



TO: Kansas State Board of Education
FROM: Mark Tallman, Assistant Executive Director/Advocacy
DATE: June 14, 2010

Thank you for the opportunity to submit recommendations regarding the Kansas State Board of Education's budget request for Fiscal Year 2012.

At the outset, we want to commend the Board for its action last year to base its request on the level of funding required to meet the state's obligation under current law. **We believe the statutory formulas previously committed to by the Legislature should be the minimum foundation for your FY 2012 request.** However, we believe the State Board, as leaders for public education in Kansas, must begin to address several crucial, long-term fiscal issues.

Last year at this time, KASB warned the 2010 Legislature would have to choose between the following options:

- Deeper education cuts, requiring substantial restructuring of districts, schools and programs.
- Disproportional cuts in other state programs, which have already been reduced more than education.
- More reliance on local revenues, which will reduce funding equity and lead to legal challenges.
- State revenue increases, which will be strongly opposed by businesses and other influential organizations.

We commend the Governor and a majority of both Senators and Representatives for passing a budget and a tax bill designed to avoid further cuts in K-12 education funding and sustain other important state needs. This action demonstrates once again the high priority Kansas places on education, infrastructure, public safety and key safety net social programs. Passage of the one-cent sales tax increase for three years should help stabilize education funding in the short term. However, KASB offers the following concerns.

First, the tax and budget package is only designed to avoid further funding *reductions*, not provide increased funding in the current year. However, educational costs will continue to increase. Adequate Yearly Progress requirements continue to rise; inflation, though low by historical standards, is still expected to increase by 2 percent in 2011; and employees will seek salary increases.

Second, no ending balance is projected for Fiscal Year 2011, which means further shortfalls in tax receipts could lead to more allotments, or mid-year budget cuts, that could affect school districts.

Third, the FY 2011 state general fund budget contains revenue assumptions that either may be too optimistic or are one-time only, including \$258 million in federal stimulus funds that expire in FY 2012.

Fourth, the proceeds from the one-cent sales tax increase dedicated to the state general fund are scheduled to expire in FY 2014, reducing SGF revenues that year by an estimated \$350 million. However, 0.4 cents will remain in effect to help finance a new state highway plan.

Fifth, a special provision allowing school districts to maintain their local option budgets as though the base budget per pupil and special education funding were at FY 2009 levels expires after FY 2012. If this provision is not extended, districts will face a loss of almost 10 percent of current LOB authority – over \$90 million – unless the base is significantly increased.

Sixth, many of our member school boards want additional ability to raise local revenue to maintain educational progress as state funding declines or fails to keep up with costs. However, others are deeply concerned about the disparity in local revenues or tax burden, especially if the state fails to provide equalization aid. In fact, the state has significantly weakened its commitment to equal educational opportunity by eliminating capital outlay aid and underfunding both the local option budget and special education aid.

In light of these issues, KASB believes the state must develop a long-term plan to ensure the school finance system and the revenues that support it can meet the following goals:

- Every school district must have the resources required to bring every student to proficiency in core academic areas and other skills necessary for college and career readiness as mandated by the state and federal governments.
- Every school district should have an equal ability to raise local revenue to enhance educational quality.
- The state tax system must encompass appropriate balance among tax sources and taxpayers, competitiveness with other states for economic development, and adequacy for funding education at all levels and other important public services

The State Board should take the lead in encouraging other elected bodies responsible for education (the Legislature, the Executive Branch and local school boards) to join in developing such a long-term plan. As the statewide organization of local boards of education, which are constitutionally responsible for maintaining, developing and operating public schools, KASB pledges our support and participation in this project.

Despite the economic recession and budget cuts, public schools continue to be asked to do more, not less. Educational attainment is becoming even more important in the face of economic and demographic changes and international competition. Kansas must compete with other states and countries based not only on tax rates but on the quality, skills and innovation of our workforce and leaders.

A prominent candidate for Kansas Governor has recently said education is the primary state responsibility just as national defense is the primary federal responsibility. If so, our commitment to education should not be based on what is simply “within our means,” but on what it takes to prevail.