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.
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

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

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

Section 1.

DEPARTMENT OF EDUCATION

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2017, the following:
Supplemental general state aid..............................................$367,582,721
School district equalization state aid......................................$61,792,947

(b) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2017, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law and transfers to other state agencies shall not exceed the following:
School district capital outlay state aid fund............................No limit

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

(d) On July 1, 2016, the expenditure limitation established for the fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015 Session Laws of Kansas on the school district extraordinary need fund of the department of education is hereby decreased from $17,521,425 to $15,167,962.

(e) On July 1, 2016, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer $15,167,962 from the state general fund to the school district extraordinary need fund of the department of education.

New Sec. 2. (a) For school year 2016-2017, each school district that has adopted a local option budget is eligible to receive an amount of
supplemental general state aid. A school district's eligibility to receive
supplemental general state aid shall be determined by the state board as
provided in this subsection. The state board of education shall:

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

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

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

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

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

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

(b) The state board shall prescribe the dates upon which the
distribution of payments of supplemental general state aid to school
districts shall be due. Payments of supplemental general state aid shall be
distributed to school districts on the dates prescribed by the state board.
The state board shall certify to the director of accounts and reports the
amount due each school district, and the director of accounts and reports
shall draw a warrant on the state treasury payable to the treasurer of the
school district. Upon receipt of the warrant, the treasurer of the school
district shall credit the amount thereof to the supplemental general fund of
the school district to be used for the purposes of such fund.
(c) If any amount of supplemental general state aid that is due to be
paid during the month of June of a school year pursuant to the other
provisions of this section is not paid on or before June 30 of such school
year, then such payment shall be paid on or after the ensuing July 1, as
soon as moneys are available therefor. Any payment of supplemental
general state aid that is due to be paid during the month of June of a school
year and that is paid to school districts on or after the ensuing July 1 shall
be recorded and accounted for by school districts as a receipt for the
school year ending on the preceding June 30.
(d) If the amount of appropriations for supplemental general state aid
is less than the amount each school district is to receive for the school year,
the state board shall prorate the amount appropriated among the school
districts in proportion to the amount each school district is to receive as
determined under subsection (a).
(e) The provisions of this section shall be part of and supplemental to
the classroom learning assuring student success act.
(f) The provisions of this section shall expire on June 30, 2017.
New Sec. 3. (a) There is hereby established in the state treasury the
school district capital outlay state aid fund. Such fund shall consist of all
amounts transferred thereto under the provisions of subsection (c).
(b) For school year 2016-2017, each school district which levies a tax
pursuant to K.S.A. 72-8801 et seq., and amendments thereto, shall receive
payment from the school district capital outlay state aid fund in an amount
determined by the state board of education as provided in this subsection.
The state board of education shall:
(1) Determine the amount of the assessed valuation per pupil (AVPP)
of each school district in the state and round such amount to the nearest
$1,000. The rounded amount is the AVPP of a school district for the
purposes of this section;
(2) determine the median AVPP of all school districts;
(3) prepare a schedule of dollar amounts using the amount of the
median AVPP of all school districts as the point of beginning. The
schedule of dollar amounts shall range upward in equal $1,000 intervals
from the point of beginning to and including an amount that is equal to the
amount of the AVPP of the school district with the highest AVPP of all
school districts and shall range downward in equal $1,000 intervals from
the point of beginning to and including an amount that is equal to the
amount of the AVPP of the school district with the lowest AVPP of all
school districts;
(4) determine a state aid percentage factor for each school district by
assigning a state aid computation percentage to the amount of the median
AVPP shown on the schedule, decreasing the state aid computation
percentage assigned to the amount of the median AVPP by one percentage
point for each $1,000 interval above the amount of the median AVPP, and
increasing the state aid computation percentage assigned to the amount of
the median AVPP by one percentage point for each $1,000 interval below
the amount of the median AVPP. The state aid percentage factor of a
school district is the percentage assigned to the schedule amount that is
equal to the amount of the AVPP of the school district, except that the state
aid percentage factor of a school district shall not exceed 100%. The state
aid computation percentage is 25%;
(5) determine the amount levied by each school district pursuant to
K.S.A. 72-8801 et seq., and amendments thereto; and
(6) multiply the amount computed under subsection (b)(5), but not to
exceed 8 mills, by the applicable state aid percentage factor. The resulting
product is the amount of payment the school district is to receive from the
school district capital outlay state aid fund in the school year.
(c) The state board shall certify to the director of accounts and reports
the amount of school district capital outlay state aid determined under the
provisions of subsection (b), and an amount equal thereto shall be
transferred by the director from the state general fund to the school district
capital outlay state aid fund for distribution to school districts. All transfers
made in accordance with the provisions of this subsection shall be
considered to be demand transfers from the state general fund.
(d) Payments from the school district capital outlay state aid fund
shall be distributed to school districts at times determined by the state
board of education. The state board of education shall certify to the
director of accounts and reports the amount due each school district, and
the director of accounts and reports shall draw a warrant on the state
treasury payable to the treasurer of the school district. Upon receipt of the
warrant, the treasurer of the school district shall credit the amount thereof
to the capital outlay fund of the school district to be used for the purposes
of such fund.
(e) The provisions of this section shall be part of and supplemental to
the classroom learning assuring student success act.
(f) The provisions of this section shall expire on June 30, 2017.
New Sec. 4. (a) For school year 2016-2017, the state board of
education shall disburse school district equalization state aid to each
school district that is eligible to receive such state aid. In determining
whether a school district is eligible to receive school district equalization
state aid, the state board shall:
(1) Determine the aggregate amount of supplemental general state aid
and capital outlay state aid such school district is to receive for school year
2016-2017 under sections 2 and 3, and amendments thereto, respectively;
(2) determine the aggregate amount of supplemental general state aid
and capital outlay state aid such school district received as a portion of
general state aid for school year 2015-2016 under K.S.A. 2015 Supp. 72-
6465, and amendments thereto;
(3) subtract the amount determined under subsection (a)(1) from the
amount determined under (a)(2). If the resulting difference is a positive
number, then the school district is eligible to receive school district
equalization state aid.
(b) The amount of school district equalization state aid an eligible
school district is to receive shall be equal to the amount calculated under
subsection (a)(3).
(c) The state board shall prescribe the dates upon which the
distribution of payments of school district equalization state aid to school
districts shall be due. Payments of school district equalization state aid
shall be distributed to school districts on the dates prescribed by the state
board. The state board shall certify to the director of accounts and reports
the amount due each school district, and the director of accounts and
reports shall draw a warrant on the state treasury payable to the treasurer
of the school district. Upon receipt of the warrant, the treasurer of the
school district shall credit the amount thereof to the general fund of the
school district to be used for the purposes of such fund.
(d) The provisions of this section shall be part of and supplemental to
the classroom learning assuring student success act.
(e) The provisions of this section shall expire on June 30, 2017.
Sec. 5. K.S.A. 2015 Supp. 72-6463 is hereby amended to read as
follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463
through 72-6481, and sections 2 through 4, and amendments thereto, shall
be known and may be cited as the classroom learning assuring student
success act.
(b) The legislature hereby declares that the intent of this act is to
lessen state interference and involvement in the local management of
school districts and to provide more flexibility and increased local control
for school district boards of education and administrators in order to:
(1) Enhance predictability and certainty in school district funding
sources and amounts;
(2) allow school district boards of education and administrators to
best meet their individual school district's financial needs; and
(3) maximize opportunities for more funds to go to the classroom.
To meet this legislative intent, state financial support for elementary
and secondary public education will be met by providing a block grant for
school years 2015-2016 and 2016-2017 to each school district. Each
school district's block grant will be based in part on, and be at least equal
to, the total state financial support as determined for school year 2014-
2015 under the school district finance and quality performance act, prior to
its repeal. All school districts will be held harmless from any decreases to
the final school year 2014-2015 amount of total state financial support.
(c) The legislature further declares that the guiding principles for the
development of subsequent legislation for the finance of elementary and
secondary public education should consist of the following:
(1) Ensuring that students’ educational needs are funded;
(2) providing more funding to classroom instruction;
(3) maximizing flexibility in the use of funding by school district
boards of education and administrators; and
(4) achieving the goal of providing students with those education
capacities established in K.S.A. 72-1127, and amendments thereto.
(d) The provisions of this section shall be effective from and after
July 1, 2015, through June 30, 2017.
Sec. 6. K.S.A. 2015 Supp. 72-6465 is hereby amended to read as
follows: 72-6465. (a) For school year 2015-2016 and school year 2016-
2017, the state board shall disburse general state aid to each school district
in an amount equal to:
(1) Subject to the provisions of subsections (b) (c) through (f) (g), the
amount of general state aid such school district received for school year
2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as
prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:
(A) The amount directly attributable to the ancillary school facilities
weighting as determined for school year 2014-2015 under K.S.A. 72-6443,
prior to its repeal;
(B) the amount directly attributable to the cost-of-living weighting as
determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,
prior to its repeal;
(C) the amount directly attributable to declining enrollment state aid
as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-
6452, prior to its repeal; and
(D) the amount directly attributable to virtual school state aid as
determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,
and amendments thereto, plus;
(2) the amount of supplemental general state aid such school district
received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434,
prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to
its repeal, plus;
(3) the amount of capital outlay state aid such school district received
for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814,
prior to its repeal, plus;
(4) (A) an amount that is directly attributable to the proceeds of the
tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473, and amendments thereto, provided; the school district has levied such tax;
(B) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and amendments thereto, provided; the school district has levied such tax; and
(C) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and amendments thereto, provided; the school district has levied such tax, plus;
(5) the amount of virtual school state aid such school district is to receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;
(6) an amount certified by the board of trustees of the Kansas public employees retirement system which is equal to the participating employer's obligation of such school district to the system, less;
(7) an amount equal to 0.4% of the amount determined under subsection (a)(1).

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

(1) Subject to the provisions of subsections (c) through (g), the amount of general state aid such school district received for school year 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:
(A) The amount directly attributable to the ancillary school facilities weighting as determined for school year 2014-2015 under K.S.A. 72-6443, prior to its repeal;
(B) the amount directly attributable to the cost-of-living weighting as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450, prior to its repeal;
(C) the amount directly attributable to declining enrollment state aid as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6452, prior to its repeal; and
(D) the amount directly attributable to virtual school state aid as determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;
(2) (A) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473, and amendments thereto, provided the school district has levied such tax;
(B) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and amendments thereto, provided the school district has levied such tax; and
(C) an amount that is directly attributable to the proceeds of the tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and amendments thereto, provided the school district has levied such tax, plus;
(3) the amount of virtual school state aid such school district is to
receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;
(4) an amount certified by the board of trustees of the Kansas public
employees retirement system which is equal to the participating employer's
obligation of such school district to the system, less;
(5) an amount equal to 0.4% of the amount determined under
subsection (b)(1).
(b) (c) For any school district whose school financing sources
exceeded its state financial aid for school year 2014-2015 as calculated
under the school district finance and quality performance act, prior to its
repeal, the amount such school district is entitled to receive under
subsection (a)(1) or (b)(l) shall be the proceeds of the tax levied by the
school district pursuant to K.S.A. 2015 Supp. 72-6470, and amendments
thereto, less the difference between such school district's school financing
sources and its state financial aid for school year 2014-2015 as calculated
under the school district finance and quality performance act, prior to its
repeal.
(e) (d) For any school district formed by consolidation in accordance
with article 87 of chapter 72 of the Kansas Statutes Annotated, and
amendments thereto, prior to the effective date of this act, and whose state
financial aid for school year 2014-2015 was determined under K.S.A.
2014 Supp. 72-6445a, prior to its repeal, the amount of general state aid
for such school district determined under subsection (a)(1) or (b)(l) shall
be determined as if such school district was not subject to K.S.A. 2014
Supp. 72-6445a, prior to its repeal, for school year 2014-2015.
(f) (e) For any school district that consolidated in accordance with
article 87 of chapter 72 of the Kansas Statutes Annotated, and amendments
thereto, and such consolidation becomes effective on or after July 1, 2015,
the amount of general state aid for such school district determined under
subsection (a)(1) or (b)(l) shall be the sum of the general state aid each of
the former school districts would have received under subsection (a)(1) or
(b)(l).
(f) (f) (1) For any school district that was entitled to receive school
72-6415b, prior to its repeal, and which would not have been eligible to
receive such weighting for school year 2015-2016 under K.S.A. 2014
Supp. 72-6415b, prior to its repeal, an amount directly attributable to the
school facilities weighting as determined for school year 2014-2015 under
K.S.A. 72-6415, prior to its repeal, for such school district shall be
subtracted from the amount of general state aid for such school district
determined under subsection (a)(1) or (b)(l).
(2) For any school district which would have been eligible to receive
school facilities weighting for school year 2015-2016 under K.S.A. 2014
Supp. 72-6415b, prior to its repeal, but which did not receive such
weighting for school year 2014-2015, an amount directly attributable to
the school facilities weighting as would have been determined under
K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be
added to the amount of general state aid for such school district
determined under subsection (a)(1) or (b)(1).

(3) For any school district which would have been eligible to receive
school facilities weighting for school year 2016-2017 under K.S.A. 2014
Supp. 72-6415b, prior to its repeal, but which did not receive such
weighting for school year 2014-2015, and which would not have been
eligible to receive such weighting for school year 2015-2016 under K.S.A.
2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to
the school facilities weighting as would have been determined under
K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be
added to the amount of general state aid for such school district
determined under subsection (a)(1) or (b)(1).

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

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

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

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

Sec. 7. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as
follows: 72-6476. (a) Each school district may submit an application to the
state finance council board of education for approval of extraordinary need
state aid. Such application shall be submitted in such form and manner as
prescribed by the state finance council board, and shall include a
description of the extraordinary need of the school district that is the basis
for the application.

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

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

(d) There is hereby established in the state treasury the school district
extraordinary need fund which shall be administered by the state
department of education. All expenditures from the school district
extraordinary need fund shall be used for the disbursement of
extraordinary need state aid as approved by the state finance council board
under this section. All expenditures from the school district extraordinary
need fund shall be made in accordance with appropriation acts upon
warrants of the director of accounts and reports issued pursuant to
vouchers approved by the state board of education, or the designee of the
state board of education. At the end of each fiscal year, the director of
accounts and reports shall transfer to the state general fund any moneys in
the school district extraordinary need fund on each such date in excess of
the amount required to pay all amounts of extraordinary need state aid
approved by the state finance council for the current school year.
   (e) For school year 2015-2016 and school year 2016-2017, the state
board of education shall certify to the director of accounts and reports an
amount equal to the aggregate of the amount determined under K.S.A.
2015 Supp. 72-6465(a)(7), and amendments thereto, for all school
districts. Upon receipt of such certification, the director shall transfer the
certified amount from the state general fund to the school district
extraordinary need fund. All transfers made in accordance with the
provisions of this subsection shall be considered to be demand transfers
from the state general fund.
   (f) The approvals by the state finance council required by this section
are hereby characterized as matters of legislative delegation and subject to
the guidelines prescribed in K.S.A. 75-3711(c), and amendments thereto.
Such approvals may be given by the state finance council when the
legislature is in session.
   (g) The provisions of this section shall expire on July 1, June 30,
2017.

Sec. 8. K.S.A. 2015 Supp. 72-6481 is hereby amended to read as
follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-6463
through 72-6481, and sections 2 through 4, and amendments thereto, shall
not be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through
72-6481, and sections 2 through 4, and amendments thereto, or any
application of such provision to any person or circumstance is held to be
invalid or unconstitutional by court order, all provisions the invalidity
shall not affect other provisions or applications of K.S.A. 2015 Supp. 72-
6463 through 72-6481, and sections 2 through 4, and amendments thereto,
shall be null and void which can be given effect without the invalid
provision or application.
   (b) The provisions of this section shall be effective from and after
July 1, 2015, through June 30, 2017.

Sec. 9. K.S.A. 2015 Supp. 74-4939a is hereby amended to read as
follows: 74-4939a. On and after the effective date of this act for each fiscal
year commencing with fiscal year 2005, notwithstanding the provisions of
K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys
appropriated for the department of education from the state general fund
commencing with fiscal year 2005, and each ensuing fiscal year thereafter,
by appropriation act of the legislature, in the KPERS — employer
contributions account and all moneys appropriated for the department of
education from the state general fund or any special revenue fund for each
fiscal year commencing with fiscal year 2005, and each ensuing fiscal year
thereafter, by any such appropriation act in that account or any other
account for payment of employer contributions for school districts, shall
be distributed by the department of education to school districts in
accordance with this section. Notwithstanding the provisions of K.S.A. 74-
4939, and amendments thereto, *for school year 2015-2016*, the department
of education shall disburse to each school district that is an eligible
employer as specified in K.S.A. 74-4931(1), and amendments thereto, an
amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and
amendments thereto, which shall be disbursed pursuant to K.S.A. 2015
Supp. 72-6465, and amendments thereto. *Notwithstanding the provisions
of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,
the department of education shall disburse to each school district that is
an eligible employer as specified in K.S.A. 74-4931(1), and amendments
thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),
and amendments thereto, which shall be disbursed pursuant to K.S.A.
2015 Supp. 72-6465, and amendments thereto.* Upon receipt of each such
disbursement of moneys, the school district shall deposit the entire amount
thereof into a special retirement contributions fund of the school district,
which shall be established by the school district in accordance with such
policies and procedures and which shall be used for the sole purpose of
receiving such disbursements from the department of education and
making the remittances to the system in accordance with this section and
such policies and procedures. Upon receipt of each such disbursement of
moneys from the department of education, the school district shall remit,
in accordance with the provisions of such policies and procedures and in
the manner and on the date or dates prescribed by the board of trustees of
the Kansas public employees retirement system, an equal amount to the
Kansas public employees retirement system from the special retirement
contributions fund of the school district to satisfy such school district’s
obligation as a participating employer. Notwithstanding the provisions of
K.S.A. 74-4939, and amendments thereto, each school district that is an
eligible employer as specified in K.S.A. 74-4931(1), and amendments
thereto, shall show within the budget of such school district all amounts
received from disbursements into the special retirement contributions fund
of such school district. Notwithstanding the provisions of any other statute,
official action of the school board of such school district shall be
required to approve a remittance to the system in accordance with this
section and such policies and procedures. All remittances of moneys to the
system by a school district in accordance with this subsection and such
policies and procedures shall be deemed to be expenditures of the school
district.

Sec. 10. K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and
74-4939a are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its publication in the statute book.
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**

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FINAL ACTION ON:

SB515 - AMENDMENTS TO THE CLASS ACT
REGARDING SUPPLEMENTAL
GENERAL STATE AID AND
CAPITAL OUTLAY STATE AID

TRANSCRIPT
OF
PROCEEDINGS,
beginning at 1:10 p.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.
CHAIRMAN MASTERCSON: We are ready to start. We will to come to order. We will take up the business on 515. Given some of the comments that we've had, both yesterday and today, and on the record I think there might be a handful – I have three on my list – of appropriate changes to make the product a better working product. And with that, Senator Denning.

SENATOR DENNING: Thank you, Mr. Chairman. I will be bringing three technical type amendments to Senate Bill 515. And we can start with Amendment No. 1.

CHAIRMAN MASTERNSON: I think we have that to hand out. We'll pause and get that handed out to everybody. And actually, if you want, you can continue to explain and if there is -- I'll pause when everybody has the material.

   Senator Denning.

SENATOR DENNING: Thank you, Mr. Chairman. What this is, is just adding a section that lays out the legislative intent and the findings of fact that we have been doing with our special recording of our hearings on this particular bill. So it's just again legislative intent and identifying -- identifying findings of
fact.

CHAIRMAN MASTERN: So, committee, for clarification, in the unique situation we are responding to the Court, this is simply putting in the content of the bill a preamble and a finding of fact, if you will, so that there is no doubt, as we pass this, this is -- this is why we did it and these are the facts that we used to make our decision. I'll give you a few minutes. It's relatively lengthy. I'll give you just a minute for those of you who have not seen it to read it through in case you have any questions.

I have to admit the jeopardy song is my mind right now.

Does anybody desire more time? We will continue to wait.

I'm pleased to inform the committee the only objection I'm hearing so far is grammar. In the last whereas on page 1, Senator Kelly would like to see some grammatical correction to "provide every Kansas student the opportunity to pursue their chosen desires" to changing that -- actually, Senator Kelly, I'll let you express how you'd like to do that change.

Senator Kelly.
SENATOR KELLY: Well, it should either be -- it should either read "to provide all Kansas students the opportunity to pursue their" or change it to "to provide every Kansas student the opportunity to pursue his or her."

CHAIRMAN MASTERSON: Does the committee have a preference as to which way we correct that? Senator Francisco, I might lean on you for that one.

SENATOR FRANCISCO: And I would ask the Revisors. I haven't often seen his or her, so I think the first proposal that Senator Kelly made, "to provide all Kansas students the opportunity."

CHAIRMAN MASTERSON: So, committee, I would like you to consider that as corrected on this balloon so that we don't have to amend for that purpose. We will assume the balloon actually says that and the Revisor is free to make that change.

With that, questions on the amendment.

Senator Francisco?

SENATOR FRANCISCO: Thank you, Mr. Chair. I did -- and I should have underlined it. In new Section 2, it says that the legislature considered the best way to meet this standard, and I'm -- I
heard some testimony that there were some
different ways we could meet the standard, and I'm
wondering if we might say an appropriate way to
meet this Constitutional standard. I'm not sure
that we have determined it's the best.

CHAIRMAN MASTERSO: I would probably be
amenable to using the word "the obvious", as that
came from the Court's opinion. Because I would
agree that it's not necessarily the best, but
according to their opinion we attempted the most
obvious solution.

Senator Francisco.

SENATOR FRANCISCO: Would you think the
obvious solution might be an appropriate solution?

CHAIRMAN MASTERSO: Or maybe obviously
appropriate. Meet you in the middle and use them
both. Is it a strong enough opinion, Senator
Francisco, you'd like to amend this?

SENATOR FRANCISCO: Mr. Chair, I -- I
don't know that we took the time to -- we looked
at 512 and we looked at 515. We only looked at
some of the evidence, so I'm not ready to say that
this is the legislature's consideration of the
best way. So I would propose we replace "best"
with "considered an appropriate way".
CHAIRMAN MASTERTON: What line are you on?

SENATOR FRANCISCO: It's new Section 2, the balloon. And maybe I'm reading that -- again, I'm not sure we were saying this is the best. It is, actually, more broad than I had first thought in the initial reading because the legislature was considering. If you say "shared as the legislature considered the best way to meet these standards," it might be important to say that we considered more than one way. "We endeavored to memorialize the legislative evidence and deliberations conferees shared as the legislature considered ways to meet this Constitutional standard." If you say the best way, it assumes we are only considering one and that someone knew what the best way was.

CHAIRMAN MASTERTON: Senator Fitzgerald.

SENATOR FITZGERALD: Not to be too picky, but I think considered in this context means tried to. The legislature tried to determine the best way. I think that's the meaning of considered in that context.

CHAIRMAN MASTERTON: Senator Francisco.

SENATOR FRANCISCO: I will accept that
and go on to a second concern.

CHAIRMAN MASTERS: All right.

Senator Francisco.

SENATOR FRANCISCO: This is on the second page, part (c)(2) where it says "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."

I understand concern about the prior equalization formulas, but the action was, as my understanding, to apply not just a single equalization formula, but the equalization formula previously used for capital outlay.

CHAIRMAN MASTERS: This was drawn from the finding of fact that there were several comments on the record, and in your transcribed testimony from yesterday, that there was no educational policy and that it would be preferably simplified. This would be my impression and that will be the committee's impression that it would be preferable to have a single method by which you equalize. I understand you probably are not of the same opinion as myself.
SENATOR FRANCISCO: Thank you, Mr. Chair.
I don't know that -- we may have heard some
testimony, but the committee had no discussion
about that. A single equalization formula will
always skew the results in the same direction.
Having more than one formula might provide some
balance. So again, my comment is just I'm not --
I'm not sure that -- we may have heard testimony,
but I didn't hear any discussion about why this
formula is better, other than it, perhaps,
requires less local option budget state aid and
frees up the opportunity to provide the hold
harmless aid.

CHAIRMAN MASTERNSON: I don't necessarily
disagree. Obviously, this time is for discussion
of these very issues. And I would say that it
would be most appropriate to have the same because
you want them both skewing towards more equal. So
it would be better to have a unified method by
which you equalize because the whole purpose of
that formula is to draw the poles closer together
for similar taxing effort.

I would also say this is not really a
discussion about what we individually necessarily
think is best. The Court has given us, in their
opinion, the fact that this was a, in their opinion, a proper way to determine equalization because they approved that by approving the capital outlay account. So it would follow that this would be a Court-approved method by which you would equalize, i.e., bringing the poles closer together.

Further question or comment?

Senator Kerschen.

SENATOR KERSCHEN: Thank you, Mr. Chairman. I have the same question. It goes back to it has no basis in educational policy. We are deciding that that's what the case is, basically?

CHAIRMAN MASTERS: That was the testimony of the experts from -- it was Tuesday - my days are bleeding together - when we heard from the Department, from the Commissioner, second Commissioner, Association of School Boards. That was the testimony of the conferees that day.

SENATOR KERSCHEN: That he agreed that it had no place in the educational policy?

CHAIRMAN MASTERS: That was the testimony. That's in your transcript.

SENATOR KERSCHEN: Okay. I didn't get all the way through it. I did have a suggestion
to make it more preferable. It is preferable to apply a single equalization formula to both categories of state aid, provided they are held harmless when they are new additions. We would have to appropriate a little more money to make sure that was going to be --

CHAIRMAN MASTERSON: Actually, the hold harmless in 515 does hold them harmless exactly as you described, and it does add $2,000,000.

SENATOR KERSCHEN: So if the LOB, though, is lowered, then how do they make that up?

CHAIRMAN MASTERSON: The hold harmless makes that up. Actually, it makes up in a way that creates more flexibility for them because the way the bill was written, and this was another point of discussion, it's not mandated that they go into that account. It is general aid which gives them a greater degree of flexibility. It holds them harmless and gives them greater flexibility.

SENATOR KERSCHEN: I understand that part, okay. All right. Thank you.

CHAIRMAN MASTERSON: Further questions, comment on the preamble?

Senator Kelly.
SENATOR KELLY: Thank you, Mr. Chair.

I'm on page 2 now. On Subsection B, it says there that the funding certainty of, essentially, Senate Bill 7 is critical to the effective operation of school districts. I did hear some testimony that suggested that knowing what you had coming was good news, but I also heard some testimony suggesting that knowing that you don't have enough coming is the bad news. I think we heard that from districts who had, you know, higher enrollment and other issues coming up. So, I don't know, I don't have a wording suggestion on that, but I think that the testimony really was that they appreciated knowing what was coming, but there were still concerns about what was coming and the adequacy of that to provide for the operation of their school districts. I need to think about -- if you would be willing to reword that, I need to think about how that might also be done.

I have another question down in No. 4. What does -- this is where we are switching over responsibility for the emergency funds to go to the Board of Education, and it says there that they might be able to more quickly respond and
address concerns raised by school districts, including, without limitation, emergency needs or a demonstrated inability. What does without limitation mean?

CHAIRMAN MASTERSON: Other than its face value? I think you would not be limiting the department in making that decision; that they would be without limits on how they decided to make those distributions on that particular pot of money.

SENATOR KELLY: So might we say something about within means the appropriation, rather than just without limitation, because the way it looks is that --

CHAIRMAN MASTERSON: It is limited by appropriation. There is X amount of dollars. I don't know that it would be necessary to put some type of limit that is already stated by dollar. They'd be without limit to make those decisions on that front.

SENATOR KELLY: Okay. So it would be a limited fund then?

CHAIRMAN MASTERSON: Correct. This would be referring to what was prior known as the extraordinary needs limit. We are allowing this
action to, for equity, to also relieve concern and
give all of that authority without limit to the
department.

SENATOR KELLY: Well, in our standard
budget, though, we have no limit funds and then we
have capped funds. This is a capped fund?

CHAIRMAN MASTERNSON: Correct. This is an
appropriated amount which they would not be
limited how they distributed it.

SENATOR KELLY: All right. So --

CHAIRMAN MASTERNSON: They could, for
example, they could take the entire thing, if they
wanted to apply it to equity, apply it to those
districts that are the poorest in its entirety.
They could -- there is some concerns with other
extraordinary needs that we have been made aware
of this year. I think there is a little district
like South Barber that has some local issues that
are truly extraordinary. They could choose to
take care of that first. We wouldn't be telling
them you must do this first or that first, they
would be able to evaluate the system.

I think we've heard sufficient testimony that
they are -- they are more nimble in their ability
and knowledgeable in their ability which need
might have priority.

SENATOR KELLY: Okay. I don't disagree with that perhaps in this because this really is for the Court and they may not care as much. I'm sure that some other place we will define it for the State Board of Education what they can and can't do with that money and how much they've got to spend.

So if we go back up, then, is there any interest in my trying to rewrite the Senate Bill 7 being critical to the effect of the operation of school districts?

CHAIRMAN MASTERS: There is no interest on my part to redraw that, but if you have you are perfectly within your rights to offer an amendment and discussion.

Does anyone have any further while she is considering that?

Senator Kerschen.

SENATOR KERSCHEN: Thank you, Mr. Chairman. In the spirit of looking at other possibilities, my general question would be had we funded the less than 1 percent difference we were talking about earlier this morning, voluntarily added that, is that -- in your opinion, does that
help our case or hurt our case?

CHAIRMAN MASTERSON: I think the answer to that would be neither.

SENATOR KERSCHEN: Okay.

CHAIRMAN MASTERSON: Because this case is about equity and the distribution of those funds.

SENATOR KERSCHEN: It might seem more equitable to me.

CHAIRMAN MASTERSON: That would go to adequacy. I'm not saying it wouldn't go to adequacy.

SENATOR KERSCHEN: All right, thank you.

CHAIRMAN MASTERSON: Further question or comment?

Senator Francisco.

SENATOR FRANCISCO: Thank you, Mr. Chair. Back on (c)(2) where we talk about prior equalization formulas, is there an argument that equalization formulas should have a basis in educational policy?

CHAIRMAN MASTERSON: That would be a political argument that could be made.

SENATOR FRANCISCO: I mean, I'm assuming that the policy is that we want to provide equal funding for all our students or equitable funding
for all of our students across Kansas. So, so to
that end, equalization formulas would attempt to
do that.

CHAIRMAN MASTERSN: I would say on that,
Senator, there is some confusion I hear in the
testimony about what equalization does.
Equalization really addresses the similar taxing
effort. We heard a lot about English as second
language children or special needs children. That
goes more to the general aid which was the
weighting section of things prior to determining
the cost of that. When you equalize, we are
really talking about the disparity between rich
and poor. It doesn't necessarily have a basis in
the educational policy other than it really is
based in tax policy.

SENATOR FRANCISCO: I agree with that and
so I'm saying I don't -- I don't think that the
formulas had a basis in educational policy. But
if neither of them had a basis, then choosing one
also leaves you without that basis.

CHAIRMAN MASTERSN: I would agree that
there is no basis even in this, but this is a
formula that was predetermined to be an acceptable
method of equalization by the Supreme Court.
SENATOR FRANCISCO: Then I would argue we might be clearer if we said that the prior equalization formulas used for capital outlay state aid and supplemental general state aid both seemed acceptable to the Court and the legislature believes it's preferable to apply a single equalization formula. I think the "had no basis in educational policy" doesn't apply to them before, it doesn't apply to the one we have chosen now.

CHAIRMAN MASTERS: That amendment is in order if you have one in mind. Senator Francisco.

SENATOR FRANCISCO: I would like to amend (c)(2) to say that different equalization formulas had been used for capital outlay state aid and supplemental general state aid and it is preferable to apply a single equalization formula to both categories of state aid.


SENATOR FITZGERALD: Thank you, Mr. Chairman. The -- we are talking about simply
taking out the part about the finding that there was no basis in educational policy for these formulas, and that's the whole thing. I think that's a significant finding and where else would you put that if not here? Thank you, Mr. Chairman.

CHAIRMAN MASTERS: I would agree, Senator.


SENATOR FRANCISCO: I have a second amendment then to say that the prior equalization formulas used for capital outlay state aid and supplemental general state aid had no basis in educational policy and it is preferable to apply a single equalization formula to both categories of state aid that also has no basis in educational policy. I make that motion.

CHAIRMAN MASTERS: We have a motion. Is there a second? Senator Kelly.

Discussion? Seeing none, all in favor, say aye. Opposed, no. Motion fails. Back on the amendment. Senator Kelly, do you have a --
SENATOR KELLY: I do have it. And it would read this way -- this is Section (b), little b, at the top, page 2: "The legislature has been advised that funding disruptions and uncertainty are counter-productive to public education and that funding certainty and adequacy are critical to the effective operation of school districts."

CHAIRMAN MASTERS0N: I have a motion. Is there a second? Second by Senator Francisco.

Discussion on the motion?

SENATOR KELLY: Mr. Chair, I think that more accurately reflects what we actually heard. We did hear that certainty was important, but we also heard that adequacy was important.

CHAIRMAN MASTERS0N: My comment on that would be 515 deals with the Court's objection to equity, and there is no -- there is no addressing adequacy in this action and this amendment is addressing the rationale of why we are doing what we are doing as it addresses equity.

Further discussion or questions?

Senator Fitzgerald.

SENATOR FITZGERALD: Thank you, Mr. Chairman. Going down in the same paragraph, one reads, "The evidence before the legislature
confirms that the total amount of school funding meets or exceeds the Supreme Court's standard for adequacy." We would be contradicting ourselves from one sentence to the next. I think it would only add confusion.

CHAIRMAN MASTERTON: Further discussion?

Senator Kelly.

SENATOR KELLY: Thank you, Mr. Chair. I disagree with that. I don't think just because we say that that's the testimony that we heard, that that means that we are not providing adequate funding, so I don't think that. But I do think the -- it sort of opens the door for including adequacy as testimony that we heard, given the fact that we deal with that in the very next sentence.

CHAIRMAN MASTERTON: Further question or comment?

Senator Francisco.

SENATOR FRANCISCO: Thank you, Mr. Chair. Do we have a Supreme Court standard for adequacy?

CHAIRMAN MASTERTON: Not to my knowledge.

SENATOR FRANCISCO: Then how do we have evidence that confirms that the total amount of school funding meets or exceeds that standard for
adequacy?

CHAIRMAN MASTERCSON: Is that a question to me or the carrier?

SENATOR FRANCISCO: That's a question for the carrier.

CHAIRMAN MASTERNSON: Senator Kelly.

SENATOR FRANCISCO: This is not -- this is not the amendment, this is the language.

CHAIRMAN MASTERNSON: If your question is on the -- not on the amendment, then we'll wait and hold action on the amendment.

Further questions for Senator Kelly on amending the balloon? Seeing none, all in favor, say aye. Opposed, no.

Back on the balloon.

Senator Francisco.

SENATOR FRANCISCO: Thank you, Mr. Chair. I would like to strike the sentence that says, "Furthermore, the evidence before this legislature confirms that the total amount of school funding meets or exceeds the Supreme Court's standard for adequacy." I make that motion.

CHAIRMAN MASTERNSON: I have a motion. Second by Senator Kelly. Discussion? Seeing none, all those in favor, say eye. Opposed, no.
Back on the balloon. Further discussion.

Senator Francisco.

SENATOR FRANCISCO: Thank you, Mr. Chair.

Then could we include a reference to that standard for adequacy? The standard for adequacy as determined by the legislature or -- I mean, it's the Supreme Court's standard for adequacy and I'm not sure how we determined it.

CHAIRMAN MASTERTON: Senator Denning.

SENATOR DENNING: Thank you, Mr. Chair.

I think the Court continues to circle back around to the Rose standards, is what I remember from the testimony. I don't think anything else was -- was -- I think that is a given.

CHAIRMAN MASTERTON: Senator Francisco.

SENATOR FRANCISCO: Thank you, Mr. Chair.

I understood that there was not an agreement, necessarily, or an understanding of what the meaning of that standard was. So again, I'm wondering how did we confirm that the total amount of school funding met or exceeded the Supreme Court's standard for adequacy?

CHAIRMAN MASTERTON: We should be getting the comments from the vice-chairman on Rose. I certainly heard good information about the results
our schools are getting, and there is certainly no compelling evidence they are not meeting the Rose standards. By default, I assume you are meeting.

SENATOR FRANCISCO: But this talks about the total amount of school funding meeting or exceeding the standard, not -- my understanding is the Rose standards were not funding, right? They were outcomes. So I -- I would argue that we do have schools that are meeting outcomes, but I'm confused by the wording about amount of funding.

CHAIRMAN MASTERSON: How would you separate outcomes from an adequate result?

SENATOR FRANCISCO: By speaking to the issue of outcomes as opposed to, furthermore, the evidence before the legislature confirms that schools are meeting appropriate educational outcomes.

CHAIRMAN MASTERSON: Isn't another term for appropriate adequate?

Senator Francisco.

SENATOR FRANCISCO: My suggestion is that we take the sentence out, so I'm not sure that I can fix it.

CHAIRMAN MASTERSON: We have a motion to remove that sentence. Second? It dies for lack
of a second.
Back on the balloon. Anything further?
Seeing none, Senator Denning, you can make your
motion.

SENATOR DENNING: Thank you, Mr.
Chairman. I would move this balloon out favorably
with the amendment to go to the Reviser to make
those technical and grammar corrections.

CHAIRMAN MASTERCSON: The motion is to
amend 515 with this balloon and make the technical
corrections. Second by Senator Melcher.
Discussion? Seeing none. All in favor, say aye.
Opposed, no.

Would you like to be recorded as no on that
amendment?

SENATOR KELLY: Yes.

CHAIRMAN MASTERICSON: Very well. Senator
Francisco and Senator Kelly recorded as no.

Senator Denning.

SENATOR DENNING: Thank you, Mr.
Chairman. I do have another technical amendment.
Its on the ancillary school facilities tax, and I
can explain this one as it gets handed out to you.

CHAIRMAN MASTERCSON: Go ahead.

SENATOR DENNING: The ancillary school
was in the block grant, it was in all the iterations of the school financing bills that we've been preparing. We left it out of 515 and we need to put it back in so that's -- again, that's the technical correction.

CHAIRMAN MASTERSON: I have a motion to amend. Is there a second? Second by Senator Arpke. Discussion on this one? Seeing none, all in favor, say aye. Opposed, no. The bill is amended.

Senator Denning.

SENATOR DENNING: Thank you, Mr. Chairman. Amendment No. 3 has to do with the extraordinary need fund. I can explain it once it gets passed out.

Thank you, Mr. Chairman. This third amendment is ensuring legislative intent that would hold all the school districts harmless, be it general state aid or capital outlay state aid. And third, if an unforeseen shortfall does arise, we'll go to the extraordinary need fund first. And if it gets exhausted, then we'll go to SGF second.

CHAIRMAN MASTERSON: So for clarification of the committee, it wasn't in the runs, but on
the cover sheet provided by the department there was this line item that said potential growth $2,000,000. What this would do is if there is growth that is required in the entitlement section of that, the 4,000,000,000/2,000,000, becomes a 4,000,000/4,000,000, but that money would be first drawn from that extraordinary needs pot to make sure the entitlement section is fully funded. Then, therefore, for simple math, 15,000,000 that's set aside for the department to distribute would become 13.

Any questions on that amendment?

Senator Tyson.

SENATOR TYSON: Thank you, Mr. Chairman. Is it on a first-come-first-serve basis then for the funding for --

CHAIRMAN MASTERS: No, the entitlement is going to be driven strictly by how the block and the equalization formulas work and the department's determination of that entitlement section of that. This guarantees that would be fully funded.

Now, as it pertains to the remaining 15 to 13 million, the answer is, yes, that is discretionary at the department level without limit.
SENATOR TYSON: Thank you.

CHAIRMAN MASTERTON: Further questions? Senator Kelly.

SENATOR KELLY: Thank you, Mr. Chair.
Just for clarification, all that we are doing here is a one-year transition, right? This is not -- we are not putting this into law?

CHAIRMAN MASTERTON: Thank you for that reminder. It's easy to get lost in this discussion and feel like we are building a brand new formula.

This is simply the stopgap because we do not want the schools to close. Thank you for that, Senator Kelly.

Further question? Seeing none, I have a motion and a second. So all those in favor, say I. Opposed, no. Bill is amended.

Committee, is there anything further on this bill? Actually, I have a procedural action I'd like to take.

Senator Denning.

SENATOR DENNING: Thank you, Mr. Chairman. I'd like to make the motion to move the contents of House Bill 2655 be deleted from the bill and that the provisions of Senate Bill 515,
including any amendments adopted by the committee, be placed in the gutted House Bill 2655 and that the Senate substitute for House Bill 2655 be passed out favorably.

CHAIRMAN MASTERS: Second by Senator Arpke.

So everybody understands what we are doing, because of the time frame and the pressure that we are under, this would put the contents in the House bill to where, if it were to pass our floor tomorrow, the House would be in a position to make a motion to concur and send it to the Governor's desk. The purpose for that is to maximize the time frame by which the Court would have to review and the schools would have to plan. Because if we wait until the veto session and we are in May, that time frame is extremely short. So we are trying to create surety for the stopgap measures.

Any questions on that procedure? Seeing none, there is motion and a second. All those in favor, say aye? Opposed, no. Would you like to be recorded? Senator Kelly votes no. The bill passes out.

If there is nothing further, committee, you are adjourned.
Senator Francisco, I'm sorry.

SENATOR FRANCISCO: Was it a combined motion to put it into —

CHAIRMAN MASTERS: He did. It was a combined motion. I will note it's going to be on the floor, on GO and there will be opportunities to amend.

Now seeing nothing further, we are adjourned.

(THEREUPON, the hearing concluded at 1:52 p.m.)
CERTIFICATE

STATE OF KANSAS

SS:

COUNTY OF SHAWNEE

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

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

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

Lora J. Appino, C.C.R. No. 0602
SENATE BILL No. 515
By Committee on Ways and Means
3-22

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

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

Section 1.

DEPARTMENT OF EDUCATION

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

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

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

School district capital outlay state aid fund.......................................No limit

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

(4) On July 1, 2016, the expenditure limitation established for the fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015 Session Laws of Kansas on the school district extraordinary need fund of the department of education is hereby decreased from $17,521,425 to $15,167,962.

(5) On July 1, 2016, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer $15,167,962 from the state general fund to the school district extraordinary need fund of the department of education.

New Sec. 2. (a) The legislature hereby declares that the intent of this act is to ensure that public school students receive a constitutionally adequate education through a fair allocation of resources among the school districts and that the distribution of these funds does not result in unreasonable wealth-based disparities among districts. In particular, the legislature: (1) Has been advised of the constitutional standard for equity as set forth in Supreme Court's ruling in Gannon v. State, Case No. 113,267, Kan., 2016 WI. 540725 (Feb. 11, 2016), including preceding school finance decisions; (ii) endeavored to memorialize the legislative evidence and deliberations referred to 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.

March 23, 2016

Office of Revisor of Statutes

Prepared by Jason Long

Balloon Amendments for SB 515 #1

Senate Committee on Ways and Means

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,
supplemental general state aid. A school district’s eligibility to receive
supplemental general state aid shall be determined by the state board as
provided in this subsection. The state board of education shall:
(1) determine the amount of the assessed valuation per pupil (AVPP)
of each school district in the state and round such amount to the nearest
$1,000. The rounded amount is the AVPP of a school district for the
purposes of this section;
(2) determine the median AVPP of all school districts;
(3) prepare a schedule of dollar amounts using the amount of the
median AVPP of all school districts as the point of beginning. The
schedule of dollar amounts shall range upward in equal $1,000 intervals
from the point of beginning to and including an amount that is equal to the
amount of the AVPP of the school district with the highest AVPP of all
school districts and shall range downward in equal $1,000 intervals from
the point of beginning to and including an amount that is equal to the
amount of the AVPP of the school district with the lowest AVPP of all
school districts;
(4) determine a state aid percentage factor for each school district by
assigning a state aid computation percentage to the amount of the median
AVPP shown on the schedule, decreasing the state aid computation
percentage assigned to the amount of the median AVPP by one percentage
point for each $1,000 interval above the amount of the median AVPP, and
increasing the state aid computation percentage assigned to the amount of
the median AVPP by one percentage point for each $1,000 interval below
the amount of the median AVPP. The state aid percentage factor of a
school district is the percentage assigned to the schedule amount that is
equal to the amount of the AVPP of the school district, except that the state
aid percentage factor of a school district shall not exceed 100%. The state
aid computation percentage is 25%.
(5) determine the amount of the local option budget adopted by each
school district pursuant to K.S.A. 2015 Supp. 72-6471, and amendments
thereto; and
(6) multiply the amount computed under subsection (a)(5) by the
applicable state aid percentage factor. The resulting product is the amount
of payment the school district is to receive as supplemental general state
aid in the school year.
(b) The state board shall prescribe the dates upon which the
distribution of payments of supplemental general state aid to school
districts shall be due. Payments of supplemental general state aid shall be
distributed to school districts on the dates prescribed by the state board.
The state board shall certify to the director of accounts and reports the
amount due each school district, and the director of accounts and reports
shall draw a warrant on the state treasury payable to the treasurer of the
SENATE BILL No. 515

By Committee on Ways and Means

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

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

Section 1. DEPARTMENT OF EDUCATION

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

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

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

School district capital outlay state aid fund ..................... No limit

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

(d) On July 1, 2016, the expenditure limitation established for the fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015 Session Laws of Kansas on the school district extraordinary need fund of the department of education is hereby decreased from $17,521,425 to $15,167,962.

(e) On July 1, 2016, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer $15,167,962 from the state general fund to the school district extraordinary need fund of the department of education.

New Sec. 2. (a) For school year 2016-2017, each school district that has adopted a local option budget is eligible to receive an amount of
(a) The state board shall prescribe the dates upon which the
distribution of payments of supplemental general state aid to school
districts shall be due. Payments of supplemental general state aid shall be
distributed to school districts on the dates prescribed by the state board.
The state board shall certify to the director of accounts and reports the
amount due each school district, and the director of accounts and reports
shall draw a warrant on the state treasury payable to the treasurer of the
school district. Upon receipt of the warrant, the treasurer of the school
district shall credit the amount thereof to the supplemental general fund of
the school district to be used for the purposes of such fund.

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

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

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

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

New Sec. 3. (a) There is hereby established in the state treasury the
school district capital outlay state aid fund. Such fund shall consist of all
amounts transferred thereto under the provisions of subsection (c).

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

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

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

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

(4) determine a state aid percentage factor for each school district by
assigning a state aid computation percentage to the amount of the median
AVPP shown on the schedule, decreasing the state aid computation
percentage assigned to the amount of the median AVPP by one percentage
point for each $1,000 interval above the amount of the median AVPP, and
increasing the state aid computation percentage assigned to the amount of
the median AVPP by one percentage point for each $1,000 interval below
the amount of the median AVPP. The state aid percentage factor of a
school district is the percentage assigned to the schedule amount that is
equal to the amount of the AVPP of the school district, except that the state
aid percentage factor of a school district shall not exceed 100%. The state
aid computation percentage is 25%.
(5) determine the amount levied by each school district pursuant to
K.S.A. 72-8801 et seq., and amendments thereto; and
(6) multiply the amount computed under subsection (b)(5), but not to
exceed 8 mills, by the applicable state aid percentage factor. The resulting
product is the amount of payment the school district is to receive from the
school district capital outlay state aid fund in the school year.
(c) The state board shall certify to the director of accounts and reports
the amount of school district capital outlay state aid determined under the
provisions of subsection (b), and an amount equal thereto shall be
transferred by the director from the state general fund to the school district
capital outlay state aid fund for distribution to school districts. All transfers
made in accordance with the provisions of this subsection shall be
considered to be demand transfers from the state general fund.
(d) Payments from the school district capital outlay state aid fund
shall be distributed to school districts at times determined by the state
board of education. The state board of education shall certify to the
director of accounts and reports the amount due each school district, and
the director of accounts and reports shall draw a warrant on the state
treasury payable to the treasurer of the school district. Upon receipt of the
warrant, the treasurer of the school district shall credit the amount thereof
to the capital outlay fund of the school district to be used for the purposes
of such fund.
(e) The provisions of this section shall be part of and supplemental to
the classroom learning assuring student success act.
(f) The provisions of this section shall expire on June 30, 2017.
New Sec. 4. (a) For school year 2016-2017, the state board of
education shall disburse school district equalization state aid to each
school district that is eligible to receive such state aid. In determining
whether a school district is eligible to receive school district equalization
state aid, the state board shall:
(1) Determine the aggregate amount of supplemental general state aid
and capital outlay state aid such school district is to receive for school year
2016-2017 under sections 2 and 3, and amendments thereto, respectively;
(2) determine the aggregate amount of supplemental general state aid
and capital outlay state aid such school district received as a portion of
general state aid for school year 2015-2016 under K.S.A. 2015 Supp. 72-
6465, and amendments thereto;
(3) subtract the amount determined under subsection (a)(1) from the
amount determined under (a)(2). If the resulting difference is a positive
number, then the school district is eligible to receive school district
equalization state aid.
(b) The amount of school district equalization state aid an eligible
school district is to receive shall be equal to the amount calculated under
subsection (a)(3).
(c) The state board shall prescribe the dates upon which the
distribution of payments of school district equalization state aid to school
districts shall be due. Payments of school district equalization state aid
shall be distributed to school districts on the dates prescribed by the state
board. The state board shall certify to the director of accounts and reports
the amount due each school district, and the director of accounts and
reports shall draw a warrant on the state treasury payable to the treasurer
of the school district. Upon receipt of the warrant, the treasurer of the
school district shall credit the amount thereof to the general fund of the
school district to be used for the purposes of such fund.
(d) The provisions of this section shall be part of and supplemental to
the classroom learning ensuring student success act.
(e) The provisions of this section shall expire on June 30, 2017.
Sec. 5. K.S.A. 2015 Supp. 72-6463 is hereby amended to read as
follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463
through 72-6481, and sections 2 through 4, and amendments thereto, shall
be known and may be cited as the classroom learning ensuring student
success act.
(b) The legislature hereby declares that the intent of this act is to
lessen state interference and involvement in the local management of
school districts and to provide more flexibility and increased local control
for school district boards of education and administrators in order to:
(1) Enhance predictability and certainty in school district funding
sources and amounts;
(2) allow school district boards of education and administrators to
best meet their individual school district's financial needs; and
(3) maximize opportunities for more funds to go to the classroom.
To meet this legislative intent, state financial support for elementary
and secondary public education will be met by providing a block grant for
school years 2015-2016 and 2016-2017 to each school district. Each
school district's block grant will be based in part on, and be at least equal
to, the total state financial support as determined for school year 2014-
2015 under the school district finance and quality performance act, prior to
its repeal. All school districts will be held harmless from any decreases to
the final school year 2014-2015 amount of total state financial support.
(c) The legislature further declares that the guiding principles for the
development of subsequent legislation for the finance of elementary and
secondary public education should consist of the following:
(1) Ensuring that students' educational needs are funded;
(2) providing more funding to classroom instruction;
(3) maximizing flexibility in the use of funding by school district
boards of education and administrators; and
(4) achieving the goal of providing students with those education
capacities established in K.S.A. 72-1127, and amendments thereto.
(d) The provisions of this section shall be effective from and after
July 1, 2015, through June 30, 2017.
Sec. 6. K.S.A. 2015 Supp. 72-6465 is hereby amended to read as
follows: 72-6465. (a) For school year 2015-2016 and school year 2016-
2017, the state board shall disburse general state aid to each school district
in an amount equal to:
(1) Subject to the provisions of subsections (b) (c) through (f) (g), the
amount of general state aid such school district received for school year
2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as
prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:
(A) The amount directly attributable to the ancillary school facilities
weighting as determined for school year 2014-2015 under K.S.A. 72-6443,
prior to its repeal;
(B) the amount directly attributable to the cost-of-living weighting as
determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,
prior to its repeal;
(C) the amount directly attributable to declining enrollment state aid
as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-
6452, prior to its repeal; and
(D) the amount directly attributable to virtual school state aid as
determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,
and amendments thereto, plus;
(2) the amount of supplemental general state aid such school district
received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434,
prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to
its repeal, plus;
(3) the amount of capital outlay state aid such school district received
for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814,
prior to its repeal, plus;
(4) (A) an amount that is directly attributable to the proceeds of the
tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473, and amendments thereto, provided; the school district has levied such tax;

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

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

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

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

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

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

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

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

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

(C) the amount directly attributable to declining enrollment state aid as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6432, prior to its repeal; and

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

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

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

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

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

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

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

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

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

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

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

(2) For any school district which would have been eligible to receive school facilities weighting for school year 2015-2016 under K.S.A. 2014 Supp. 72-6415b, prior to its repeal, but which did not receive such
weighting for school year 2014-2015, an amount directly attributable to
the school facilities weighting as would have been determined under
K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be
added to the amount of general state aid for such school district
determined under subsection (a)(1) or (b)(1).
(3) For any school district which would have been eligible to receive
school facilities weighting for school year 2016-2017 under K.S.A. 2014
Supp. 72-6415b, prior to its repeal, but which did not receive such
weighting for school year 2014-2015, and which would not have been
eligible to receive such weighting for school year 2015-2016 under K.S.A.
2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to
the school facilities weighting as would have been determined under
K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be
added to the amount of general state aid for such school district
determined under subsection (a)(1) or (b)(1).
(f) (g) (1) For any school district that received federal impact aid for
school year 2014-2015, if such school district receives federal impact aid
in school year 2015-2016 in an amount that is less than the amount such
school district received in school year 2014-2015, then an amount equal to
the difference between the amount of federal impact aid received by such
school district in such school years shall be added to the amount of general
state aid for such school district for school year 2015-2016 as determined
under subsection (a)(1) or (b)(1).
(2) For any school district that received federal impact aid for school
year 2014-2015, if such school district receives federal impact aid in
school year 2016-2017 in an amount that is less than the amount such
school district received in school year 2014-2015, then an amount equal to
the difference between the amount of federal impact aid received by such
school district in such school years shall be added to the amount of general
state aid for such school district for school year 2016-2017 as determined
under subsection (a)(1) or (b)(1).
(g) (h) The general state aid for each school district shall be disbursed
in accordance with appropriation acts. In the event the appropriation for
general state aid exceeds the amount determined under subsection (a) or
(b) for any school year, then the state board shall disburse such excess
amount to each school district in proportion to such school district's
enrollment.
(h) (i) The provisions of this section shall be effective from and after
July 1, 2015, through June 30, 2017.
Sec. 7. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as
follows: 72-6476. (a) Each school district may submit an application to the
state finance council board of education for approval of extraordinary need
state aid. Such application shall be submitted in such form and manner as
See attached insert
And by renumbering remaining sections accordingly
prescribed by the state finance council board, and shall include a
description of the extraordinary need of the school district that is the basis
for the application.

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

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

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

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

(f) The approval by the state finance council required by this section are hereby characterized as matters of legislative delegation and subject to the guidelines prescribed in K.S.A. 75-2711(e), and amendments thereto. Such approval may be given by the state finance council when the legislature is in session.

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

Sec. 8. K.S.A. 2015 Supp. 72-6481 is hereby amended to read as follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-6463 through 72-6481, and sections 2 through 4, and amendments thereto, shall not be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through 72-6481, and sections 2 through 4, and amendments thereto, or any application of such provision to any person or circumstance is held to be invalid or unconstitutional by court order, all provisions the invalidity shall not affect other provisions or applications of K.S.A. 2015 Supp. 72-6463 through 72-6481, and sections 2 through 4, and amendments thereto, shall be null and void which can be given effect without the invalid provision or application.

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

Sec. 9. K.S.A. 2015 Supp. 74-4939a is hereby amended to read as follows: 74-4939a. On and after the effective date of this act for each fiscal year commencing with fiscal year 2005, notwithstanding the provisions of K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys appropriated for the department of education from the state general fund commencing with fiscal year 2005, and each ensuing fiscal year thereafter, by appropriation act of the legislature, in the KPERS — employer contributions account and all moneys appropriated for the department of education from the state general fund or any special revenue fund for each
fiscal year commencing with fiscal year 2005, and each ensuing fiscal year
thereafter, by any such appropriation act in that account or any other
account for payment of employer contributions for school districts, shall
be distributed by the department of education to school districts in
accordance with this section. Notwithstanding the provisions of K.S.A. 74-
4939, and amendments thereto, for school year 2015-2016, the department
of education shall disburse to each school district that is an eligible
employer as specified in K.S.A. 74-4931(1), and amendments thereto, an
amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and
amendments thereto, which shall be disbursed pursuant to K.S.A. 2015
Supp. 72-6465, and amendments thereto. Notwithstanding the provisions
of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,
the department of education shall disburse to each school district that is
an eligible employer as specified in K.S.A. 74-4931(1), and amendments
thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),
and amendments thereto, which shall be disbursed pursuant to K.S.A.
2015 Supp. 72-6465, and amendments thereto. Upon receipt of each such
disbursement of moneys, the school district shall deposit the entire amount
thereof into a special retirement contributions fund of the school district,
which shall be established by the school district in accordance with such
policies and procedures and which shall be used for the sole purpose of
receiving such disbursements from the department of education and
making the remittances to the system in accordance with this section and
such policies and procedures. Upon receipt of each such disbursement of
moneys from the department of education, the school district shall remit,
in accordance with the provisions of such policies and procedures and in
the manner and on the date or dates prescribed by the board of trustees of
the Kansas public employees retirement system, an equal amount to the
Kansas public employees retirement system from the special retirement
contributions fund of the school district to satisfy such school district's
obligation as a participating employer. Notwithstanding the provisions of
K.S.A. 74-4939, and amendments thereto, each school district that is an
eligible employer as specified in K.S.A. 74-4931(1), and amendments
thereto, shall show within the budget of such school district all amounts
received from disbursements into the special retirement contributions fund
of such school district. Notwithstanding the provisions of any other statute,
no official action of the school board of such school district shall be
required to approve a remittance to the system in accordance with this
section and such policies and procedures. All remittances of moneys to the
system by a school district in accordance with this subsection and such
policies and procedures shall be deemed to be expenditures of the school
district.
74-4939a are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its 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.
 SENATE BILL No. 515

By Committee on Ways and Means

3-22

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

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

 Section 1. DEPARTMENT OF EDUCATION

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2017, the following:
Supplemental general state aid..........................$367,582,721
School district equalization state aid......................$61,792,947
(b) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2017, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law and transfers to other state agencies shall not exceed the following:
School district capital outlay state aid fund.................................No limit
(c) On July 1, 2016, of the $2,759,751,285 appropriated for the above agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016 House Substitute for Senate Bill No. 161 from the state general fund in the block grants to USDs account (652-00-1000-0500), the sum of $477,802,500 is hereby lapsed.
(d) On July 1, 2016, the expenditure limitation established for the fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015 Session Laws of Kansas on the school district extraneous need fund of the department of education is hereby decreased from $17,521,425 to $15,167,962.
(e) On July 1, 2016, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer $15,167,962 from the state general fund to the school district extraordinary need fund of the department of education.

New Sec. 2. (a) For school year 2016-2017, each school district that has adopted a local option budget is eligible to receive an amount of
FINAL ACTION ON:

HB2740 - AMENDMENTS TO THE CLASS ACT
REGARDING SUPPLEMENTAL
GENERAL STATE AID
AND CAPITAL OUTLAY STATE AID

TRANSCRIPT
OF PROCEEDINGS,

CHAIRMAN RYCKMAN: Is there objection to working HB2740 today? If not, I call for a motion. Representative Barker.

REP. BARKER: Motion to suspend the rules and work -- not the rules, the roll and work the bill today.

CHAIRMAN RYCKMAN: Second by Representative Claeys. Any discussion? All in favor, say aye. Opposed? The bill is suspended.

At this point I call for any discussion or amendments to HB2740.

Representative Lunn.

REP. LUNN: Thank you, Mr. Chairman. I do have an amendment, a technical amendment. If Jason could explain it, I'd appreciate it.

MR. LONG: Mr. Chairman, the amendment that was just passed out labeled Balloon Amendments for House Bill 2740, No. 2, would add a section of law to the bill to amend K.S.A. 72-6474. This is a statute authorizing the school districts to levy a local property tax to cover the cost of operation of new school facilities.

The amendment is in the insert on page 1. You can see the change in Subsection B of the statute. This is to clarify that school districts
will be able to go to the Board of Tax Appeals
next school year to seek authorization to levy a
property tax for the operation of those new school
facilities whose construction was financed by the
issuance of bonds approved for issuance at
election held on or before June 30th of 2015.

CHAIRMAN RYCKMAN: Do we have a second?
Second by Representative Grosserode. Any further
discussion, questions?

Representative Schwartz.

REP. SCHWARTZ: Thank you, Mr. Chair. My
question is, does this -- I read the amendment,
but you mentioned that it was for new school
facilities and the amendment does not read that
way. It is for any? Or am I missing something?

MR. LONG: This is based on the
authorization under the prior school formula to
cover the cost related to ancillary school
facilities, the cost of operating those new
facilities once they have opened.

REP. SCHWARTZ: So it has to be a new
facility?

MR. LONG: So it is a new facility, yes.

CHAIRMAN RYCKMAN: Any other discussion?

Representative Lunn?
REP. LUNN: Thank you, Mr. Chairman. I close.

CHAIRMAN RYCKMAN: All in favor, say Aye. Opposed? Amendment carries.

Representative Barker.

REP. BARKER: I have an amendment. Have they handed it out? Jason, did you hand it out.

MR. LONG: I'm not sure which amendment you are offering.

REP. BARKER: Well, you prepared it. It was as to the balloon. It was on 515 and had the preamble. I think we are handing it out now.

And, Mr. Chair, the reason we are doing it is the Court has said build a record, build a record, build a record, build a record, and that's what this preamble attempts to do. Other than that, I'll let Jason explain.

CHAIRMAN RYCKMAN: Thank you. Mr. Long.

MR. LONG: Yes, Mr. Chairman. The balloon that's being passed out now would first add a preamble following line 7 of the bill, making statements as to the -- the bill, and then it would also add a new Section 2 following line 34 on page 1. That balloon continues on to the back page that's being distributed to you, and
that new Section 2 is what expressed legislative intent with this bill and findings of fact based on the hearings that were conducted by this committee during this week.

CHAIRMAN RYCKMAN: We'll pause and allow everyone to read the amendment.

REP. BARKER: Mr. Chairman, while they are reading it, findings of facts are very important in case law. Before a judge makes a decision, he makes his findings of fact and he reaches his conclusions of law. What I'm trying to assist the Court in being able to -- they will know what our findings of facts are, and I think that would assist them in their deliberations. And that was the purpose of this amendment. Thank you, sir.

CHAIRMAN RYCKMAN: Do we have a second?

Seconded by Representative Kleeb.

Representative Ballard.

REP. BALLARD: Thank you, Mr. Chairman. I've finished reading it. And just to clarify some of this for me, may I ask you, please, in terms of new Section 1, just tell me what is that really addressing? It's talking about the intent of this in my book. Can you say it -- may I ask
him in plain language?

REP. BARKER: In plain language, this is the preamble which is before the enactment. Basically, what we are doing is a -- these are our -- this is our statement of facts because courts often look and say what is the legislative intent here? And they go back and look at legislative intent. I think this amendment is clarifying our legislative intent so it will assist them. And that's the other reason. The other reason we are making a record of a transcript with the court reporter -- I'm not sure she qualifies -- but I'm trying to assist the Court, and I'm not trying to do anything other than that, to assist them in letting them understand what our legislative intent is. And that's the reason we have that preamble. Thank you. I hope it was helpful.

REP. BALLARD: Yes, thank you very much, it was. And I'm so sorry because I stopped here and I didn't turn to the back. So I apologize, but that clarified because I finished reading it and I still would have had that question. So thank you very much.

CHAIRMAN RYCKMAN: Has everyone had a chance to read the back page, as well?
Representative Henry.

REP. HENRY: Representative Barker, I'm going to the back page, Item 3, where you talk about severability. Can you talk about the -- what your amendment talks about here? Is this -- or is this bill --

REP. BARKER: Could you give me the page?

REP. HENRY: Back page.

REP. BARKER: Very last page?

REP. HENRY: Of your balloon.

REP. BARKER: All right, of the balloon.

Your question, sir?

REP. HENRY: No. 3, and it's almost to the last sentence in No. 3, severability.

REP. BARKER: Right.

REP. HENRY: Severability.

REP. BARKER: I'm going to turn to Jason on that. He was the -- go ahead, Jason.

MR. LONG: In that balloon, Subsection (c)(3) is a statement, a finding of fact by the legislature. The final sentence would be the finding that the risk of disrupting education is unacceptable to the legislature, and as a result, provisions of this act should be considered as severability.
If the committee recalls, I believe there was testimony yesterday on the severability provision. I believe Representative Barker inquired as to what a severability provision does in an Act, and so this is a finding of fact by the legislature supporting the policy change to -- in the bill to make the Act severable.

CHAIRMAN RYCKMAN: And again, to fully clarify, our intent here is to do everything we can to make sure the schools are open. If there are sections the Supreme Court wants to revisit, this gives them flexibility because we are considering over $4,000,000,000 in funds and we want to make sure our schools can be open.

REP. BARKER: And also, if they should find part of it unconstitutional, they could proceed with -- we could proceed with the rest of the statute until we got Court clarification and the schools would remain open.

CHAIRMAN RYCKMAN: Any other discussion of the preamble? Representative Wolfe Moore.

REP. WOLFE MOORE: I just have a question, Mr. Chair. So on the back side on B, it talks about adequacy also: "Furthermore, the evidence before the legislature confirms the total
amount of school funding meets or exceeds the
Supreme Court's standard for adequacy." We
haven't really -- we haven't really talked about
adequacy, yet. Why is that in there?

REP. BARKER: Well, we have until the
Court tells us what adequacy is. That's pending.
So we are saying it's adequate now, but the Court
took that matter under advisement. They are going
to render a decision at some point in time and I
want them to understand that that's -- our
position is that we -- we are adequate until they
tell us what we need to do, if they choose to do
it.

CHAIRMAN RYCKMAN: Also, I'd like to add
that we heard testimony again in our Joint
Committee that demonstrated the funding to produce
excellent results of public education, and that's
the final sentence in Section B.

Representative Ballard.

REP. BALLARD: Thank you, Mr. Chairman.
Just a question. If we said or exceeds the
Supreme Court's standard for adequacy, is that
comparable to what we say in the Constitution as
suitable or are they totally different things?

CHAIRMAN RYCKMAN: I believe the Supreme
Court defined it as two different things. They
took suitability and split it between adequacy and
equity.

REP. BALLARD: Adequacy and what?
CHAIRMAN RYCKMAN: Equity.
REP. BALLARD: Oh, equity. Thank you.
CHAIRMAN RYCKMAN: Not seeing any further
questions, Representative, do you close?
REP. BARKER: I close.
CHAIRMAN RYCKMAN: All in favor of the
Barker amendment say aye? Opposed? Amendment
carries.

Any other discussion, amendments? I'm not
seeing any.

Committee, we will turn our attention to
Senate Bill 59. This bill was heard in
Appropriations on March 15th. I'll ask our
Revisor Daniel to confirm if the bill's contents
were passed into the bill and 2015 needs to be HB
2111.

MR. YOZA: That's correct. The contents
of this bill have already been passed into law.
CHAIRMAN RYCKMAN: Representative
Schwartz.

REP. SCHWARTZ: I move to remove the
contents of Senate Bill 59 and place the contents
of House Bill 2740 as amended into Senate Bill 59.
The House substitute for Senate Bill 59 we
recommend it favorably for passage.

CHAIRMAN RYCKMAN: Second by
Representative Carpenter. Discussion? I'm not
seeing any. Representative, you may close.

REP. SCHWARTZ: I close.

CHAIRMAN RYCKMAN: All in favor --
Representative Henry.

REP. HENRY: Mr. Chairman, I just was
trying to ascertain if the motion from
Representative Schwartz was to put it into 59, but
I was going to ask her, is this the double motion?
And once we agree to this, then all discussion is
over and we've voted the bill out of committee and
no longer discussion is not available?

REP. SCHWARTZ: I did have a motion, yes.
I made a motion to remove the contents of Senate
Bill 59 and place the contents of House Bill 2740
as it was amended into Senate Bill 59. And then
the double motion, the next part of it was that
House substitute for Senate Bill 59 be recommended
favorably for passage. Is that clear? Okay.

REP. HENRY: May I have discussion, Mr.
Chairman?

CHAIRMAN RYCKMAN: Representative Henry.

REP. HENRY: Thank you, Mr. Chairman.

I'll be voting no on the substitute for Senate Bill 59. And to explain, I believe that became pretty evident in our hearings that we had numbers -- we'll have some school districts that -- and I'm now hearing a number of school districts that have a lot of concern about the motion of passing Senate Bill 59 in the way of are we adequately addressing equity in our schools. I guess it's no more evident than we had a Bill 2731 that required the state to put some additional funding into school finance to take care of the equity issue.

I believe there are also a number of school districts out there that are -- that have experienced enrollment increases, they have experienced cost increases. They've also -- we've had a number of issues on property tax valuations that have dropped dramatically. That all tends to work on equity, and that's exactly why the Supreme Court put those issues in there on equity is because no two school years are the same for all school districts and some have tremendous amounts of variations in pupils, at-risk pupils and the
cost of providing schools.

So for us to say that our answer to equity is to just give the same amount of money, I believe the courts may have some issues to discuss on that. So I will be voting no. And I really wanted to make a statement, since we are now putting into Court proceedings into the record, I believe that I want it to reflect that we did have a number of questions on whether this is truly an equity solution for schools and I hope that the schools will look at it.

As you know, I requested and hoped that the state school board, the Department of Education keeps very good track of how schools are going to react to this bill, if it is passed, and if it is enacted by the Governor. Will the property taxpayer, the people that pay property taxes in this state, some that were probably going to be due some property tax reductions because of the equity issue now will not receive it. I think we are going to see some property taxes increased because of this bill because there will be some school districts that will have to go find additional operating expenditures and so there will be escalation of property taxes because of
the inaction of the legislature.

So, Mr. Chairman, that's my explanation for my no vote. Thank you for the time.

CHAIRMAN RYCKMAN: Any other discussion?

Representative Rhoades.

REP. RHOADES: Thank you, Mr. Chair. I'm convinced, in 10 years of being here, that it doesn't matter what we do. Unless we put more money in each year, you know, somebody is going to be upset.

You know, I think it was evident by the fact that we had four neutrals on a bill that basically met the Court's requirements to the letter, winners and losers, and everybody was neutral. I don't buy this idea that, well, we didn't have time to get up here. Well, no, I think they purposely said let's just stay -- you know, let's just stay quiet on this issue.

I think this is the better way to go. But as I said in our discussions on that first bill, I believe it's the legislature's job to provide an amount of money and that's where it stops.

And suitable, adequate, one of the superintendents of a large district told us he believes that we are doing an adequate job. I
agree with him.

So, and to the point of this not meeting the equity issue, I think one of the proponents we had has had 27 years in the legislature, has been an attorney for all those times, went through Montoya, went through Gannon, has gone through all these. As he said, he slept with it under his pillow. I think he well and objectively knows that this addresses the Court's opinion on every letter. And so for that reason, I will be supporting this bill. I don't think it solves our problem, but it does for one year and I look forward to the debate on the next part. Thank you.

CHAIRMAN RYCKMAN: Thank you.

Representative Grosserode.

REP. GROSSERODE: Thank you, Mr. Chair. I will be supporting this bill. And going back to what has been the discussion for now the last couple weeks in regards to the equity formula and -- and the information that we have found out in the creation of these formulas that -- specifically with the LOB formula, that the percentage line of equalization or no equalization was based not on anything of fact, but on a pot of money that was available at that time. That isn't
a scientific reality, that's just what money do we have, let's create it.

There is nothing that says that the equity formulas should not be the same. I would suggest that the way we fund equity one way we, should fund it the other way. So this brings it together so that they are funded the same.

In addition, with what we had seen in previous bills, districts were going to be harmed. Some are going to be helped. Some of -- quite a bit of that money in previous bills was not going to reach the classroom. So, yes, there may have been taxpayers that would have received a -- that the benefit would have been to the taxpayers, not to the district classrooms. And in this bill we do not see that. We see all districts being held harmless. There are no winners or losers.

In addition, I think everyone in this room could agree that we want our schools to open up next fall. We want to take that threat that our schools will not open off the table. We want to quiet the fear that was raised by the Court decision that the issue that the schools may not open is not the case.

So thank you, Mr. Chair, I will be voting
yes.

CHAIRMAN RYCKMAN: Representative Wolfe Moore.

REP. WOLFE MOORE: I will be voting no on this bill. I don't know how we can say we are holding people harmless when the districts are harmed, and so we didn't fix the deficiencies in Senate Bill 7. So I think all we've done is sort of we changed the formula. We haven't added any new money to this or we have very little new money to this. And so I don't know that this will satisfy the courts. I too want the schools to open, but I will not be supporting this bill.

Thank you, Mr. Chair.

CHAIRMAN RYCKMAN: Representative Kleeb.

MR. KLEEB: Thank you, Mr. Chairman. Just recently we had House Bill 2731 which would have created these disparities and would have created winners and losers. And despite millions going to some winners, none of them showed up. And I think what we have seen here is that the stakeholders want to be involved in the deliberative process to actually define what equity might mean. And we have a district or two or a number of them actually closing schools, and
we find that that's not part of equity. And we find that a good education and equal work means in some districts that because they are declared wealthy they have to shut schools down. That doesn't seem right.

So I think we need to buy this time. I think this is a good option. We've heard that this hold harmless is definitely a process that's been done in the past. If we have this winner/loser situation, we are going to be taking money out of the classroom, out of school operations from one school and transferring it to another. How is that equity? How is that positive for the children?

And with that, this is an answer that we have here with 2740 that will get us through the next year so we can actually have a sensible deliberative process with the stakeholders at the table. Thank you.

CHAIRMAN RYCKMAN: Representative Ballard.

REP. BALLARD: Thank you, Mr. Chairman. I will be voting no on this, and my comment would be we heard testimony this morning that reflects, at least for me, the dilemma we find ourselves in
today. We heard from a superintendent from one of
the wealthiest districts as a proponent because,
you know, his comment was fix it. And yet, we
heard from another superintendent with a growing
population in their district that also indicated
they were one of the poorest districts in the
district. And that, to me, is what our dilemma
is, between those people that have and those
people that do not have.

2740 will not fix that because of just
holding them harmless and they'll get what they
had before. So maybe it's the best we can do, but
it's not good enough for me to vote yes. Thank
you very much.

CHAIRMAN RYCKMAN: Representative Lunn.

REP. LUNN: Thank you, Mr. Chairman. I
appreciate all the discussion and I know this is
something that's been going on way too long. We
had, going back, I think one of the previous
speakers has been here quite a while and talked
about it. This started way, way back when
basically a consultant came in and did a report
and said here's what you need to do. And out of
that report, they excluded a very key important
part that I still believe is something that we
need to address at some point in the future. We
are not going to do it this year, obviously, but
it has to do with efficiency.

I'd remind the body, or this committee, that
we had this block grant program that we started
that was in response to -- let's just look at the
last 10-year snapshot where we had only growth of
about 3 percent over the last 10 years of
students, up to 461,000 students in the State of
Kansas in K through 12. However, we funded
through full-time equivalent funding. Over that
same period of time, it grew 24 percent to over
800,000 FTE. I think it's been reported that we
are currently spending close to $4,000,000,000. I
think the last three or four years, the Chairman
reported the other day, it was something over
400,000 in the last. There is no end.

To Representative Rhoades' remark, I don't
think you can get enough money. And until we
figure out a way to focus on the classroom and
getting the money in the classroom and not worry
about funding the institution on all sorts of
weightings that may or may not be reliable in
terms of determining what we really need to get
into the classroom, I -- I would accept this and
encourage the committee to vote for this as a stopgap, allow us to get back to the business of trying to fix the formula on a permanent basis. Until we do that, I think we are going to continue this continued cycle of paying with the courts.

I think let's get this one behind us. They kind of interrupted our process of trying to accomplish that. The threat of closing our schools is not something that we can go into the summer with allowing our kids and parents to be worried about. So I think this will be a terrific fix for the short term and let's get back to the business of trying to do something about it over the long term. Thank you.

CHAIRMAN RYCKMAN: Representative Henry.

REP. HENRY: Thank you, Mr. Chairman. My remarks or questions are more for procedures here. Since we now have these proceedings not only recorded for minutes but also for the Court, will our votes, if we -- if we request a no vote, will those be shown up in the Court proceedings that we do have some individuals on the committee that did vote no?

CHAIRMAN RYCKMAN: Yes. If they are asked to be recorded, they will be recorded.
REP. HENRY: My next question: When we hear this bill, and I guess since we now put it into a Senate bill, I guess -- I know you probably can't answer this because this is beyond your capabilities because you're not -- the Speaker will do this. Will the whole body, all 125 members, get a chance to discuss this bill on the House floor?

CHAIRMAN RYCKMAN: I think you answered your own question. Everything in this committee will be prepared to go to the floor for a full debate, or at least discussion on.

REP. HENRY: Will either floor, either body, when they do discuss this, will those -- will that debate and discussion be part of the Court proceedings? Will there be a court reporter on the floor of the Senate or the floor of the House?

CHAIRMAN RYCKMAN: That is to be determined, but if it's something you find beneficial, we can have that discussion.

REP. HENRY: I'm not running this ship. I'm just asking if that is going to be part of the record for this bill?

CHAIRMAN RYCKMAN: Again, that's probably
not a question for me. The committee that I'm chairing, we did provide the transcriptionist to aid in the record. You bring up a good topic and we can ask those who make that decision to make the determination.

REP. HENRY: I'm just speaking for the people and for the conferees who so eloquently said that this is a great process that we have Court proceedings, to get a lot of the recording. Hopefully, they won't shortchange that process by limiting debate on the floor -- in the full body so that all members could have the opportunity to make their -- make their issues known about the school funding and the equity part of this issue.

So thank you, Mr. Chairman. Just trying to get questions answered as to the process and the proceedings.

CHAIRMAN RYCKMAN: Thank you. You know, many of us in here, we wonder -- sometimes we want to do the same -- do things the same way and expect that result. And if we were to continue with the formula, we go back to the additional equalization money that went in in HB2506 in 2014. We heard today testimony that a district received over $11,000,000, but as a result they dropped
their mills to 14. The money did not get to the schools. This bill does not do that. That same district has a mill right now of 49. That's one of the ones that showed up and opposed this bill. The other district that signed up in opposition was at 56. I believe one of the districts that showed up today and testified in favor, their mill rate is at 68.

It's very difficult to find equity with a math-like formula. Our schools are different, our kids are different, our evaluations fluctuate. But this is certainty that we will allow our schools to be open and that we've done our best to find a situation that's satisfied what the Court has asked us to do.

With that, you've heard the motion for the House substitute for Senate Bill 59 be recommended favorable passage. All in favor, say aye. Opposed?

Division has been requested. All in favor, raise your right hand. All opposed.

Representative Henry would like his no vote recorded. Representative Carlin would like her no voted recorded. Representative Ballard would like her no vote recorded. Representative Wolfe Moore...
would like her no vote recorded. And not to be left out, Representative Finney would like her no vote recorded, as well. Final tally, 17 to 5. The motion carries.

Any other work for -- we do not have any other work for today. Tomorrow we are on call to the Chair. I'm not sure we'll rise, but right now nothing is scheduled. Thank you. We are adjourned.

(THEREUPON, the hearing concluded at 2:45 p.m.)
CERTIFICATE

STATE OF KANSAS

SS:

COUNTY OF SHAWNEE

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

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

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

Lora J. Appino

Lora J. Appino, C.C.R. No. 0602
HOUSE BILL No. 2740

By Committee on Appropriations

3-22

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

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

Section 1. DEPARTMENT OF EDUCATION

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2017, the following:
13 Supplemental general state aid...........................................$367,582,721
14 School district equalization state aid.................................$61,792,947

(b) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2017, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law and transfers to other state agencies shall not exceed the following:
20 School district capital outlay state aid fund............................No limit

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

(d) On July 1, 2016, the expenditure limitation established for the fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015 Session Laws of Kansas on the school district extraordinary need fund of the department of education is hereby decreased from $17,521,425 to $15,167,962.

(e) On July 1, 2016, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer $15,167,962 from the state general fund to the school district extraordinary need fund of the department of education.

New Sec. 2. (a) The legislature hereby declares that the intent of this act is to ensure that public school students receive a constitutionally adequate education through a fair allocation of resources among the school districts and that the distribution of these funds does not result in unreasonable wealth-based disparities among districts. In particular, the legislature: (1) Has been advised of the constitutional standard for equity as set forth in Supreme Court's ruling in Guntern 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 conference 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.

[Insert continued on page 2]
 supplemental general state aid. A school district’s eligibility to receive supplemental general state aid shall be determined by the state board as provided in this subsection. The state board of education shall,

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

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

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

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

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

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

(b) The state board shall prescribe the dates upon which the distribution of payments of supplemental general state aid to school districts shall be due. Payments of supplemental general state aid shall be distributed to school districts on the dates prescribed by the state board. The state board shall certify to the director of accounts and reports the amount due each school district, and the director of accounts and reports shall draw a warrant on the state treasury payable to the treasurer of the
AN ACT concerning education; relating to the financing and instruction thereof; making and concerning appropriations for the fiscal year ending June 30, 2017, for the department of education; relating to the classroom learning assuring student success act; amending K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and 74-4939a and repealing the existing sections.

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

Section 1.

DEPARTMENT OF EDUCATION
(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2017, the following:
Supplemental general state aid..............................................$367,582,721
School district equalization state aid........................................$61,792,947
(b) There is appropriated for the above agency from the following special revenue fund or funds for the fiscal year ending June 30, 2017, all moneys now or hereafter lawfully credited to and available in such fund or funds, except that expenditures other than refunds authorized by law and transfers to other state agencies shall not exceed the following:
School district capital outlay state aid fund...............................No limit
(c) On July 1, 2016, of the $2,759,751,283 appropriated for the above agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016 House Substitute for Senate Bill No. 161 from the state general fund in the block grants to USDs account (652-00-1000-0500), the sum of $477,802,500 is hereby lapsed.
(d) On July 1, 2016, the expenditure limitation established for the fiscal year ending June 30, 2017, by section 3(b) of chapter 4 of the 2015 Session Laws of Kansas on the school district extraordinary need fund of the department of education is hereby decreased from $17,521,425 to $15,167,962.
(e) On July 1, 2016, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer $15,167,962 from the state general fund to the school district extraordinary need fund of the department of education.

New Sec. 2. (a) For school year 2016-2017, each school district that has adopted a local option budget is eligible to receive an amount of
weighting for school year 2014-2015, an amount directly attributable to
the school facilities weighting as would have been determined under
K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be
added to the amount of general state aid for such school district
determined under subsection (a)(1) or (b)(1).

(3) For any school district which would have been eligible to receive
school facilities weighting for school year 2016-2017 under K.S.A. 2014
Supp. 72-6415b, prior to its repeal, but which did not receive such
weighting for school year 2014-2015, and which would not have been
eligible to receive such weighting for school year 2015-2016 under K.S.A.
2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to
the school facilities weighting as would have been determined under
K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be
added to the amount of general state aid for such school district
determined under subsection (a)(1) or (b)(1).

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

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

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

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

Sec. 7. K.S.A. 2015 Supp. 72-6476 is hereby amended to read as
follows: 72-6476. (a) Each school district may submit an application to the
state finance council board of education for approval of extraordinary need
state aid. Such application shall be submitted in such form and manner as

And by renumbering remaining sections accordingly
fiscal year commencing with fiscal year 2005, and each ensuing fiscal year
thereafter, by any such appropriation act in that account or any other
account for payment of employer contributions for school districts, shall
be distributed by the department of education to school districts in
accordance with this section. Notwithstanding the provisions of K.S.A. 74-
4939, and amendments thereto, for school year 2015-2016, the department
of education shall disburse to each school district that is an eligible
employer as specified in K.S.A. 74-4931(1), and amendments thereto, an
amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and
amendments thereto, which shall be disbursed pursuant to K.S.A. 2015
Supp. 72-6465, and amendments thereto. Notwithstanding the provisions
of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,
the department of education shall disburse to each school district that is
an eligible employer as specified in K.S.A. 74-4931(1), and amendments
thereof, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),
and amendments thereto, which shall be disbursed pursuant to K.S.A.
2015 Supp. 72-6465, and amendments thereto. Upon receipt of each such
disbursement of moneys, the school district shall deposit the entire amount
thereof into a special retirement contributions fund of the school district,
which shall be established by the school district in accordance with such
policies and procedures and which shall be used for the sole purpose of
receiving such disbursements from the department of education and
making the remittances to the system in accordance with this section and
such policies and procedures. Upon receipt of each such disbursement of
moneys from the department of education, the school district shall remit,
in accordance with the provisions of such policies and procedures and in
the manner and on the date or dates prescribed by the board of trustees of
the Kansas public employees retirement system, an equal amount to the
Kansas public employees retirement system from the special retirement
contributions fund of the school district to satisfy such school district's
obligation as a participating employer. Notwithstanding the provisions of
K.S.A. 74-4939, and amendments thereto, each school district that is an
eligible employer as specified in K.S.A. 74-4931(1), and amendments
thereof, shall show within the budget of such school district all amounts
received from disbursements into the special retirement contributions fund
of such school district. Notwithstanding the provisions of any other statute,
no official action of the school board of such school district shall be
required to approve a remittance to the system in accordance with this
section and such policies and procedures. All remittances of moneys to the
system by a school district in accordance with this subsection and such
policies and procedures shall be deemed to be expenditures of the school
district.
Sec. 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.
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.
CHAIRMAN MASTERCSON: The committee will come to order. As you all are aware, this is a continuation of a hearing we opened up yesterday on 515. I believe we are ready for Mr. Penner. If you are ready, Eddie?

MR. PENNER: Yes.

CHAIRMAN MASTERCSON: He's going to walk us through some of the data as to what the bill would do.

MR. PENNER: Thank you, Mr. Chairman, members of the committee. I direct your attention, I believe three pages have been handed out with the Kansas Legislative Research Department on top. The first page is a bar graph, the second page is a set of numbers that are titled mills required to generate non-state portion of 25 percent adopted LOB, and then the third page is three pie charts.

The first page is a bar graph that is made based upon the data in the second page. So I'm going to kind of go over both of those at the same time because it is essentially the same information.

What this is, is if every school district had adopted a 25 percent local option budget, how many
mills would it have required those school
districts to have funded their local portion,
especially the entire portion that is not
provided by state aid.

And then what I did was I broke those school
districts into the wealthiest 20 percent, the next
20 percent, the middle 20 percent, the next 20
percent and then the least wealthy 20 percent.
And then I've displayed four years there. 2013
and '14 is the actuals that happened prior to the
enactment of 2506 in the 2014 legislative session.
2014 is the first year of the -- of the
formula that was enacted via House -- via Senate
Bill 7 last year. 2015-16 is the current year,
and then 2016-17 is what they would be if Senate
Bill 515 were to pass. And so as you can see, the
wealthiest 20 percent of school districts, that's
by and large the districts that historically have
not received any local option budget state aid.
Obviously, about 1.2 percent of that 20 percent
certainly have received that aid would have had to
have levied 14.66 mills in 2013-14 in order to
have funded an LOB, if they elected to adopt a 25
percent LOB.

A lot -- there is, obviously, you see a
wealth of mill levy disparity when you look simply at the total mill levy, much of that disparity is due to the fact the different school districts adopted different LOBs. But so what this does is it removes that wealth disparity.

And you can see that that number, it remains relatively flat across the years, but it is 15.51 under the estimated effects of Senate Bill 515.

The -- I would also -- the next three groups, I'm just kind of moving along steadily, so then I draw your attention to the poorest 20 percent which prior to the enactment of 2506 would have had to have levied 30.51 mills in order to fund a 25 percent adopted LOB.

And moving on along the -- along the data, that number has declined to 18.66 mills in the 16-17 school year for this current plan.

And then the number at the bottom of that chart is the disparity between the wealthiest 20 percent and the poorest 20 percent in terms of how many mills they would have had to have levied if they had adopted the same percentage LOB, in this case it being a 25 percent LOB. So you can see that that was 15.855 mills difference in 13-14, 4.25 mills difference in 14-15, 5.456 mills
difference in 15-16. And if this bill were to pass, that would be 3.148 mills difference in 16-17. And -- and then that is graphically represented on the chart that I believe was actually the top page that was -- the bar graph that was at the top page that was provided to you. In that bar graph I did omit school year 14-15. That was just because the bar graph got a little bit cumbersome if you include that, but the data for school year 14-15 is present in the numbers on the second page for your review.

And at this point I would stand for questions for this, unless the Chairman would like me go to straight to --

SENATOR MASTERS: We'll take it as they come. Committee, questions on this graph?

Eddie, this is graphically trying to represent what the courts were trying to hone in on as it pertained to a relatively similar taxing effort. Am I correct?

MR. PENNER: What this is, is if each school district adopted the same local option budget. So I guess, in essence, that would be a kind of a proxy for similar educational opportunity. And so what we have done is set the
educational opportunity, the percent LOB adopted, equal to each other across all school districts and then this chart represents the disparity in tax effort, the number of mills they would have to levy in order to have that same so-called educational opportunity.

CHAIRMAN MASTERSON: I think that's what I'm trying to understand. You see a great reduction in disparity 14 to 15, but then a slight increase again in 15-16. So the stage -- can you talk to me about what caused that?

MR. PENNER: Yeah, so the -- that the cost between 14-15 and 15-16, the difference there or even that increase because, as you recall, the amount of supplemental general state aid for those two years was the exact same based upon the block grant. And so that disparity is a result of -- that increase in disparity from 14-15 to 15-16, is essentially a result of the weighted assess evaluation and enrollment in schools have changed and nothing else. Because it isn't the result at all of the amount of state aid that was provided to those districts.

So it just so happened that between 14-15 and 15-16, the wealthiest 20 percent of school
districts in the state got, relatively speaking, a little wealthier and the poorest 20 percent of school districts in the state, got relatively, speaking a little poorer than they were the prior year and that caused that disparity to extend.

If that had happened kind of the other way, so to speak, where the wealthiest 20 percent worked their way back towards the middle on average or the poorest 20 percent worked their way back towards the middle on average, that disparity would have shrunk from 14-15 to 15-16 without any effects of the state law itself, just by the effects of the economy.

CHAIRMAN MASTERS: Senator Kelly.

SENATOR KELLY: Thank you, Mr. Chair.

Can you explain then from 13-14 to 14-15 the two lowest, the 20 percent and the poorest 20 percent have a significant shift. What's that about?

MR. PENNER: That was essentially the effects of House -- House Bill 2506 that was passed in 14-15. That moved the state away from the old proration that had been in place prior to 2506. And so that is the -- the old proration system resulted in the large disparity that you see in 13-14 and moving away from that
substantially less in that disparity.

CHAIRMAN MASTERTON: That was the
130,000,000, 140,000,000 that was added that year
for equalization purposes.

MR. PENNER: And so when that's described
as property tax relief, that property tax relief
is that 30 mills going to 19 mills.

CHAIRMAN MASTERTON: Senator Denning.

SENATOR DENNING: Thank you, Mr.
Chairman. I want to make sure I understood what
you just told the committee. I think you are
referring to the second page where we have our
columns.

MR. PENNER: Yes.

SENATOR DENNING: And in '14 it was
15.855 and then it significantly reduces to 4.225,
and that was the result of the block grant?

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

SENATOR DENNING: 2506. So we narrowed
the difference significantly.

MR. PENNER: Yes.

SENATOR DENNING: And then when we come
to 15-16, we jump back up to 5.456?

MR. PENNER: Yes.
SENATOR DENNING: And is that the result of local effort or is something else driving that?

MR. PENNER: What the driver behind that was that we were continuing to use the assessed valuation per pupils from -- from the previous year. As you recall, the supplemental general state aid for all school years under the block grant was calculated based upon the assessed valuation per pupils of the first year of the block program.

And since we were continuing to use old AVPPPs, but in reality the AVPPPs of those districts did change over time. That is what resulted in that change.

SENATOR DENNING: And then the 16-17 estimate, is that based on the bill we are discussing right now?

MR. PENNER: Yes. This is what that disparity would look like if this bill were to become law.

SENATOR DENNING: So we, again, narrowed again down to 3.148 if this bill should go forward?

MR. PENNER: Yes.

SENATOR DENNING: And would any -- could
anything spike that on a local level?

MR. PENNER: I'm hesitant to conclusively
say that nothing could spike that, but off the top
of my head I don't know what would.

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

CHAIRMAN MASTERSON: Senator Fitzgerald.

SENATOR FITZGERALD: Thank you, Mr.
Chairman. Eddie, I appreciate the chart and the
breakout. In understanding this, I assume that a
smaller number has more goodness than a larger
number?

MR. PENNER: I don't want to opine on
goodness, but I just would like the committee to
understand that a smaller number is a smaller
disparity in the property taxing effort required
to get to the same adopted percentage of LOB.

SENATOR FITZGERALD: And, therefore, a
better equalization?

MR. PENNER: It is a more, more equitable
equalization, I guess.

SENATOR FITZGERALD: The -- Mr. Chairman,
if I might, the 2506, the effort that the
legislature made of 130,000,000, I think it was,
that resulted in, as Senator Denning says, a
significant improvement in that number, equalization. Did the Court have an opinion upon that?

MR. PENNER: I believe the Court said that 2506 -- if the estimates of 2506 as -- as it were in place, the Court did initially dismiss the equity portion of that, but later re-entered it when it became apparent that the estimates were not accurate.

SENATOR FITZGERALD: Mr. Chairman, just to conclude, then we would think that a 4.225 disparity satisfied equalization requirements, at least as far as the Court was concerned at that time?

MR. PENNER: The caveat I would add there is that when the estimates were in place, it is possible that that disparity may have looked smaller than 4.225 when it was still just estimates. I don't know what this would have looked like based purely on the estimates. This is what the actuals were in 2014-15.

SENATOR FITZGERALD: Thank you. Thank you, Mr. Chairman.

CHAIRMAN MASTERS: Committee, I might note quickly we again have a transcriptionist with
us today. I want everybody to be aware of that.
So we are taking record for the Court's case and I
wanted to make sure that was noted.

I have one quick question on -- in this bill,
what used to be described as the extraordinary
needs account transitions from the State Finance
Council to the Department of Education. It also
allows equity concerns to be addressed with that.
What would happen to this disparity if they were
to choose to use that? For example, just drain
the entire account with those poorest groups.

MR. PENNER: That 3.148 would shrink
because the 18.658 that is in the bottom line
there would become a smaller number, as well. I
was actually trying to -- trying to do the math on
getting an estimate of what that might shrink to.
If I had been a later conferee, I might have been
able to have that for the committee.

CHAIRMAN MASTERSON: On that note,
committee, untraditional, just like a
transcriptionist, once I have come through the
conferences, I'm actually going to allow any of them
that may want to readdress us to come back or if
you have any questions for any of them, it's not
typical, but neither is the situation we are in so
I'm going to allow as much conversation as we can have.

Further questions for Eddie? Senator Francisco.

SENATOR FRANCISCO: Thank you, Mr. Chair. Again, I understand these numbers are based on the proposal in Senate Bill 515?

MR. PENNER: Yes.

SENATOR FRANCISCO: Do we have similar numbers for the proposal from 512?

MR. PENNER: I -- I could do that for you. I don't have those in front of me right now, but I could do that.

SENATOR FRANCISCO: Mr. Chair, we are making a choice. We've had another bill before us and it might be interesting to see, although I don't know how much math time goes into this.

CHAIRMAN MASTERSOHN: On that note, Eddie, can you tell, without running exact numbers, would the other positions narrow or widen?

MR. PENNER: I would imagine that it could be narrower, but I -- without having the numbers in front of me, I wouldn't be able to speculate.

CHAIRMAN MASTERSON: Any further
SENATOR DENNING: Thank you, Mr. Chairman. Eddie, while you're here, could you just refresh my memory on the total spend on education between SGF and local effort and equalization and so forth?

MR. PENNER: Actually, if you'll turn to the -- turn to the third page, that is three pie charts representing the total amount of state funds that go into K-12 education. The first is FY 16 current law. The second one is, which is off to the right, is FY 17 current law. And then the bottom one is FY 17 proposed law. And so as you can see, the total amount on FY 17 under current law is going to be, doing the addition in my head quickly, it looks like it will be about 4,000,000,000 and $4,000,000, of which 477.8 million is equalization.

SENATOR DENNING: So that would be -- so that would be about 25 percent?

MR. PENNER: I think that is -- that's lower than 25 percent. I think that's closer to about 12 percent. Once again, that's just doing the math in my head. 477 -- 478 of about 4,000,000,000 is going to be a little over --
SENATOR DENNING: Close to 25, isn't it?

MR. PENNER: No, because if it was

400,000,000 out of 4,000,000,000, that would be

exactly 10 percent and so --

SENATOR DENNING: Gotcha. Gotcha.

MR. PENNER: And so it's 480, which would

come out to be about 12 percent.

SENATOR DENNING: Thank you, Mr. Chairman.

CHAIRMAN MASTERTSON: And to follow up on

that just so everybody understands really what we

are looking at as far as change, for example, even

in 512, which we believe to be the cleanest

obvious answer to the Court, it transferred about

37,000,000, I believe, was the fiscal number on

that. So even if this entire pot of equalization

gets distributed, we are talking about the

difference in how that was distributed. So we are

really having a conversation over less than 1

percent of the pie.

MR. PENNER: My recollection is that the

equalization amount proposed in 512 was about

515,000,000 total dollars and the equalization

amount proposed in this bill is about

$495,000,000. And so that's a $20,000,000
difference between those two, which $20,000,000 of that 4,000,000,000 would be about half of a percent.

CHAIRMAN MASTERS: Okay. So I wanted to be clear, that our primary concern is the closing of the schools and we are having this conversation over less than 1 percent of the distribution, so I just need that to be clear. So we need -- and I would also note this is a one-year solution to finish the block grant. We really have a much larger and pressing issue to get to, which is the new formula.

Further questions for Eddie? Seeing none, thank you, Eddie.

MR. PENNER: Thank you.

CHAIRMAN MASTERS: And again, committee, he will be available.

First up on my proponent list is Todd White. Welcome to the committee and congratulations on your new position.

MR. WHITE: Thank you very much.

Chairman Masterson and members of the committee, thank you for the opportunity to appear before you today as a proponent for Senate Bill 515.

We are mindful of the challenge that you are
facing as you seek an appropriate and short-term, as was just mentioned, solution that will allow us to continue our goal of providing the quality education for the students that we serve. We thank you for your hard work and the very long hours that you have spent on this legislation. We also want to thank you for listening to the concerns that were brought before this committee previously, which is clearly demonstrated by providing that all districts will be held harmless and will not lose funding from their general operating budgets.

Further, we are grateful that you have honored the spirit of the class act which was to provide budget certainty for school districts in the two-year time period so that we might work on a new finance formula and develop it for all children throughout this state.

Blue Valley is a district that remains committed to providing a quality education for our students and being good stewards of our taxpayer dollars. To that end, we want to work with you to develop a solid school finance formula that provides stability and appropriately accounts for the very needs of the students throughout our
state.

We do appreciate your challenges you are facing and we continue to want to work with you to solve those K-12 challenges and promote the best outcomes for all the students that we serve in the State of Kansas.

We are happy to stand for any questions at an appropriate time.

CHAIRMAN MASTERTON: Committee, questions for Mr. White? Senator Denning.

SENATOR DENNING: Thank you, Mr. Chairman.

Mr. White, from conversations we had with your predecessor, now your testimony today, it appears that you're conditionally supporting 515 on the grounds that, again, we are trying to honor the block grant fixed funding for two years to give you some stability in your budgeting process in our unstable budget time. Would that be correct?

MR. WHITE: That is absolutely correct.

SENATOR DENNING: And then the hold harmless, the way 515 is structured, it brings back the funding source to almost identically to what it was in the block grant and has no effect
on your operating budget, that is to say we are not forcing you to go out and raise mill levels. We are actually keeping your operating budget stable in 515. So I didn't know if you knew that or not, but that is the way the bill was structured. We are not going to force any school district to go out and raise property taxes, we are going to hold harmless the operating budget itself based on the clear intent of Senate Bill 7, which was to give two years of budget stability. I just want to make that clear in case you weren't aware of that.

MR. WHITE: Thank you for the clarification. That is our understanding, but I'd also say that's the appreciation that we hold for this body and the work that you are doing. It is budget certainty for the school districts, but also time for us to communicate and to work together on developing a long-term formula of this.

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

CHAIRMAN MASTERSO: So your -- your testimony is in line with what we heard in the findings of fact in earlier days that hold
harmless is called, or hold harmless aid, all the
Kansas Association of School Boards, the
Commissioner of Education, the Deputy, all
consider hold harmless an appropriate action to
take. And I think from what I'm hearing from you,
you consider a critical action to take.

MR. WHITE: Not only critical, but the
best available option that we have, given the
circumstances that the Court has mandated.

CHAIRMAN MASTERSON: Further questions
for the superintendent? Seeing none, thank you
for coming in. Again, I appreciate you being
available later if someone would have questions.

MR. WHITE: Certainly.

CHAIRMAN MASTERSON: Mike O'Neal.

MR. O'NEAL: Thank you, Mr. Chairman,
members of the committee. On behalf of the Kansas
Chamber, we rise in support of your efforts in
Senate Bill 515.

Just -- and just a little bit of a review in
terms of the unique circumstances that you find
yourself in. You -- you have worked on a number
of equity types of -- of arrangements with school
finance. You have learned from the Court that the
latest iteration of that is not acceptable. So
there is one wrong answer, but the Court has said that there are any number of right answers. And so we applaud the efforts of the committee in -- in the circumstances that you're in in trying to make a good faith response to your understanding of what the Court is going to find acceptable. And what I hope to be able to do in the brief time I have today is point out from the Court's own language in Gannon how Senate Bill 515 does meet that expectation and with some degree of predictability that the Court would find this to be acceptable.

I appreciated the Chairman pointing out the uniqueness of this is that we are literally under threat of school closure, albeit over an amount of money that seems to represent 1 percent, maybe a tiny bit over 1 percent of the entire budget. It also is involving school districts that are not involved in the litigation, nor were they affected one way or another with a particular equalization infirmity that the Court found. Yet, those children who do not have any really stake in this, so to speak, may indeed be denied a Constitutional right to a public education if we don't get this right. And so I appreciate all the time that the
Chairman and the committee have taken to try to get it right.

One of the things that we would also applaud is the fact that what we have found in the course of school finance litigation is the courts do things differently than the legislature does. You spend a great deal of time taking testimony, looking at data and doing all sorts of analysis, and yet that does not translate very well into a Court record. And what we found is not so much the Court having a fundamental difference of opinion with you over equalization, is that technically the finding in Gannon was that the state had failed to meet its burden of showing that what you had done was equitable. And so it's really a burden, and a lack of information in the record. Not that you didn't have the information, not that you didn't do all the right analysis, it's that it didn't get into a Court record such that the Court had it available to it to make an informed decision.

So in terms of the process that you have devised this session on the equity phase, and I assume it would carry over when the Court gets to the adequacy phase, is that you are making an
extra effort to make sure that everything does get in the record in a way that the Court is used to -- used to seeing it.

The other thing that's a little bit awkward. And then I'll talk about the bill, is that equity is not a math equation. It is a concept by which you want a reasonable educational opportunity and access to educational opportunities. So it's not a math equation. Yet, the Court has decided, and I don't have any particular problem with it, but it does present a challenge for the legislature in that most would look at this as you get -- you get to the adequacy question first. And once you get to that question, then the distribution of an adequate amount of funding is done in an equitable manner. Unfortunately because of the timing and how this was bifurcated, you are having to deal with equity before we get to the issue of adequacy, and to a certain extent that's getting the cart before the horse. Nevertheless, that's the posture that the case is in and this is what you're faced with, and so you need to -- the time, the deadline is on the equity phase.

So we applaud the efforts of you to protect and take time to devise an equity formula that's
going to protect schools beyond June 30th, and I think that you have done that.

Despite the fact that in Gannon the Court did suggest a preference, and I'll talk about that in a second. It's key to point out that the Court said, quote, the equalization infirmity, quote, can be cured in a variety of ways at the choice of the legislature. And I do take the Court at its word on that; that there isn't just one way to solve this, it is uniquely a legislative question and it is inherently a political question. You're going to have to find something that at least 63 and 21 will voluntarily agree to vote for. And so it's -- the Court has given the legislature the deference that its due in that you can solve this in a variety of ways.

In terms of the preferred way, the Court has said, quote, one obvious way the legislature could comply with Article 6 would be to revive the relevant portions of the previous school funding system and fully fund them within the current block grant system, end quote. That's important because there had been a little bit of a misinformation when the Court decision came out that somehow the block grants had been overturned.
or ruled unconstitutional. Nothing could be further from the truth.

The equity part that the Court found an infirmity with that the state had failed to meet its burden of proof on the equity part can be solved by resurrecting one or more of the equity provisions in the prior law and funding it within the current block grant system, which is what Senate Bill 515 is doing.

There have been questions and there may be questions raised as to whether or not the Court would require new or additional funding in this equity phase. And again, I would repeat equity is not a math equation. It does not in and of itself require additional funds, but the Court did speak to that as well. The Court stated, quote, school districts must have reasonably equal access to a substantially similar educational opportunity through similar tax effort, end quote. The Court did not define what that meant other than to say that that formula, if you will, that definition of that came from the State of Texas, and there may be further clarification of what that means if we research Texas. But the equity definition is in the statute.
As the Chairman is aware when we had the joint informational hearing, no witness who testified Monday before the Joint Committee, in response to questioning by legal counsel, was able to articulate or knew of a metric for determining how this test is satisfied. And this really comes as no surprise. That's not a shocker because the Court itself, when looking at that very issue said, quote, we acknowledge there was no testimonial evidence that would have allowed the panel to assess relative educational opportunities statewide, end quote. In other words, as you sit here today, there is not a single bit of evidence that we don't have equal opportunity statewide in Kansas as we speak.

The problem has been that the legislature has devised certain methods of allocating funds to equalize, and in the last iteration failed to meet the Court's burden of proof on whether that is truly equitable, not that there is a single student who is not getting an equal educational opportunity.

I was -- I found comforting what Dale Dennis said the other day about his wife's study. We've got smaller school districts in the state that
actually have maybe less resources, less
curriculum, maybe less overall opportunities, and
yet the findings are, and I'm living proof of
this, I felt like my educational opportunities in
a 3A school exceeded the educational opportunities
my children got at a 6A school. All great
opportunities, but they are just different.

And in terms of whether or not there is a
significant difference in achievement once you get
to the post high school, post secondary phase, I
don't think there is a study that says, at least
in Kansas, that there is not equal educational
opportunity.

The Court did speak to the issue of funding,
as I indicated. First, the Court acknowledged
that, quote, equity does not require the
legislature to provide equal funding for each
student or school district, end quote. The Court
went on to say that the test of the funding scheme
becomes a consideration of, quote, whether it
sufficiently reduces the unreasonable wealth-based
disparity so the disparity then becomes
Constitutionally acceptable, not whether the cure
necessarily restores funding to the prior levels,
end quote. The Court went on to say that, quote,
equity is not a needs-based determination, rather, equity is triggered when the legislature bestows revenue-raising authority on school districts through a source whose value varies widely from district to district, such as with the local option mill levy on property, end quote. So it's not a matter of needs, it's just a matter of the function of having disparity with your tax -- with your tax authority.

So given the Court's own language, it would have been perfectly acceptable for you to pass Senate Bill 512, by the way, because what you have done is you have taken equity in its purest form. You've resurrected those equalization formulas and then you just -- you've redistributed, creating, if you will, in districts that by virtue of that would get more money and districts -- some districts would get left. It's the purest form of equity. It's the example of you're pouring one can of pop for your two kids and you're pouring it and it's not exactly equal. Nobody's first thought is to go back to the refrigerator and get another can of pop and keep pouring. You take -- you take some from the larger cup and you pour it into the smaller cup until they are equal, and
that's essentially what Senate Bill 512 did.

Well, as can be predicted, it was a little bit surprising that districts that gained didn't come in and say they liked it, but it was predictable, of course, that you would -- you would have school districts that are ringing their hands and gnashing their teeth over the prospect of having winners and losers, even though that would have satisfied the Court's -- the Court's test. And this is where we get to, I think, a nice good faith effort in a step-wise fashion to get to where we are today and that's Senate Bill 515.

Given the Court's own language again, reallocation of funds utilizing an approved method of calculating equalization, in this case using capital outlay, is proposed, no distinct -- no district is losing any funds. That's the hold harmless part.

There is a slice of language in Gannon that says that you need to fix the equity, but keep in mind -- keep in mind adequacy. You could have possibly had some adequacy -- adequacy arguments from districts who ended up being losers because of getting less. You've solved that with hold
harmless. Hold harmless, as the Chairman has pointed out from the witnesses who have testified previously, is a known and acceptable method of dealing with school finance issues in an inherently political process. As Assistant Commissioner Dennis testified on Monday, in his experience hold harmless is necessary to get votes sometimes. But it's also important from the standpoint of what you just heard. It provides predictability. The beauty of the block grant system is that you provided budget stability. You preserve and protect that budget stability by doing what you did with Senate Bill 515.

With regard to the provisions where you're now sending money from -- under the purview of the Finance Council for the Kansas State Department of Education, as I mentioned previously, you're a part-time legislature, your time is very valuable and it's very difficult to get your arms around these issues from time to time. Invariably when you have a question, you pick up the phone and you call the Kansas State Department of Education to do the calculations and do the runs. It makes perfect sense that you would have an amount of funds, in this case the extraordinary needs, being
handled by Kansas State Department of Education
which has the expertise, not only of this, but
also other aspects of school finance as you -- as
you move forward to do a plan.

And lastly, and I think I mentioned this, is
the overall stability that you provide in 515 to
the districts that desperately look forward to
that stability and the reason why many supported
the block grant in the first place.

I would be happy to stand for questions at
the appropriate time.

CHAIRMAN MASTERSON: Thank you, Mike.

Real quickly, committee, you should have at your
position we have actually printed out the
transcript from earlier so you guys have time to
review the comments from the department and
association. I just want to make sure everybody
is aware you have an actual printed copy of the
transcript.

Questions, Senator Melcher.

SENATOR MELCHER: Thank you, Mr.
Chairman. And thank you, Mr. O'Neal, for being
here. I appreciate your perspective.

In the earlier part of your testimony, you
referred to the Court's speaking that we should
have similar educational opportunity for I think it was similar local tax effort, and I think this may have come from a Texas case. Could you repeat that because I had a question about it, but I couldn't write as fast as you were talking.

MR. O'NEAL: And this particular court reporter has admonished me on prior occasions, we go back a ways, and she's had to stop me a time or two in my past history, so I apologize.

Quote, school districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort.

SENATOR MELCHER: So when you say through similar tax effort, could you help me understand that?

MR. O'NEAL: That's an excellent question. I believe Jason was asked that question the other day. I don't have any better answer than what Jason had. The courts, and I don't know whether -- that's why I mentioned Texas, but may need a little bit more of a flushing out of what they meant in the records in Texas.

The concept, I think, goes back to the overall requirement that the legislature make suitable provision for the finance of the
education interests of the state. Although the Court has interpreted that to include adequacy, it's essentially the legislature's responsibility to create a funding mechanism. And your mechanism is a combination of state and general fund dollars and property tax dollars. You provided the ability for local districts to raise taxes, and you've done it in a way that is -- has uniform application, but it has districts being able to make choices at the local level as to whether they raise property taxes or not. And as they do and if they do, that then creates the equity issues that you need to address and equalize.

And so it is -- I think it's saying that you need to have similar tax effort. And when you have that similar tax effort, you then measure that under the rubric of -- and as a result of that, do you end up with reasonable -- reasonably equal educational opportunity district by district.

Senator, that's the best I can do because the Court did not -- did not give further illumination to what they mean by that.

SENATOR MELCHER: Okay. So if we are talking about similar tax effort, and we have the
21 1/2 mill as a state portion of property tax, 20
mills of that goes to education, and that would be
thought to be similar across the board, but then
we have statutorily decided to treat agricultural
property valuation much differently to where we
statutorily undervalue that. So wouldn't we need
to have some sort of an adjustment upward for any
of those properties that are intentionally
undervalued to be able to give the similar tax
burden across the board? Because without that,
don't we have an inequity in similar tax burden
that exists?

MR. O'NEAL: If, if that were an
essential component of the school finance formula,
I might tend to agree. I think what you're
getting at is the 20 mills or even the local
option budgets based upon a correct valuation of
the property that is -- as established by the 20
mills in the LOB. Is that what your -- is that
your question?

SENATOR MELCHER: We treat all property,
we value all property similarly, it's fair market
value, with the exception of agriculture, which is
a very large -- most of the property in the state.
So when you have agricultural areas which would
have a low valuation per pupil, it actually makes them look poorer because we have statutorily undervalued that land so they are really not as poor as they look on paper. Doesn't that really skew that formula to provide equalization to a seemingly poor area when they are really not as poor as they look?

MR. O'NEAL: Keep in mind that the key component of the rule on equity is educational opportunity, not equal, not equal taxation.

SENATOR MELCHER: I was just speaking to the portion you said about the similar taxation piece because I wasn't aware that the courts had stated that, and then I kind of thought back to some discussions we had had about valuation and it appears that that inequity would then produce a school funding inequity.

MR. O'NEAL: That would be subject to Court interpretation. Again, it's -- the key is whether or not at the end of the day, through whatever mechanism you have devised, you end up in a position where children, whether they are in Johnson City or Johnson County, have an equal educational opportunity. I don't know it's so much about the amount. The Court has said it's
not about equal funding, it's about equal educational opportunity. So again, I don't -- I can't predict how a Court would look at that.

SENATOR MELCHER: Thank you.

CHAIRMAN MASTERSON: Committee, further questions? Seeing none, thank you, Mike.

Dr. Hinson, welcome back to the committee.

DR. HINSON: Thank you. Good morning, Chairman Masterson, members of the committee.

Jim Hinson, Superintendent of Shawnee Mission School District. I'm here as a proponent of this bill. I've also been chastised for talking too fast, so I will slow down. I saw that look.

We are a proponent of this bill for several reasons. This bill holds all school districts harmless. You've heard about that this morning. It doesn't create a system of winners and losers. One of the runs we saw, there would be about 79 school districts in the state that would actually be losers. This bill allows all districts to be held harmless. It also truly allows this money to go to classrooms, not just property tax relief.

We believe this bill benefits school districts in relation to capital outlay equalization. Shawnee Mission School District
does not benefit from capital outlay equalization, but we do support this provision in the bill. This is a short-term solution that allows schools to stay open and allows all of us to work on a long-term solution.

We also believe this bill allows for stability during very uncertain financial times.

In conclusion, it's March 23rd, and this bill is by far, in our opinion, the best bill to address the issue that's before us for a one-year solution. I'll pause right there. You have my written testimony. I'll be happy to stand for questions.

CHAIRMAN MASTERCSON: Thank you.
Committee, questions for Dr. Hinson?
Senator Denning.

SENATOR DENNING: Thank you, Mr. Chairman.

Dr. Hinson, how far along are you in preliminary planning for your second year of budget based on Senate Bill 7?

DR. HINSON: Normally, we would be finished, except for negotiations as required for our employees, but all the other budgetary components of our budget would be finished.
SENATOR DENNING: So if we can get 515 out of here intact, then you're -- all of your work on the budget would be preserved and worthwhile to this point?

DR. HINSON: Currently what we are going through in the Shawnee Mission School District, we have all kinds of different budget scenarios. In those budget scenarios there is a wide range depending on what might happen.

A part of our budget scenario includes will we have the same number of employees starting July 1 or not that we currently have, depending on certainly what occurs here. So the timing for us is really crucial. We would absolutely love for this bill, if it could, to get through this week because for a school district, the budgetary time frame, we are already behind in trying to prepare.

We are certainly also looking at the, I'm going to call uncertainty in a different way, the uncertainty of what might happen in relation to potential allotments in May and June. So from a school district perspective, our financial uncertainty is extremely high. The quicker we can know what's going on here, it's very important for us and it's very important in working with our
employees on whether they are going to have employment from July 1 on.

SENATOR DENNING: And Dr. Hinson, I'm probably going to put you on the spot here, with the Senate Bill 7, will you, and the steady funding, were you planning any staff reductions because of your current level of funding? Were you able to keep your current level?

DR. HINSON: With Senate Bill 7, two answers to your question. One of the things that we appreciate is being able to have a two-year budget that would be predictable, even though it was not additional money for us. That was very beneficial.

The other component is we've continued to make reductions in the Shawnee Mission School District even during this process because as all of my costs continue to go up, we've had to cut other expenditures just to address the issue that's before us today.

SENATOR DENNING: When you say cut, you are talking about non teacher salaries? You just found some efficiencies, I think you mentioned in your printing area at one point in time.

DR. HINSON: We've been working on
efficiencies. We've cut administrative costs.
Certainly for us we totally changed what we are
doing in relation to printing costs, out-sourced a
lot of the printing costs, as well. We are
reducing administrative space, currently square
footage in facilities from 500,000 square feet to
70,000 square feet. So we are in the process of
those efficiencies.

This last year we rolled out an early
separation incentive plan, called an early
retirement package, if you will, to save us money
in the school district as well. Because in the
Shawnee Mission School District there are a lot of
long-term employees, beneficial to them, but
beneficial for us financially. So we have been
trying to find every way we possibly can to cut
costs during this process, as well.

SENATOR DENNING: Thank you,

DR. HINSON: Thank you, Mr. Chairman.

CHAIRMAN MASTEROSON: Senator Melcher.

SENATOR MELCHER: Thank you, Mr.
Chairman. Thank you, Dr. Hinson, for being here.
So you talked about many of the things that
you changed about some changing some printing
costs, consolidating of administration buildings.
Are those all good policy to do regardless of funding levels?

DR. HINSON: Yes, sir.

SENATOR MELCHER: Okay. So those were done just as a matter of good, efficient use of dollars, not necessarily related to funding.

DR. HINSON: They are good, efficient use of taxpayer dollars, but at the same time with I'm going to call it flat funding, my costs continue to increase. We increased in student enrollment. We did not request from the extraordinary needs fund. My energy costs are increasing rapidly. My transportation costs, which we contract for, are increasing rapidly.

So really two things: One, those are best practices. The other component is to continue to move the teacher salary schedule. That's not a raise, but you work another year just to move the salary schedule. We had to make adjustments in how we are spending our dollars. We call that reallocation of resources.

SENATOR MELCHER: So, transportation costs, I would think with the dramatic falling prices in fuel, that you would be able to recover some savings in transportation. But the -- any of
those reductions that you make that create any
excess, is that money then that can be allocated
to be used within the classroom?

DR. HINSON: Yes, sir.

SENATOR MELCHER: Okay. And, I
appreciate that work that you've done. Thank you.

DR. HINSON: Thank you.

CHAIRMAN MASTERSON: Senator Kerschen.

SENATOR KERSCHEN: Thank you, Mr.
Chairman. I think you answered my question. I
was going to ask you do you have an increase in
enrollment from the previous year, and you said
you did, but you didn't have any extraordinary
needs. If that continues next year, is that an
issue for you or how do you address that?

DR. HINSON: I'll try to make the answer
make sense. So, for us in the Shawnee Mission
School District, we have about 1,900 teachers.
So, 1,900 classrooms, if you will. So, if I
picked up 190 students, 380 students, you take the
1,900 teachers, if they were distributed equally
across the district, they're usually not, but if
they were distributed equally, in most cases with
those numbers I would not need to hire new
teachers because of the number of classrooms we
have and we can just absorb those students into
the pupil/teacher ratio that we already have in
place.

SENATOR KERSCHEN: Thank you.

CHAIRMAN MASTERSON: Actually, my
understanding is you have quite good outcomes, as
well. Do you, off the top of your head, know your
percentage of students that meet or achieve all
state assessments?

DR. DENNING: We have good outcomes now.
We're looking for great outcomes. We have work
yet to do; we need to do better.

CHAIRMAN MASTERSON: Fair enough.
Further questions? Seeing none, thank you.

Committee, you are further proponent witness
testimony. That's the end of the oral conferees.
I would open with the opponents.

Dr. Lane, welcome to the committee.

DR. LANE: Thank you very much. Good
morning, everyone. It's great to be here and we
appreciate the opportunity to share a little bit
different perspective on Senate Bill 515, but let
me just say we too appreciate the efforts of this
committee to be thoughtful and to put forth a
reliable formula that holds districts harmless,
all districts. That's always been important to us to make sure not only students in Kansas City, Kansas public schools receive quality education, but it's important that the entire state does, as well.

But, let me speak to the hold harmless piece first, if I may. Hold harmless has been a very important strategy over time, as the legislative body has worked on school finance formulas. What is different with this hold harmless portion is that it is holding us harmless to levels of funding that, frankly, have been deemed not equitable. So, in past times, you've held harmless after you corrected the deficiencies in the formula. So, we want to celebrate the hold harmless piece, we think that's critically important so there aren't consistent winners and losers in the process, but we encourage you to do so after correcting the challenges.

So, but let me speak to the other pieces of the Senate bill. And we heard from Mr. O'Neal it's not a math problem, but I'm going to take you back to algebra class, if you will, and talk with you about the transitive property. You may remember that, that we were taught that A is equal
to B. And if A is equal to B and we add C, that
A and B are equal, therefore, C is equal. So, how
does that apply to this particular deal? Well, if
you think of A as the equity portion of Senate
Bill 7, if it is equal to B, which has been termed
or deemed by the Court to be unconstitutional, the
equity portion of Senate Bill 7 unconstitutional
as equal to B, and if Senate Bill 515 is a
redistribution of funding that has already been
deemed inequitable, C, then, therefore, this does
not resolve the equity issue. From our
perspective, it redistributes the same amount of
funding that was determined to not to be
equitable. So, we encourage you to truly think
about that.

We are held harmless in KCK. We appreciate
the reliability, the predictability, is the word
that's been used. However, this funding level
still does not resolve the equity issue, does not
allow us to provide equal education opportunities
with similar tax benefit.

So, those are the two main points, that we
want to share with you today. We appreciate the
effort. Frankly, we want to support you and
encourage you to continue. We must resolve this
issue. As Einstein reminded us, nothing changes until something moves, and we see that you all are trying to move the dial and resolve the issue. Appreciate that, but we feel like if it's just a redistribution of the same level of funding that is in the block grant, it does not resolve the issue. So, I'll pause there for questions.

CHAIRMAN MASTERSON: Thank you for coming again, by the way. Actually, in that math problem, every bill that has come before us, A plus B has equaled C. And I think that has been some of the difficulty in all because some out there believe B should be a different number. The fact remains that A plus B equals C in every proposition.

DR. LANE: So, without additional enhancements to that number in B, we still remain at the level of unconstitutional funding. That's our point, Senator.

CHAIRMAN MASTERSON: I think, then, I think, that's the -- if you read the actual opinion -- at this point we are now having an opinion of an opinion. Because if you read the actual opinion, the excerpts thereof, that is not what the Court decided and it was about the
distribution between A and B. And equity by
definition, equalization by definition, has givers
and takers, or givers and receivers might be a
better term. That is, by definition, what equity
does, it redistributes a pot.

DR. LANE: What it does for us is it
allows us to provide those opportunities that
every child in Kansas deserves. And, so, if I can
talk specifically about our level of state aid on
the local option budget, our total budget
expenditure is around 49,000,000. 38,000,000 of
that comes from equalization state aid. It's
critically important to us. Without that, our
community would not be able to provide the kinds
of education that you all are demanding and
expecting and that we want for our children.

CHAIRMAN MASTERSOHN: So, the hold
harmless would be critical and that's your
opinion --

DR. LANE: It is critical, but holding
harmless at a level that allows for that
opportunity to occur.

CHAIRMAN MASTERSOHN: Do you believe your
students then -- trying to go with the Court's
opinion, do you believe your students do not have
reasonable access or do not have a similar opportunity to other schools?

DR. LANE: I believe that we're very challenged to ensure that, when 40 percent of our students speak languages other than English, when 90 percent of our children come from poverty backgrounds, they require additional resources and we are not always able to provide that, and that is evident. We celebrated Shawnee Mission's performance, and I appreciate Dr. Hinson said we need to get better; we all do. Certainly in KCK we've improved, but not nearly at the level that we need to to ensure that our students graduate diploma plus, they exit with a college experience and technical credentials so they can immediately contribute to our economy. For me, this is about our kids --

CHAIRMAN MASTERSON: I might need you to slow down and make sure --

DR. LANE: Thank you. Superintendents like to talk fast. I apologize.

But, this is about our kids, but it's also about adding value to the economy. So, I do believe that we are very challenged to meet the needs of our individual students.
CHAIRMAN MASTERVERSON: So, do you have a metric for us for reasonably similar access and opportunity?

DR. LANE: We believe that the prior process was as fair and equal as it could get under the -- the, and, so, you're going back to that mechanism that's helpful, but the amount of funding that is available within that needs to be increased. That's our point.

CHAIRMAN MASTERVERSON: So, it's a dollar value for you, the reasonable access and reasonable opportunity is solely a dollar value?

DR. LANE: Not solely, but without additional resources, redistribution does not help us get to that level of expectation.

CHAIRMAN MASTERVERSON: Committee, further questions for Dr. Lane?

Senator Denning.

SENATOR DENNING: Thank you, Mr. Chairman. Dr. Lane, on Monday we had depositions in this room for about six hours, and we had revisors, research and all experts in deposition fashion discuss the equity portion of the Court ruling, and it was clear in my mind that the Court simply didn't like our quintile approach to
supplemental state aid and they merely recommended that we either go with capital or that the old 81.2 ruler method. So, they weren't asking us to do anything other than that, according to -- and, I think, it's 200 pages, and I'm sure we can give you a copy. But the way the testimony sorted out in my mind was the Courts didn't care for the quintile approach, even though I personally think it was very thoughtful and had a lot of algebra in it. So, it made a lot of sense to me, but Senate Bill 515, we just come back down to the capital outlay approach and it is coming up with the same number, but it appears that they -- and maybe they were just more comfortable with that because it's simpler in, you know, sorting high/low and moving your ruler up to the medium. Pretty simple, not much algebra in that, but, it doesn't - I think, what 515 does is satisfy the Court's thinking of what they think is the best formula at this point in time. I think that's what 515 does.

And then the hold harmless, to a person that testified, that was -- you know, it's routine in this process and very necessary. So, I think, we have satisfied the Court's request to us based on all of the testimony we sat through for almost six
hours.

DR. LANE: You know, Senator, I appreciate that. I learned over time never to try to determine what the Court meant; that they need to speak to that. But using the capital outlay equalization is a much lower level of support and funding than using the LOB level that had been in previous formulas. So it does make a difference in terms of the amount of resources available for districts to do their work.

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

CHAIRMAN MASTERS: Would you agree that if 515 narrows the poles, if you will, lessens the disparity and creates a more similar taxing effort, that it would be taking steps towards what the Court had asked us to do?

DR. LANE: You know, Senator, again, I will leave the Courts to reflect on whether it meets the test or not. But from our perspective, just redistribution of the current amount of funding that is in the formula of the block grant does not resolve the issue.

CHAIRMAN MASTERS: It doesn't appear to me you leave the question of adequacy, though, to
the Court.

DR. LANE: The interpretation --

CHAIRMAN MASTERTON: I'm asking about the equity piece. If we are narrowing the poles, would you believe that complies with what the Court is asking us to do on equity then?

DR. LANE: I don't know that. The Court will have to review it and decide. I really hesitate to speak for the Court, but from our lens, until additional resources are added to this pool, the equity issue will continue to be problematic for all districts in Kansas.


SENATOR MELCHER: Thank you, Mr. Chairman, and thank you, Dr. Lane, for being here.

It appears that through the testimony we are doing our best to try to achieve the goals the Court has outlined for us, which may not result in the increased monies that you would desire. Do you have -- have you thought of going through a similar exercise that Dr. Hinson described in finding those efficiencies so that you can redirect some of those savings in the classroom to benefit the students?
DR. LANE: A couple of points I'd like to remind the panel and also, Senator Melcher, specifically to your question, in terms of the amount of funding in the classroom, we have analyzed the actual funding in KCK's classroom using more broad definitions than the one that's in the accounting handbook that limits it to, frankly, teachers and a few other things.

When you look at all of the kinds of support needed to actually function in the classroom, we're over 82 percent of our resources now directly expended in that arena and the board wants to improve that more. So, I -- one of the things I always ask us to do is really think about what do we need, how do we clearly define expenditures into the classroom. So, we have analyzed that.

The other piece is that you may recall that I volunteered our school district for the first legislative post audit that occurred three years ago. We want to be transparent. We opened ourselves up to say what are we missing? Are there strategies we might put into place?

Some of what you heard Dr. Hinson talk about is similar in terms of what we have done. There
were some recommendations that we implemented from that process, but there were others that just didn't meet what we wanted to do locally. For an example, at that time we -- it was suggested that we close one of our eight middle schools because it appeared as if we were under capacity. Well, we're a growing school district. We've grown 500 students a year on average for the last five years. And, if we had done -- chosen to implement that efficiency strategy, today I would have 600 students without a school.

So, yes, we are looking at efficiencies and trying to ensure that we are running our operation the best as we can, ensuring that our classrooms are fully supported. But sometimes things that are deemed efficient also are not helpful in terms of meeting our bottom line, which is educating kids.

Our class sizes are enormously high in KCK right now. The average is 28 students per teacher, and that is really unacceptable at the elementary level. So, there is more that we need to do in terms of resolving those issues.

SENATOR MELCHER: Well, those class sizes are really hard for me to comprehend since your
funding per student is so much higher than many of
the other schools that have such dramatically
lower class sizes. So how do you -- how do you
square that?

DR. LANE: Our funding per student is
high because we have high numbers of kids with
special needs, high numbers of students who speak
languages other than English, a high numbers of
kids from poverty. And, so, we have resources
that come from many sources to try to help us
resolve that.

We use that funding to provide tutoring. In
some cases we try to lower class sizes with that,
but there is a lot intensity that goes around
trying to get students up to grade level when they
come in significantly behind. 34 percent of our
children enter kindergarten kindergarten ready.
So, from the get-go almost 70 percent of our kids
require additional support.

So that -- you know, if you look only at
numbers, that's a great question, but when you
look at the needs of my kids, there are -- they're
significant.

SENATOR MELCHER: You talked about you
were the one that raised the class size number,
but then you talked about this litany of classroom resources that you have. So, I'm still having a difficult time understanding how the class sizes could be so high with all of that enormous amount of resources.

DR. LANE: Those resources don't necessarily go in to reduce the numbers of pupils that are assigned to a teacher.

SENATOR MELCHER: So you have chosen to have the large classrooms in lieu of having smaller classrooms with less of those people in it?

DR. LANE: The choice is based on a cumulative cut in state aid and increased costs that were mentioned earlier that districts adjust to. For Kansas City, Kansas, over the last six years, we have had a decrease of $55,000,000 in state funding and increases in costs. So, $55,000,000 less to operate today than we had six years ago, leaves us with difficult choices about how to supports our young people and one of those choices has been that our class sizes had to grow.

CHAIRMAN MASTERS: Dr. Lane, that confuses me because that number is not anywhere in the paperwork that I've seen as it pertains to
your district. Are you telling me you received
$55,000,000 less now than you received dollar for
dollar two or three years ago?

DR. LANE: That number is less state aid
plus increased costs since 2009-10 school year.

CHAIRMAN MASTERTON: So, you have had a
subsequent year in the last few years that you
have received less dollar for dollar state aid
than you did the prior year? That's also runs
counter to the data that I have been provided on
your district.

DR. LANE: We will be glad to break that
out for you and the committee if that's helpful.

CHAIRMAN MASTERTON: So, the question,
have you received less dollars --

DR. LANE: Absolutely less.

CHAIRMAN MASTERTON: -- in a sequential
year?

DR. LANE: Well, not necessarily
sequential, sir, but since 2009-10 less state aid,
increased costs, yes.

CHAIRMAN MASTERTON: So, that would have
happened after the crash of 08-09, so that would
have been a single incident that 08-09. Have you
received more since then?
DR. LANE: 08-09 we had an $11,000,000 cut and we've had cumulative cuts since then.

CHAIRMAN MASTERS: That would again fly in the face -- against the face of the information the department has provided me regarding your district.

DR. LANE: We can look at that and be glad to provide follow-up for you.

CHAIRMAN MASTERS: Thank you. One final question. Assuming your position on 515 prevails and this bill fails and the legislature, since it is a body of consensus, fails to reach a conclusion then, do you think it's an appropriate action to close the schools over a disagreement of how 1 percent of our funding is distributed.

DR. LANE: It would be catastrophic for our students and our communities in the state to close public schools. So, no, we don't think that's appropriate and we stand ready to support you in any way that we can in order to make sure that doesn't happen.

CHAIRMAN MASTERS: Thank you. Thank you for your time. Sorry, I think we had one more question. Senator Francisco.

SENATOR FRANCISCO: Thank you, Mr. Chair.
I'm looking at the way that the estimated payments are made for the hold harmless dollars. So, it takes in consideration the capital outlay aid and then an increase or decrease in LOB aid and then adds those together. So, my understanding is that your district would receive capital outlay aid, and, then, that would be subtracted from the hold harmless payment you would otherwise get to make up your LOB aid. So, how do those, the different -- and you have been given different or more capital outlay, but you will get less tax help for LOB, how does putting it in those two different pots affect your ability to educate children?

DR. LANE: You know, I tell my staff a story about my Aunt Thelma who was a small business owner in Southeast Kansas. And, she loved to carry a big pocketbook and frequently you would see her moving her money from one side of her purse to the other side of her purse, but never in that did I hear her say she had more money. And, so, to respond, Senator, is that we are flat. It doesn't matter what pool that comes into, it doesn't provide any additional resources that we can utilize to educate our kids.

CHAIRMAN MASTERCSON: A follow-up then.
We did, through the block, tear down some of the silo walls, if you will, so did that or did that not give you some flexibility with your operations?

DR. LANE: It gave us flexibility in conversation, but not in decision making because we have buildings that average 60 years or more, significant maintenance issues, and so we do not cross-mingle that. In fact, we just had a study completed that identified 80 -- $800,000,000 worth of maintenance that will need to occur in our district over the next decade in order to keep those buildings moving. So, we appreciate the flexibility, but we did not utilize it.

CHAIRMAN MASTERSON: Thank you. Mr. Freeman?

DR. LANE: Thank you very much.

CHAIRMAN MASTERSON: Welcome to the committee.

MR. FREEMAN: Thank you. Chairman Masterson, members of the committee, thank you very much for allowing me the opportunity to be here today.

And again, I want to reiterate what you've been hearing. We really do appreciate the efforts
being made to try and resolve an issue that could
be catastrophic to our students in terms of
closing down schools. So, again, it's one of
those where, you know, we've got to come to some
sort of resolution to this so we can move forward,
at least, on the -- until we get a new school
finance formula bill and move into some other
area.

But, that being said, I stand here and
respectfully believe that this plan does not meet
the needs that we have. And, Dr. Lane mentioned a
couple of them, and I would just reiterate that
the equity portion of it, the redistribution of
funds that she was talking about, we don't really
see that as a viable means. And I understand the
definition of equity and that sort of thing, but I
have to go back to what we see in our district
with regard to the funding levels that we've seen
from the previous year, this year and projected
out to the next year. And, so, the equity part of
it for us is not a single year item, it's a multi-
year item. And, so, that's the other piece of it
for us is that we believe that -- that addressing
only fiscal year '17 does not really answer all of
the question.
Now, I realize the challenges that the legislature has. We have the same sort of challenges in school districts in terms of balancing the budget and that sort of thing. So, I appreciate the efforts that you have to go through to try and get to a good resolution. However, I, you know, I think -- I'm not sure that this will pass muster, is, quite frankly, what I think we may be seeing.

Now, that doesn't mean that it isn't doesn't have some benefits to us, but at the same time there are certainly some drawbacks for us in terms of us planning and building a budget. Our budgets are flat budgets, and increasing costs makes it more difficult for us to move into a new fiscal year knowing that we're going to have to reduce, reallocate within our budget because we are not having any additional funds coming to us. So, it makes it a challenge for us.

And, I look back at the prorations and things that we've had over the last several years and have to think about where we would be if that hadn't happened, if we had the revenue streams coming in that we really need.

But anyway, my general calculations, if we're
looking at the prorations, the LOB prorations and
capital outlay aid that we've kind of lost through
equalization changes is about $26,000,000
projected out to fiscal year 17. And those are
dollars that we have had to find within our budget
to be able to maintain the levels that we tried to
do. And we've done a lot of work on efficiencies.
You've heard others talk about that, but -- and
we've done similar measures there. And, we're in
the process now of trying to build next year's
budget and having to look at those reallocations
as we move forward.

So the hold harmless piece of it is, you know
-- again, we appreciate that and we've talked,
I've had a lot of discussions in a lot of areas
about moving to new formulas and that sort of
thing. There is always going to be some hold
harmless provisions. I think the difference is
that what I'm used to seeing in years past when
they've done this is you've set the formula, built
that and then looked to see who was winners and
losers on that. And the losers you try to hold
harmless, but with additional dollars, and I think
that's the one piece of it that's a little bit
different for me in terms of looking at that. I
understand the concept of how you're looking at
the equalization formula, so I don't -- I don't --
I just disagree that we're doing the best job that
we can in terms of funding the formula as it is.

The one thing that I would indicate that
hasn't been really talked about, too, and, you
know, Senator Francisco kind of brought this up.
When you look at Wichita, we're going to get some
additional state aid for capital outlay. We're
losing state aid from the LOB side, again, because
the formula changed and the capital outlay which
dropped us about $9,000,000, something like that.
But, then, we are held harmless. Okay, so we're
flat. But, it is going to require us to put that
capital outlay state aid some way into the LOB,
along with the hold harmless, to keep my LOB
budget high enough so that I don't have to raise
property taxes. So, I'm still working the
mechanics of that, still trying to flush through
how all of that works. Because my first look at
it, when I looked at that and saw that LOB drop
and I thought, well, if I'm going to keep my LOB
where I need it to be at our 30 percent, I'm
either going to have to raise property taxes or
put all of the capital outlay money and the -- and
the hold harmless into the LOB in some way to keep that level up.

The other thing, too, that I don't -- whether people have thought about, is when your LOB legal max budget drops, your state aid drops because it's a calculation there. So unless I keep that up high enough, then I'm going to lose even a little bit more perhaps. Like I said, I haven't worked all the mechanics on that and what that's going to actually look like when we get down to the end of it.

Pardon me, I have a cold. And just, you've got the written testimony that is here, but -- and again, I'd like to say thank you for spending the time to try and find a solution to this problem. We -- we are -- we are -- with everybody else, we want to work together with the legislature to find the best way to make all of this happen. Perhaps this is it, perhaps not, but as we read it, as we look at this, we don't think this will be a viable way for us to do this.

But again, I appreciate this. I understand the legislative process is a process and we are working through that and I appreciate your efforts. I stand for questions.
CHAIRMAN MASTERNSON: Thank you for coming in, especially consideration you're not feeling 100 percent. Questions for Mr. Freeman?

Senator Denning.

SENATOR DENNING: Thank you, Mr. Chairman.

When we passed out Senate Bill 7 and we had consistent funding for two years, did you start working on basically a two-year budget --

MR. FREEMAN: Yes.

SENATOR DENNING: -- back then.

MR. FREEMAN: Yes.

SENATOR DENNING: Were you contemplating any teacher layoffs because of that steady funding a year ago?

MR. FREEMAN: Not in the first year. In this year of it I think we are going to be looking at teacher layoffs. And what we did last year, because of when it came out, how late it was coming out, we really didn't have time to respond on the staffing side of it, so we used contingency reserve funds to fill a hole and we did some other things within the budget, which is kind of normal practice, but we used about $3,000,000 of our contingency reserve to balance the budget. And I
told the board at that time that we weren't going
to be able to do that again next year; we would
probably have to look at staffing reductions in
some fashion.

And as everybody else, every other school
district in the state, we are always looking for
efficiencies and that sort of thing. So we look
within our budget to see what we can reduce to
minimize that staffing reduction. But it looks
like this year we're not going to make it without
having to reduce some sort of staff.

SENATOR DENNING: So your peer schools
appear to be able to accomplish that without any
staff reductions, but you're planning on actual
staff reductions?

MR. FREEMAN: Well, we're looking at
those options right now. As a matter of fact, I
met with the board this Monday, and we have a lot
of options out on the table and we have a lot of
reductions in the budget that are non-personnel.
We have some personnel items too, it just depends
on the direction the board wants us to go.

SENATOR DENNING: And, then, Mr. Freeman,
were you involved in the school district when we
passed the original formula that we sunset last
year, the one that was in place? Were you around
at that point in time?

MR. FREEMAN: I was -- this is my third
year in Wichita public schools, but I have been in
the Kansas schools since the nineties, so --

SENIATOR DENNING: So you remember when
this body passed the original formula?

MR. FREEMAN: Uh-huh.

SENIATOR DENNING: So during testimony
this summer on the special K-12 Committee, the
reason why that formula was funded in the first
place is that they put a .1 percent cap on KPERS.
So, that was to only fund KPERS at a maximum of
$4,000,000 over the prior year. So the formula
never would have even gotten launched without that
maneuver. So, to put it into perspective, we fund
KPERS 10 times the amount trying to catch up from
the damage that was done from that maneuver, and
we have a long ways to go. But, you're well aware
of the budget situation and I think you're asking
this body to come up with additional funding and
there is -- the state that we're in right now,
there is no additional funding available unless we
would do the similar maneuver, that is to say put
a cap on KPERS, fund it at one-tenth of what it
should be, which was the prior approach. Is that something that you would support?

MR. FREEMAN: Well, no, I don't think so, because that just serves to move us backwards. And that's why I said, I appreciate the dilemma that you have, but I guess I have to characterize it this way: When I look at my budget, I have a set revenue amount. Okay? I have no way to adjust that revenue amount. So I build my budget based on revenue to start with. So whatever the legislature decides they can appropriate for me is what I use. When you're balancing the state budget, you have the revenue side of it to work with, too, and I'm not going to go anywhere down the path of suggesting anything there, but I don't have the ability to adjust my revenue side, where the legislature does to some extent.

Now, I know your limitations and I understand all of that, but I -- it is a dilemma. I just don't believe that 512 addresses everything that we need for it to address. That doesn't mean that it's unusable, but it just doesn't address quite what we need to arrive at this.

SENATOR DENNING: And Mr. Chairman, one more.
CHAIRMAN MASTERSON: I have one break announcement. The House had scheduled a hearing at 9:30. For those that are concerned about conflict and maybe conferring, they are going to open on a different hearing first. So, we should have about 20 to 30 minutes and we'll try to get that accomplished so there is no conflict. We'd like you all to be present for both.

Senator Denning.

SENATOR DENNING: Thank you, Mr. Chairman. This will be my last comment.

I have been working with the school districts on healthcare costs because of the A&M study. Obviously, they're all over the place and I think there was a slide that was presented at some meeting that shows yours as being a big outlier and we sorted that out yesterday. The bottom line is, because you pay for almost 100 percent of the healthcare costs of your employees, that is to say the employee, the family and the spouse, that your costs are about $2,000 per employee higher than your peer, which is about 25 percent. So, if you take that 25 percent and just lay it on top of your total spend, it's about $15,000,000 higher. Would there be something that you could do there

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to help your budget issue?

MR. FREEMAN: As a matter of fact, we --
that is one of the -- one of the things we are
looking at. And we knew several years ago that we
were headed towards having to change our plan and
make some changes in that. But years ago the
teachers preferred that we keep money going into
the health plan rather than their salaries. So
that $15,000,000 that you are talking about, and I
don't have a calculator so I'll just use your
number, had it not been in the health insurance
plan probably would have been in the teacher
salaries. That was a choice that they made
through negotiations.

So, but to answer your question directly, one
of our big cost drivers for next year that we have
to address is that health care issue and we will
be changing that plan and looking at different
things and perhaps starting to charge for
premums. I don't know at this point, they'll
have to go through negotiations, but it's
something we are looking at.

SENATOR DENNING: Mr. Chairman, I guess I
didn't tell you the truth. I have one more
question that just popped in my head.
But if the Cadillac tax stays intact in any fashion, you'll have to address that because you are right in the cross-hairs of that.

MR. FREEMAN: Right, Exactly. Well, one of the things about our plan, too, that's a little bit different. When you look at our plan, the dental insurance is all included in that, as well. So one of the first things we are going to do is carve out the dental side of it. So that will bring the actual health care plan down and give us a few more years on that before we hit that Cadillac tax. That's another plan we are looking at.

SENATOR DENNING: Thank you, Mr. Chairman.

CHAIRMAN MASTERS: There was a recent article about some of the proposals the district had on deficiencies and cuts. I didn't see that in the list, what Senator Denning mentioned, changing what was somewhat an extraordinary lucrative benefit down to what would just be a normal benefit. That wasn't listed. It seemed to me the things listed in the paper were much more painful options.

MR. FREEMAN: And, well, part of that is
because what you saw most recently -- I was just
talking about the cuts. A couple of board
meetings before that we talked about the health
insurance plan and some of the options that we had
at that time. We got those over on the cost
increase side and are trying to address those. So
we have been talking about it, but we have some
negotiation issues that go along with that. So we
don't have resolution of that yet, but we have a
couple of different options that that will take a
look at that. So it is being addressed.

CHAIRMAN MASTERSON: Another comment that
struck me is your comment that you had no control
on your revenue side at the local level. Are you
30 or 33 percent?

MR. FREEMAN: 30.

CHAIRMAN MASTERSON: So you could move to
33 percent?

MR. FREEMAN: Yeah.

CHAIRMAN MASTERSON: So there is some --
MR. FREEMAN: There would be, yes.

CHAIRMAN MASTERSON: Also, it struck me,
in information provided by the Kansas Association
of School Boards, that Kansas actually is a high
contributor compared to the states -- state
contribution to schools, the Federal IS
comparative was very low. Do you have a similar
effort going at the federal level? Have you taken
any legal action with the Federal government or
done anything to draw down the portion of that pie
that appears to believe lacking?

MR. FREEMAN: We would not be taking any
legal action. We -- since we house our own
special ed department, we actually draw federal
money directly, Title VI (B) money directly, and
we have done things within our budget to maximize
that draw-down there. But, but other than that,
we haven't taken any other action.

CHAIRMAN MASTERNSON: Have you seen the
data from KASB on that proportion that goes to our
educational system which is local, state and
federal? They broke it down in comparative states
and the state is comparatively high. Locals was
similar and I think a little lower than our
competitive states or comparison states, and the
Federal significantly lower, but it strikes me
that we are focusing on that entity which is
already the largest giver to expand.

MR. FREEMAN: I think I have seen that
data, but I haven't really researched it. I don't
have any detail on it.

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

MR. FREEMAN: Well, I think the two are
certainly tied together, but -- and that's why I
said from the onset I understand what you're doing
to balance the equity, and -- but our position is
that rather than equalizing down, we need to
equalize up.

CHAIRMAN MASTERSON: Further questions?
Senator Melcher.

SENATOR MELCHER: Thank you, Mr.
Chairman.

I'm actually astounded to learn that anybody
would be funding health benefits near 100 percent
for individual and family. I don't know how one
could ever agree to some terms like that, but
that's kind of an aside the point of my question,
which is there was reference was made to laying
off teachers. Does that include layoff of
administrative staff and what's the -- what would
be the ratio of teacher layoffs compared to
administrative layoffs?

MR. FREEMAN: Well, first of all, we haven't made any decisions yet at all. We've just laid out some options to the board about what that might look like. Yes, it does include administrative staff, as well as teaching staff. But most of the things that are on the list are support staff that have teacher contracts that are support staff, those types of things. There is very little classroom teacher options in here. And we've got a pretty good size of hole to fill. We are going to do a big chunk of it through the non-personnel side, but we think there probably will have to be some staff layoffs. And the position the board has always taken in the past is to try and keep those cuts as far away from the classroom as they can, and I'm sure they will continue to do that. I can't really give you a number because we are just looking at some options and proposals. I don't have any solid numbers on what our recommendations will be yet.

SENATOR MELCHER: It sounds maybe some layoffs are in the future for your district, but would you be inclined to skew more of those layoffs on the administrative side or the side
that goes into the classrooms?

MR. FREEMAN: Well, we have to look at still being able to do the work. Since 2008-9, we've -- we've dropped our central administration, this would be the district level staff, administrative staff has dropped by about 20 percent, while our teachers over that same time period has actually come up about 6 percent. So we have already been pulling back on that administrative side through over the last five years. So we don't have a lot of room to go in that, but there are some administrator staff in there.

But in terms of FTE that we might be dropping, I can't tell you what that might be at this point because there will probably about some administrators involved in there.

SENATOR MELCHER: Because I looked at your per pupil funding. It was high, similar to Kansas City, and actually I think yours may be higher. It sounds like you probably have quite a bit of room to go.

MR. FREEMAN: Well again, we have some of the same issues that Kansas City does in terms of demographics of students that we have. We are 70,
75 percent free and reduced, we have 34 percent Hispanic/English second language people. We have 90 languages in our district. So we have a lot of special needs, I guess, special academic needs. So the funding level provides support. We've got classroom -- our class sizes aren't near as high as Kansas City is, fortunately, but we do provide a lot of additional support in the buildings and in the classrooms, either through instruction support, people we put in there, paras or just extra staff that helps with those various programs. We have a pretty good sized bilingual programmed. It's staffed and supports all of those classes that need that support. So that's generally why some of those expenses get a little bit higher that way is because of the needs that are actually in the classrooms.

SENATOR MELCHER: I would think with such a high Hispanic population, I think you said, one would think you would achieve some level of economies of scale because you have so many that you would be able to achieve those, where maybe a district that has a much smaller component would have to have probably more people on a per capita basis just because they aren't able to achieve
those economies. So I think that doesn't necessarily work against you, but thank you for your comments.

MR. FREEMAN: Certainly.

CHAIRMAN MASTERSON: Actually, a final question. Assuming 515 were to fail and no conclusion would come, do you think it's an appropriate action to close the schools over a disagreement of less than 1 percent of the distribution.

MR. FREEMAN: No, sir, I don't. I really don't.

CHAIRMAN MASTERSON: Thank you. Thank you, Jim. I only had the two listed opponents. I don't have any written opposition. I do have one final neutral conferee, and then I will ask if there is anyone else present wishing to speak.

My neutral is Mr. Trabert.

MR. TRABERT: Good morning, Mr. Chairman, members of the committee. For the record, my name is Dave Trabert. I'm President of the Kansas Policy Institute.

I want to also thank the committee for the hard work on this bill and other bills. There has been an, obviously, a very strong effort to try to
resolve this issue and avoid the unnecessarily
closure of schools over a half a percent of
funding, which, frankly, I think is absurd.

But let me start by saying that we generally
concur with certainly concur -- with everything
that you heard from Mr. O'Neal -- excuse me, from
Mr. O'Neal, from Dr. Hinson, from Dr. White. I
won't bother reiterating a lot of that.

We are neutral on this bill for one reason:
It's not the only good way to resolve equity
without spending more money. That's clearly what
the Court said can be done. I won't reiterate the
reasons that Mr. O'Neal explained, but it is an
option. It's one of many options. You had a good
option last week. You had a good option last
year, frankly, in Senate bill 71. That's the only
reason that we are neutral. I want to also touch
on the fact, because adequacy has been raised here
several times by two of the opponents, that there
should be a concern about whether this would
create an adequacy issue, for several reasons.
First of all, the Supreme Court said adequacy is
first determined by whether or not schools are
meeting or exceeding the Rose capacities. Now, we
have school districts and the Department of
Education and the Kansas Association of School Boards all on record as saying that they don't know how to define or measure the Rose capacities. So it begs credulity to say that they don't know basically where home is but they don't have enough money to get there.

Further, their own records show that they have not spent all of the money that has been provided over the last 10 years. My testimony shows that $385,000,000 of aid that was provided between 2005 and 2015 to run schools has been used to increase cash reserves, clearly indicating that they didn't need that money to operate schools and, therefore, another reason it shouldn't create an adequacy issue.

They are also on record testifying that they choose to operate inefficiently and be organized inefficiently. In fact, there -- just this legislative session school districts have and unions have opposed every single legislative effort to try to reduce the costs for school districts, whether it be for procurement or other reasons, that would allow more money to be used in classrooms. So we think there is ample reason to not be concerned about the adequacy issue.
There is one new thing in my testimony that I wanted to point out from last time, and that's in response to a -- and this is just a very partial, it's not a full response to a school district -- Kansas Association of School District claim that no state spends more -- or spends less and gets more. I just went through the, you know, the Cadillac gold standard of student achievement, the National Assessment of Educational Progress. If you look at page 4 of your testimony, there is a table there that shows the fourth grade and eighth grade reading and math scores for low income kids and not low income kids. And what you see is that of those 16 measures -- I'm sorry, of the eight measures, Florida -- we're comparing Kansas, Texas and Florida. And I think Texas and Florida because they spend significantly less per pupil than Kansas does. Kansas -- and this is 2013 census spending. It's on a head count basis, so it's not going to be the same per pupil number you would see in KSDE's numbers because they use an FTE. But in 2013 census data, Kansas spent $11,496 per pupil. Texas spent $10,313 per pupil. Florida spent $9,420 per pupil. Now, if you go down through the scores, you see that of the eight
scores here, Florida wins on four of them, Texas wins on three of them, Kansas wins on one. If you do a composite of all eight scores, you find that Florida would be, of these three states, would be in first place, Texas would be in second place and Kansas would be in third place.

Completely the opposite of what the school board association would like to have you hear. Because this -- there is ample evidence, and we can spend all day on this, frankly, demonstrating that just spending more does not do anything to change achievements. Money matters, certainly, but it's how many is spent that matters, not how much money is spent.

Now, I'd like to also address a couple of the comments that were made here by the opponents. You know, I'm a -- as you probably know, a bit of a math geek. My -- I think my favorite high school teacher in a public school, by the way, was Miss Clara Siedler (spelled phonetically). She was a strict by-the-book teacher, no nonsense. And that was back in the days when you could make your feelings clear known to students as a teacher. She held no truck with nonsense, with someone trying to pull her leg on something.
So, for example, Miss Siedler, when you -- the question was asked to clarify by Dr. Lane, did you get less money? Now, she tried not to answer the question. She eventually said no, we got less money, but Miss Siedler would call foul on that. Let me read you the state aid from the Kansas -- or Kansas Department of Education. This is the state dollar aid in 2009. It was -- I will just round it, 168,000,000. Now, in 2010, because of the recession, the state aid did go down to 149,000,000. What she didn't tell you is that it was almost all replaced by federal dollars. You had money from the feds that you could use to backfill. That was the whole purpose. So while you saw a $19,000,000 decline in state aid, you also saw a $13,000,000 increase in federal aid. So it was almost held harmless. The next year state aid went from 149 to 156 million, and then it went to 167 million -- we are in 2012 now. Then it went to 169 million, then it went to 178 million, and last year it was 205 million. So Miss Siedler would call foul on the claim that the Kansas City School District got less money.

Now, they have their own way of trying to get to that, and it's more of a matter of we didn't
get as much as we want and so we are going to call
that a cut. That's not a cut. It's getting --
they actually got more money. I'd also point to
part of the testimony from Dr. Lane, Miss Siedler
would say the transitive property doesn't apply
here. And what she would actually say is what Dr.
Lane implied, the policy that she is using here is
called logical fallacy. The transitive poverty
had nothing to do. She's trying to make a case
that was clearly outlined here. It was outlined
here on Monday. It was outlined here again
earlier by Mr. O'Neal. The Court did not say that
equity was a matter of not enough money, it was
that it was not distributed the way it should be.
She's trying to turn that into an adequacy issue
by applying the policy of logical fallacy. It
does not apply.

Now, let's also take a look at where she was
saying that there was basically a lack of
adequacy, that it's not enough money. So I would
direct you to another report. This is -- this is
on the Kansas opengov website and I would be happy
-- I will send you each a copy of this when we get
out of here. It's an online report.

Just for the record, according to the
financial statements for the Kansas City School District, over the last 10 years, keep in mind inflation was 21 percent, according to the Consumer Price Index for a Midwest urban city, and that's on a fiscal year basis. So we've matched inflation up to the school years. With 21 percent inflation, the Kansas City School District has increased their spending per pupil by 58 percent over that period. The Kansas City School District has seen a 60 percent increase in total aid per pupil. Their carryover cash -- remember we talked about some districts not even spending all of the money they receive. Their carryover cash in their operating funds, not capital, not debt, just their operating funds went up 136 percent. They took roughly $35,000,000 of the money they were given to operate schools and put it in the bank.

They talk about not having enough teachers and aides and so forth, but amazingly the Kansas City School District, over a 10-year period, which had a 7 percent increase, not even a 1 percent gain in enrollment each year, a 7 percent increase in enrollment over 10 years, they increased their staff by 24 percent, three times the amount of enrollment.
They have a very large administrative footprint. They have 125 students -- in 2015, 125 students per manager. Now, manager includes superintendents, assistant superintendents, anybody with a director title, a principal, an assistant principal, an assistant superintendent, anybody who is a curriculum specialist or instruction coordinator, they have 125 students per manager.

You heard from Doctor Hinson this morning who has made some real efforts to try to make his district more efficient. Last year he had 215 students per manager. Now, I know everybody says my district is different. And when I was running private sector companies, every time I would go in I heard the same thing: Well, we are different. There might be some differences, some nuances, but the basic management structures and administrative principles still apply. And in every single case you can find things where we are different turns out to be an excuse for and translated to we don't want to change. That's what I found in every case.

I'd also address some of the comments made by the other opponent from Wichita. The -- they
presented you with a lot of false choices. Everything tends to be laid out in terms of, well, if this happens, then that must happen. Or if you do this, then we must do that; you're forcing us to do those things. Those are false choices. The list of changes that they outlined at their school board meeting on Monday night, quite frankly, put kids and teachers at the top of the target list. That's -- and that's pretty common. That's, obviously, what gets communities outraged. That's what gets teachers outraged and puts pressure on citizens to put pressure on you to tax somebody else more so they don't have to change.

Administrative, he, Mr. Freeman said that they've cut their district staff by 20 percent. That's like saying I have 20 percent fewer nickels in my pocket, but I'm not going to tell you that I have a lot more dimes and quarters in that same pocket because district staff is only one tiny component of the administrative footprint for a school district. In fact, they have increased the number of managers that they've had. They had -- and in this past year, the current year, 2016, they added 37 more managers. They have more managers than they have in history. They -- they
maybe did -- they maybe did take a couple of
nickels out of this pocket, but they have put them
in the other pocket. They certainly have a lot
more coins and dollars, so --

CHAIRMAN MASTERSOHN: Mr. Trabert, I'm
running on time here and I think we are getting
somewhat off topic. I think the opponents, as
well. We are shifting to an adequacy deal. This
hearing is intended to be on 515.

MR. TRABERT: All right. I -- I would --
I'll just close there and be happy to stand for
questions at any point.

CHAIRMAN MASTERSOHN: Questions for Mr.
Trabert? Seeing none, thank you.

Is there anyone else present wishing to speak
to this bill, proponent, opponent or neutral? I
will note you would not be required to submit
written testimony because we are transcribing
every word.

Seeing none, I'm going to close the hearing
on 515. And I would note to those that are
interested, the House recessed their committee to,
I think, 9:55. That will let everybody get
postured, if you will, down there and ready to go.
So with nothing further, committee, we are
adjourned.

(THEREUPON, the hearing concluded at 9:53 a.m.)
CERTIFICATE

STATE OF KANSAS

SS:

COUNTY OF SHAWNEE

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

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

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

Lora J. Appino, C.C.R. No. 0602
Mills Required to Fund Non-State Portion of 25% Adopted LOB

*State aid attributable to hold harmless included in State portion for analysis purposes