Uniontown	0	-3,103	-3,103
381	Ford	Spearsville	13,053	-17,426	-4,373
284	Chase	Chase County	0	-4,647	-4,647
460	Harvey	Hesston	46,316	-51,316	-5,000
384	Riley	Blue Valley	0	-6,899	-6,899
412	Sheridan	Hoxie Community Schools	0	-11,597	-11,597
339	Jefferson	Jefferson County North	20,071	-32,219	-12,148
429	Doniphan	Troy Public Schools	13,545	-26,369	-12,824
115	Nemaha	Nemaha Central	0	-15,619	-15,619
498	Marshall	Valley Heights	24,965	-41,096	-16,132
479	Anderson	Crest	0	-17,519	-17,519
338	Jefferson	Valley Falls	23,067	-40,674	-17,607
109	Republic	Republic County	0	-17,794	-17,794
461	Wilson	Neodesha	46,331	-65,813	-19,482
365	Anderson	Garnett	82,131	-101,643	-19,512
449	Leavenworth	Easton	28,299	-48,002	-19,703
107	Jewell	Rock Hills	0	-21,459	-21,459
349	Stafford	Stafford	6,337	-28,705	-22,367
337	Jackson	Royal Valley	41,950	-66,459	-24,509
462	Cowley	Central	17,280	-42,065	-24,785
378	Riley	Riley County	45,573	-70,468	-24,895
360	Sumner	Caldwell	10,773	-35,950	-25,177

<b>S Sub for HB 2655</b>					
<b>New LOB Formula and Hold Harmless</b>					
D	E	F	G	H	I
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	Difference Between Old Formulas and S Sub for HB2655
		Calculated		Calculated	Calculated
SF16-126 Col 4	SF16-117 Col 4	(D+E)	SF16-133 Col 4	(F+G)	(H-C)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
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0	0	0	0	0	0
-239,531	22,058	-217,473	217,473	0	2,235
-194,210	22,281	-171,929	171,929	0	2,263
-7,136	0	-7,136	7,136	0	2,897
-93,554	0	-93,554	93,554	0	3,103
-133,059	13,053	-120,006	120,006	0	4,373
-4,647	0	-4,647	4,647	0	4,647
-270,744	46,316	-224,427	224,427	0	5,000
-62,896	0	-62,896	62,896	0	6,899
-64,249	0	-64,249	64,249	0	11,597
-139,362	20,071	-119,291	119,291	0	12,148
-136,658	13,545	-123,114	123,114	0	12,824
-15,619	0	-15,619	15,619	0	15,619
-161,729	24,965	-136,764	136,764	0	16,132
-104,821	0	-104,821	104,821	0	17,519
-141,638	23,067	-118,571	118,571	0	17,607
-241,846	0	-241,846	241,846	0	17,794
-250,286	46,331	-203,955	203,955	0	19,482
-429,918	82,131	-347,786	347,786	0	19,512
-235,822	28,299	-207,523	207,523	0	19,703
-21,459	0	-21,459	21,459	0	21,459
-145,450	6,337	-139,113	139,113	0	22,367
-246,065	41,950	-204,116	204,116	0	24,509
-129,589	17,280	-112,309	112,309	0	24,785
-292,576	45,573	-247,003	247,003	0	24,895
-143,827	10,773	-133,054	133,054	0	25,177

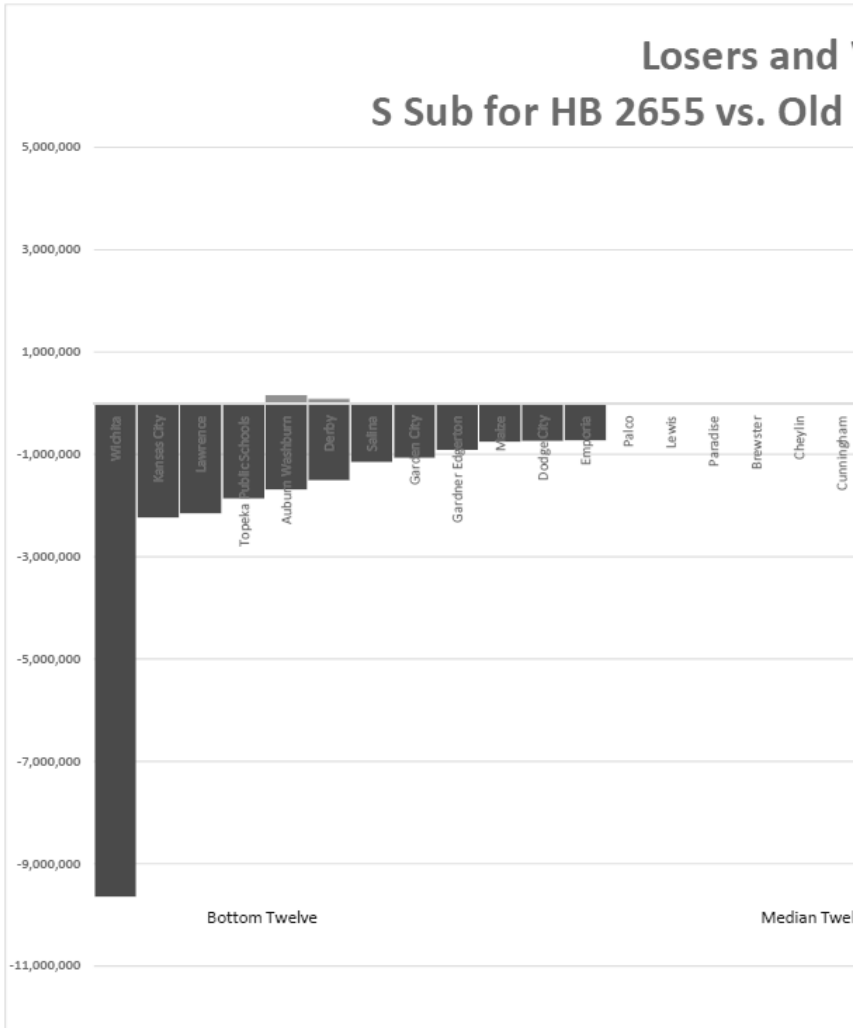
			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
			Calculated		
USD#	County Name	USD Name	SF16-126 Col 4	SF16-116 Col 4	( A + B )
426	Republic	Pike Valley	8,614	-38,185	-29,571
496	Pawnee	Pawnee Heights	0	-30,949	-30,949
481	Dickinson	Rural Vista	0	-32,301	-32,301
493	Cherokee	Columbus	34,756	-68,315	-33,559
387	Wilson	Altoona-Midway	0	-39,888	-39,888
335	Jackson	North Jackson	3,723	-48,855	-45,132
430	Brown	South Brown County	39,756	-85,243	-45,487
311	Reno	Pretty Prairie	12,863	-59,709	-46,845
240	Ottawa	Twin Valley	29,667	-77,676	-48,009
334	Cloud	Southern Cloud	0	-49,047	-49,047
294	Decatur	Oberlin	0	-49,926	-49,926
440	Harvey	Halstead	24,940	-78,075	-53,135
272	Mitchell	Waconda	0	-53,812	-53,812
239	Ottawa	North Ottawa County	-29,753	-25,092	-54,846
105	Rawlins	Rawlins County	5,221	-60,309	-55,087
315	Thomas	Colby Public Schools	44,730	-101,805	-57,075
380	Marshall	Vermillion	30,491	-88,829	-58,337
492	Butler	Flinthills	5,625	-64,096	-58,471
415	Brown	Hiawatha	0	-58,914	-58,914
316	Thomas	Golden Plains	0	-62,815	-62,815
456	Osage	Marais Des Cygnes Valley	0	-64,595	-64,595
237	Smith	Smith Center	11,968	-78,380	-66,411
102	Gray	Cimmaron-Ensign	18,267	-87,804	-69,537
467	Wichita	Leoti	0	-69,661	-69,661
329	Wabaunsee	Mill Creek Valley	9,206	-80,562	-71,356
299	Lincoln	Sylvan Grove	0	-72,558	-72,558
110	Phillips	Thunder Ridge Schools	1,237	-77,117	-75,880
463	Cowley	Udall	14,687	-90,872	-76,185
225	Meade	Fowler	0	-76,428	-76,428
361	Harper	Anthony-Harper	0	-80,374	-80,374
344	Linn	Pleasanton	18,628	-100,193	-81,566
307	Saline	Elk-Saline	33,772	-117,641	-83,869
243	Coffey	Lebo-Waverly	8,467	-100,949	-92,482
446	Montgomery	Independence	70,276	-163,324	-93,048
423	McPherson	Moundridge	0	-108,769	-108,769
379	Clay	Clay Center	-78,661	-41,669	-120,330
364	Marshall	Marysville	0	-132,249	-132,249
377	Atchison	Atchison Co Comm Schools	4,289	-142,627	-138,338
223	Washington	Barnes	0	-140,253	-140,253



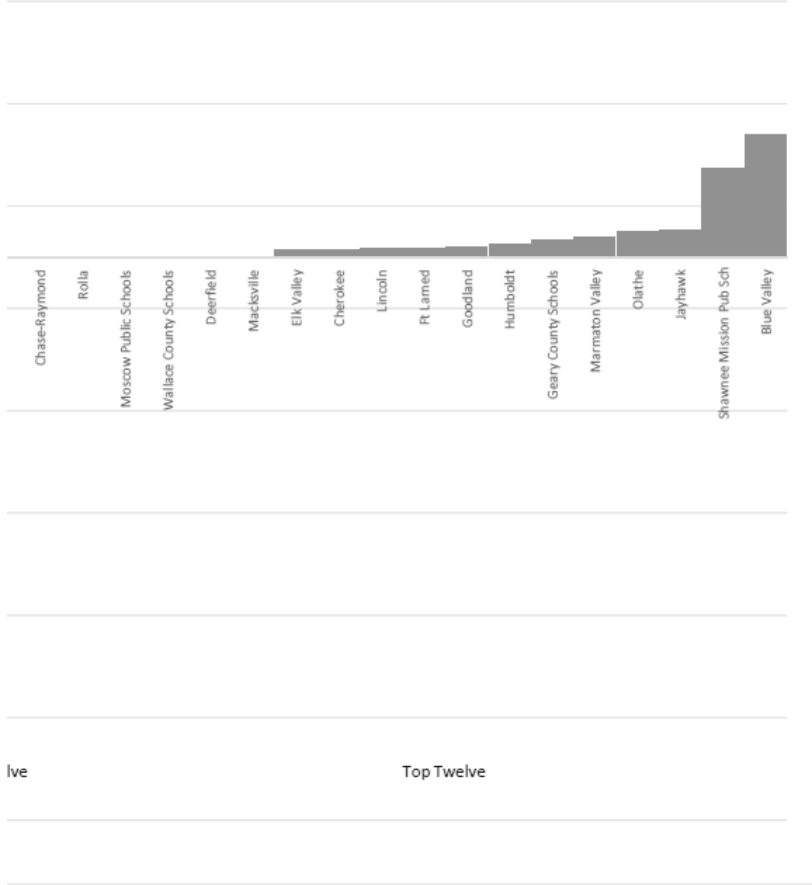
S Sub for HB 2655					I
New LOB Formula and Hold Harmless					
D	E	F	G	H	
Gain/Loss in LOB Aid	Gain/Loss in Capital Outlay Aid	New Formula Gain/Loss in Aid	Hold Harmless Payment	Total Aid Gain/Loss in Aid	
		Calculated (D + E)		Calculated (F + G)	Difference Between Old Formulas and S Sub for HB2655
SF16-126 Col 4	SF16-117 Col 4		SF16-133 Col 4		Calculated (H - C)
-152,081	8,614	-143,467	143,467	0	29,571
-85,280	0	-85,280	85,280	0	30,949
-141,353	0	-141,353	141,353	0	32,301
-387,249	34,756	-352,494	352,494	0	33,559
-39,888	0	-39,888	39,888	0	39,888
-160,826	3,723	-157,103	157,103	0	45,132
-252,507	39,756	-212,752	212,752	0	45,487
-164,188	12,863	-151,324	151,324	0	46,845
-258,276	29,667	-228,609	228,609	0	48,009
-119,683	0	-119,683	119,683	0	49,047
-49,926	0	-49,926	49,926	0	49,926
-291,933	24,940	-266,992	266,992	0	53,135
-197,983	0	-197,983	197,983	0	53,812
-222,723	-29,753	-252,476	252,476	0	54,846
-218,936	5,221	-213,715	213,715	0	55,087
-457,878	44,730	-413,148	413,148	0	57,075
-260,333	30,491	-229,841	229,841	0	58,337
-170,372	5,625	-164,747	164,747	0	58,471
-197,162	0	-197,162	197,162	0	58,914
-162,331	0	-162,331	162,331	0	62,815
-155,879	0	-155,879	155,879	0	64,595
-274,626	11,968	-262,658	262,658	0	66,411
-285,031	18,267	-266,764	266,764	0	69,537
-157,678	0	-157,678	157,678	0	69,661
-290,683	9,206	-281,477	281,477	0	71,356
-72,558	0	-72,558	72,558	0	72,558
-205,051	1,237	-203,813	203,813	0	75,880
-206,438	14,687	-191,751	191,751	0	76,185
-89,000	0	-89,000	89,000	0	76,428
-80,374	0	-80,374	80,374	0	80,374
-192,875	18,628	-174,247	174,247	0	81,566
-252,817	33,772	-219,044	219,044	0	83,869
-270,076	8,467	-261,609	261,609	0	92,482
-627,014	70,276	-556,737	556,737	0	93,048
-121,534	0	-121,534	121,534	0	108,769
-369,689	-78,661	-448,351	448,351	0	120,330
-173,754	0	-173,754	173,754	0	132,249
-434,626	4,289	-430,337	430,337	0	138,338
-175,837	0	-175,837	175,837	0	140,253

			<b>RETURN TO OLD FORMULAS Supreme Court Safe Harbor</b>		
			<b>A</b>	<b>B</b>	<b>C</b>
			<b>Gain/Loss in Capital Outlay Aid</b>	<b>Gain/Loss in LOB Aid</b>	<b>Total Gain/Loss in Aid</b>
					Calculated
<b>USD#</b>	<b>County Name</b>	<b>USD Name</b>	<b>SF16-126 Col 4</b>	<b>SF16-116 Col 4</b>	<b>( A + B )</b>
234	Bourbon	Fort Scott	-28,319	-112,514	-140,833
283	Elk	Elk Valley	0	-141,713	-141,713
247	Crawford	Cherokee	15,868	-166,473	-150,605
298	Lincoln	Lincoln	-10,762	-151,278	-162,041
495	Pawnee	Ft Larned	-74,248	-94,812	-169,060
352	Sherman	Goodland	-22,702	-185,127	-207,828
258	Allen	Humboldt	59,573	-307,364	-247,791
475	Geary	Geary County Schools	-154,601	-180,051	-334,652
256	Allen	Marmaton Valley	0	-400,146	-400,146
233	Johnson	Olathe	557,018	-1,055,910	-498,892
346	Linn	Jayhawk	-27,233	-512,901	-540,133
512	Johnson	Shawnee Mission Pub Sch	0	-1,737,506	-1,737,506
229	Johnson	Blue Valley	0	-2,407,372	-2,407,372
	<b>TOTALS</b>		<b>23,489,840</b>	<b>14,512,479</b>	<b>38,002,319</b>

<b>S Sub for HB 2655</b>					
<b>New LOB Formula and Hold Harmless</b>					
<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>	<b>I</b>
<b>Gain/Loss in LOB Aid</b>	<b>Gain/Loss in Capital Outlay Aid</b>	<b>New Formula Gain/Loss in Aid</b>	<b>Hold Harmless Payment</b>	<b>Total Aid Gain/Loss in Aid</b>	<b>Difference Between Old Formulas and S Sub for HB2655</b>
		Calculated		Calculated	Calculated
SF16-126 Col 4	SF16-117 Col 4	( D + E )	SF16-133 Col 4	( F + G )	( H - C )
-429,972	-28,319	-458,290	458,290	0	140,833
-156,179	0	-156,179	156,179	0	141,713
-369,680	15,868	-353,812	353,812	0	150,605
-327,143	-10,762	-337,905	337,905	0	162,041
-389,566	-74,248	-463,813	463,813	0	169,060
-568,624	-22,702	-591,325	591,325	0	207,828
-485,907	59,573	-426,335	426,335	0	247,791
-1,363,276	-154,601	-1,517,877	1,517,877	0	334,652
-400,146	0	-400,146	400,146	0	400,146
-9,575,361	557,018	-9,018,343	9,018,343	0	498,892
-660,809	-27,233	-688,042	688,042	0	540,133
-3,040,285	0	-3,040,285	3,040,285	0	1,737,506
-2,407,372	0	-2,407,372	2,407,372	0	2,407,372
		0			
-82,908,792	23,489,840	-59,418,952	61,792,947	2,373,994	-35,628,324



## Winners: Formulas (Safe Harbor)



Ive

Top Twelve



**STATEMENT OF THE GOVERNOR  
UPON SIGNING OF SENATE SUBSTITUTE FOR HOUSE BILL 2655**

Senate Substitute for House Bill 2655, which I have signed today, responds to the Kansas Supreme Court's February 11 decision regarding the "equity requirement" of school finance that the court has found in Article 6, Section 6(b) of the Kansas Constitution. The court announced that it would order the closing of Kansas schools unless the legislature took action, and advised that these matters "can be cured in a variety of ways – at the choice of the legislature." Because I agree with the choice made by the legislature and I want to keep our schools open, I have signed the bill and I am adding this message to state why I agree with the choice made by the legislature.

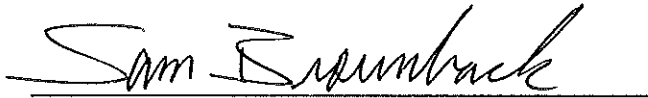
The provision of the Kansas Constitution at issue here provides simply that "The legislature shall make suitable provision for finance of the educational interests of the state." This language, added to the Constitution in 1966, now has been the impetus for a decades-long cycle of litigation. In an effort to address this problem and best serve "the educational interests of the state," the 2015 legislature passed and I signed a repeal of the old, outmoded school funding formula — replacing it with a two year unrestricted "block grant" to school districts that freed them to use the funds as they deemed appropriate, and allowed time to develop a new, modernized approach to school funding. In the most recent court decision, it was found that this action did not result in "reasonably equal access to substantially similar educational opportunity through similar tax effort." The bill I have signed today solves this equity issue by adopting the capital outlay equalization formula previously approved by the court itself.

Some already have criticized the solution in this bill as a "product of politics," at least partly because the bill contains "hold harmless" provisions to ensure that no school district will experience a reduction in current funding. This is a curious allegation – coming as it does from those who have proposed no solution of their own, other than spending more and more taxpayer dollars – because our Constitution explicitly commits these matters to our legislature. When the legislature acts, it represents the collective judgment of 165 elected representatives of the people. I do not take that judgment lightly. Before approving this bill by substantial majorities in both houses, the legislature considered several other alternatives, none of which attracted the necessary support. One failed bill would have required tens of millions of dollars in additional funding, and another would have resulted in outright cuts to the current funding of dozens of school districts. See Senate Bill 512, House Bill 2731. The solution that emerged in this bill is most certainly the result of a delicate legislative compromise – a compromise that I respectfully endorse and that the court should review with appropriate deference. Additionally, the hold harmless language contained in this bill was endorsed by the Kansas Commissioner of

Education and the Deputy Commissioner for Fiscal and Administrative Services as being necessary for school district budgeting purposes.

In the appropriations bill that I signed earlier this year, additional funds were allocated to assist the legislature in documenting the legislative history of the bills under consideration to address the court decision. See House Substitute for Senate Bill 161. This information should assist the court in understanding the deliberative process as it occurs in the Statehouse, as well as all of the data and material that informs the decisions of individual legislators. I will also ask that the Attorney General submit this message to the court, so that the justices can be informed of the considerations that underlie my approval of the bill as an exercise of my constitutional duty and authority under Article 2, Section 14 of the Kansas Constitution.

Dated: April 6, 2016

A handwritten signature in black ink that reads "Sam Brownback". The signature is written in a cursive style and is positioned above a horizontal line.

Sam Brownback  
Governor of Kansas