

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.

KANSAS OFFICE *of*  
**REVISOR** *of* **STATUTES**  
LEGISLATURE *of* THE STATE *of* KANSAS

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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
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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 ~~(e)~~ (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.~~

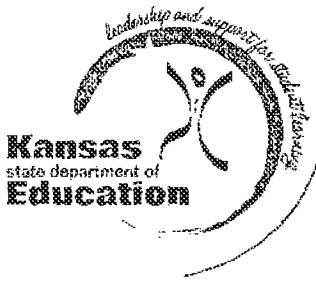
33 (b) The provisions of this section shall be effective from and after  
34 July 1, 2015, through June 30, 2017.

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  
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(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
TOTAL	\$	4,373,995



### 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 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
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	Hailestead	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	-77,385	77,385
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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4 FINAL ACTION ON:

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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 eye. 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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CERTIFICATE

STATE OF KANSAS

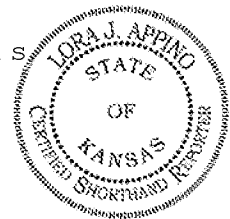
SS:

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



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

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.

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.

72-6474,

8 Be it enacted by the Legislature of the State of Kansas:
9 Section 1.

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. 72-8501 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 (e) (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

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.....	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

1 .

2 .

3 FINAL ACTION 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 2:10 p.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: 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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CERTIFICATE

STATE OF KANSAS

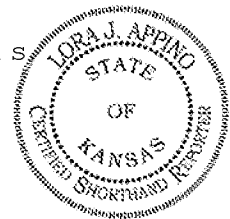
SS:

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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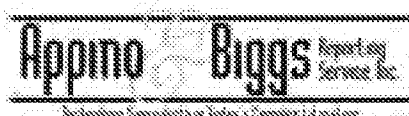
CONTINUATION HEARING ON:

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?

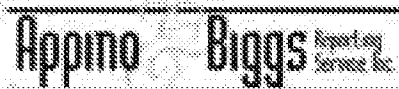
18 MR. PENNER: No, that was the result of  
19 2506.

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,



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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.

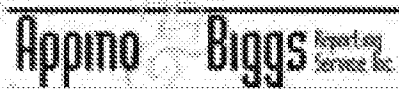
2 CHAIRMAN MASTERSON: It seems to me the  
3 concerns from the opponents, yourself and Kansas  
4 City, are adequacy issues more than equity issues.  
5 Your concern is we need more money, is I think the  
6 theme I'm hearing.

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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**CERTIFICATE**

**STATE OF KANSAS**

**SS:**

**COUNTY OF SHAWNEE**

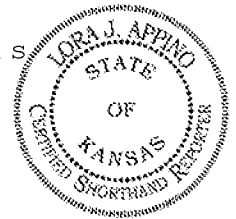
I, Lora J. Appino, a Certified Court Reporter, Commissioned as such by the Supreme Court of the State of Kansas, and authorized to take depositions and administer oaths within said State pursuant to K.S.A. 60-228, certify that the foregoing was reported by stenographic means, which matter was held on 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.

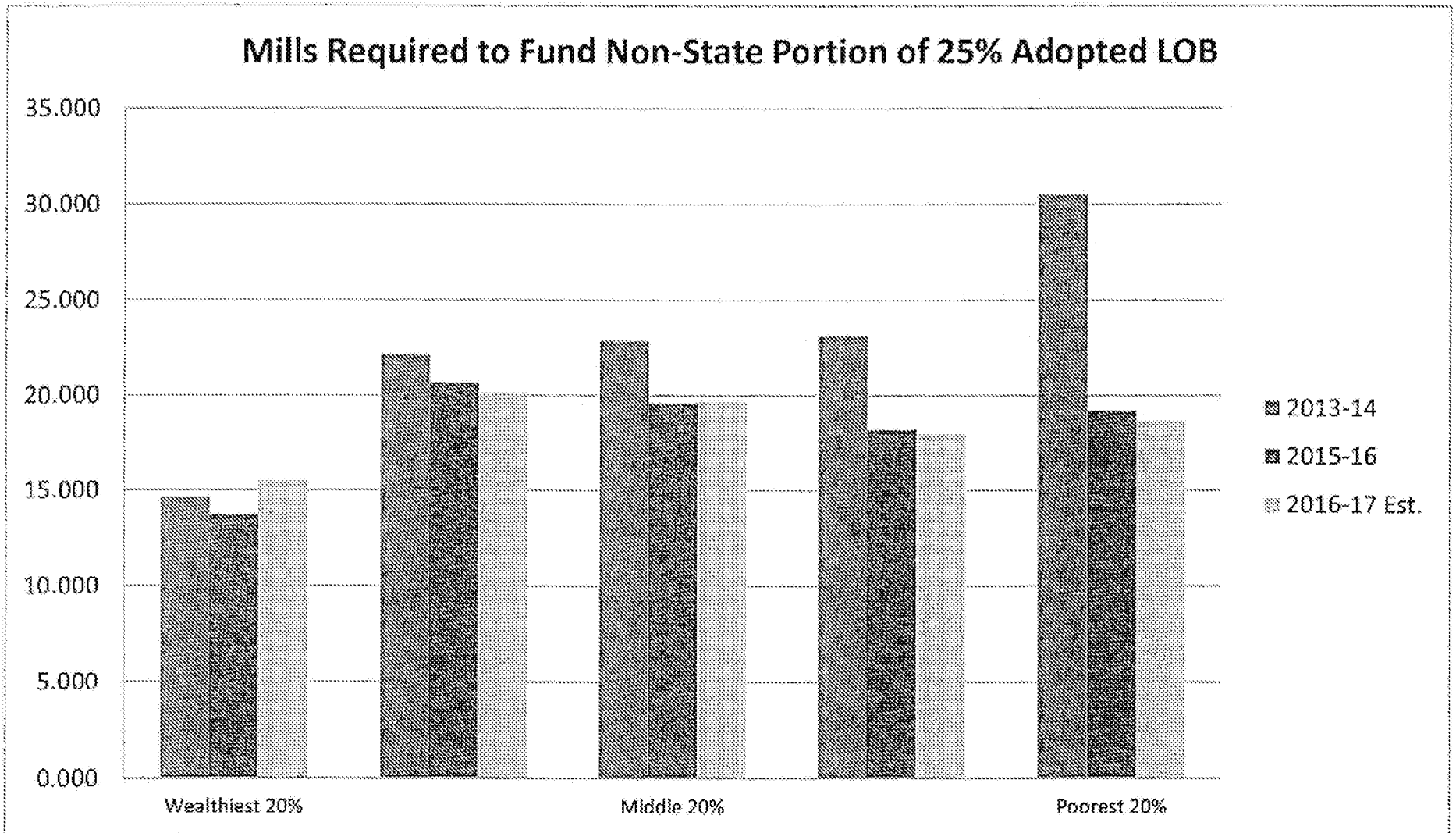
Given under my hand and seal this 24th day of March, 2016.

*Lora J. Appino*

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



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