<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Wealthiest 20%</td>
<td>14.659</td>
<td>14.832</td>
<td>13.733</td>
<td>15.510</td>
</tr>
<tr>
<td>20%</td>
<td>22.160</td>
<td>20.802</td>
<td>20.673</td>
<td>20.125</td>
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<tr>
<td>Middle 20%</td>
<td>22.879</td>
<td>20.923</td>
<td>19.610</td>
<td>19.734</td>
</tr>
<tr>
<td>20%</td>
<td>23.169</td>
<td>18.238</td>
<td>18.213</td>
<td>17.999</td>
</tr>
<tr>
<td>Poorest 20%</td>
<td>30.514</td>
<td>19.058</td>
<td>19.190</td>
<td>18.658</td>
</tr>
</tbody>
</table>

Difference Between Poorest 20% and Wealthiest 20%:

- 2013-14: 15.855
- 2014-15: 4.225
- 2015-16: 5.456
- 2016-17 Est.: 3.148
Testimony before Senate Ways & Means Committee  
SB 515 - K-12 Equalization response  
Mike O’Neal, Kansas Chamber CEO  
March 23, 2016  
Testimony in support

Mr. Chairman and members of the Committee

On behalf of the Kansas Chamber, I appreciate the opportunity to appear in support of SB 515, a legislative response to the Court’s latest equity decision in Gannon. The Kansas Chamber has a strong Board approved Education agenda for 2016 that includes a call for increasing the quality of education for tomorrow’s workforce and the efficient use of tax dollars through policies that:

- Support a suitable school finance system for K-12 education that ensures taxpayer dollars are adequately and efficiently invested toward instruction in order to provide students and teachers with the resources needed to fulfill the mission of the Department of Education.

The necessity for this legislation derives solely from the Kansas Supreme Court’s Feb. 11, 2016 ruling on the equity phase of the pending Gannon school finance litigation and the Court’s less than subtle threat of court-ordered school closure if its articulated equity concerns were not addressed by June 30, 2016. The Court has essentially bifurcated the case and is dealing with the “equity” phase first and the “adequacy” phase later. While this is certainly the Court’s prerogative, and can be dealt with separately, our interpretation of the Legislature’s responsibility, as determined by the Court in recent school finance litigation, is to make suitable provision for the finance of the educational interests of the state. Once it is determined what resources will be provided to that end, it is then the responsibility of the Legislature to allocate or otherwise see to it that the resources are allocated in a manner that is equitable, i.e., such that school districts have reasonably equal access to substantially similar educational opportunity through similar tax effort. With the question of “adequacy” still to be determined, a response to the Court’s equity decision appears to put the proverbial “cart before the horse”.

* * * * * * * * * * * * * * * * * * * * * * * * * * * * *

"...to continually strive to improve the economic climate for the benefit of every business and citizen and to safeguard our system of free, competitive enterprise".
That said, an equity response is due and we applaud this Committee’s effort to make a good faith effort to divine from the Court’s opinion an acceptable response on the equity phase such that the threat of school closure is averted. (Regarding school closure we would refer the Committee to KSA 2015 Supp. 72-64b03(d) which prohibits such school closures) As an elected body that works closely with its respective constituents, it is prudent to take the steps this Committee has taken to reduce risk to Kansas taxpayers, families and children who, as the Court has previously held, have a constitutional right to a public education. One way or another, schools must remain open in the fall.

It is also prudent to take steps to protect school districts and school children who were not parties to the litigation and/or who were not affected either way regarding the perceived equalization infirmity or who may have lost resources as a result of the Court’s suggestions regarding the prior equity formula. While it would appear to make no sense to threaten these schools with closure when they were not involved in this dispute, we applaud this Committee for taking steps to avoid the risk to these districts and their patrons.

Turning to the Court’s language in what we’ll call Gannon II, the Court, while appearing to state a preferred method of compliance, did acknowledge that the equalization infirmity “can be cured in a variety of ways – at the choice of the legislature.”

As to the Court’s implied preference, the Court noted: “One obvious way the legislature could comply with Article 6 would be to revive the relevant portions of the previous school funding system and fully fund them within the current block grant system.” Of significance is the fact that the Court is clearly open to continuation of the block grant system and with arriving at an equity response “within” the current block grant system.

A question was raised in the informational hearing about whether the Court will require new or additional funds. First, equity is not a math equation. It is, as the Court has stated: “School districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort.” In this regard, no witness who testified Monday before the joint Committee in response to questioning by legal counsel was able to articulate or knew of a metric for determining how this test is satisfied. This comes as no surprise since even the Court noted that: “We acknowledge there was no testimonial evidence that would have allowed the panel to assess relative educational opportunities statewide.”

The Court did, however, speak to the issue of funding. First, the Court acknowledged that: “equity does not require the legislature to provide equal funding for each student or school district.” The Court went on to say that the test of the funding scheme becomes a consideration of “whether it sufficiently reduces the unreasonable, wealth-based disparity so the disparity then becomes constitutionally acceptable, not whether the
cure necessarily restores funding to the prior levels." Finally, the Court made it clear that "need" is irrelevant. The Court held that "equity is not a needs-based determination. Rather, equity is triggered when the legislature bestows revenue-raising authority upon school districts through a source whose value varies widely from district to district, such as with the local option mill levy on property."

Given what the Court said in Gannon II, it would have been perfectly acceptable to resurrect the capital outlay and LOB equalization formulae pre-SB7 and redistribute current funding accordingly. While that would have created so-called "winners" and "losers", that is irrelevant to the Court since equity is equity and restoring prior funding is not required. Equity in its most basic form is illustrated by the example of sharing a bottle of pop with your kids. If you happen to pour more into one glass than another you equalize the glasses by pouring the contents of the one with more into the glass with less until they are equal. Equity does not require you to return to the refrigerator and open a new can. Unfortunately, the expectation with regard to school finance equalization has historically been that one is expected to always go back to the refrigerator for more, since a district that has been allocated funds now sees that as their entitlement. Any perceived reduction in an expectation is characterized as a "cut". The concept of sharing, which we learned in Kindergarten, has been lost, even though, as the Court has ruled, "equity" is the law.

When this Committee considered a proposal (SB 512) that would restore equalization to the presumably Court-preferred method, which created winners and losers, no district that would have benefitted showed up in support and no district that would have lost funds showed up in opposition. Only neutral testimony was received. It would be difficult to garner the votes necessary to pass such a measure and, notwithstanding a preferred course by the Court, passage of legislation by a majority of willing elected lawmakers would still be necessary.

Turning now to SB 515, the bill, in our opinion, is a satisfactory response to the Court, given the Court's own language and the bill's response. Re-allocation of funds utilizing an approved method of calculating equalization (capital outlay formula) is proposed, with no district losing funds thanks to hold harmless provisions. Funds are included to cover minor changes in calculations due to actions taken subsequent to passage, and KSDE is given the balance of funds to allocate, as needed, in a manner consistent with the Court's definition of "equity" and including the existing factors for approving additional funds for extraordinary needs.

As to the "hold harmless" provisions, testimony was presented to the Joint Committee Monday that these types or provisions are not uncommon and are part of the inherent nature of the political process by which school finance decisions are made. With regard to the KSDE provisions, given that the Legislature and this Committee are in session only part time, and

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given that the Legislature relies on KSDE for equalization calculations and other technical data related to whatever formula may be in place, including block grants, it makes sense to have KSDE handle the "extraordinary needs" fund allocations.

Finally, SB 515 provides what we've heard districts requesting: as much budget certainty as possible, one of the key advantages of the current block grant system. We urge the Committee's favorable consideration of SB 515.
Chairman Masterson and Members of the Committee:

Thank you for the opportunity to appear before you today as a proponent of SB 515. We are mindful of the challenge you are facing, as you seek an appropriate short-term solution that will allow us to continue our goal of offering a quality education to the students we serve.

We thank you for your hard work and the long hours you have spent on this legislation. We also want to thank you for listening to the concerns of those who have come before this committee previously, which is clearly demonstrated by providing that all districts will be held harmless and will not lose funding from their general operating budgets.

Further, we are grateful that you have honored the spirit of the CLASS Act, which was to provide budget certainty to school districts for two years while a new school finance formula is being developed.

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

We do appreciate the challenges you are facing and we continue to want to work with you to solve the K-12 challenges before us in a way that promotes the best outcomes for the students we serve.

We are happy to stand for any questions you may have at the appropriate time.

Presented by: Todd White, Incoming Superintendent
Tuesday, March 22, 2016

The Honorable Ty Masterson
Kansas Senator, District 16

The Honorable Steve Fitzgerald
Kansas Senator, District 5

Dear Senator Masterson and Senator Fitzgerald,

I just returned to my office after attending the hearing on Senate Bill 515 this afternoon. I wanted to personally drop both of you a quick note and express my gratitude and appreciation for your efforts as well as the collective efforts of the Senate Ways and Means Committee members.

Based upon the manner in which Senate Bill 515 was crafted, the portion of the bill I appreciate the most is the fact that it has been structured in such a way that it holds all schools harmless from any potential future reductions in funding.

When compared to the other bills and potential options that have been developed thus far during the current legislative session, Senate Bill 515 is the most advantageous for Kansas school districts.

Thank you again for your efforts.

Sincerely,

Daniel J. Brungardt

Superintendent of Schools
USD 204 Bonner Springs / Edwardsville

Superintendent – Dan Brungardt
Director of Business/Board Clerk – Eric Hansen

2200 S. 138th St.  P.O. Box 435  Bonner Springs, KS 66012-0435
Phone: (913) 422-5600  Fax: (913) 422-4193  www.usd204.net
March 23, 2016

Senate Ways and Means Committee

Senate Bill 515

Chairman Masterson and Members of the Committee,

I am Dr. Jim Hinson, Superintendent of the Shawnee Mission School District in Johnson County. I appear as a proponent on Senate Bill 515. This bill appears to be one of the few solutions that has been proposed to the current school-funding situation that attempts to address the Court's demands and holds all districts harmless from loss.

The Shawnee Mission School District desire a solution to the short-term issues related to equity. In addition, we hope the Legislature is working toward addressing a long-term solution that will ultimately satisfy the Supreme Court with a new funding formula.

The bill as written funds the Shawnee Mission School District at a level we anticipated based on the block grants implement in House Substitute for Senate Bill 7 passed in 2015. Senate Bill 515 seems to satisfy the equity issue by funding a fully equalized formula related to LOB equalization. Rather than the prior LOB equalization formula, Senate Bill 515 uses the capital outlay equalization formula to fund LOB equalization. We are not plaintiffs in the current lawsuit but it appears fully funding this equalization formula addresses court concerns that there should either be no equalization or fully funded equalization to fulfill statutory obligations.

The equalization solution in Senate Bill 515 may disappoint some who glimpsed brief hope of a windfall by some earlier potential solutions. This bill, however, appears to satisfy exactly what the block grant intended: to provide budget stability and funding as expected for one more year while a school finance formula is written. We support Senate Bill 515 as a one-time, one-year solution to allow the Legislature time to draft a new formula. The principals of Senate Bill 515 based on a more uniform formula for equalization, however, may be valuable to include in a new formula.

I am happy to stand for questions at the appropriate time.
Senate Ways and Means Committee  
Testimony on SB 515

Dr. Cynthia Lane, superintendent  
March 23, 2016

My name is Dr. Cynthia Lane, and I have the privilege of serving as the superintendent of the Kansas City, Kansas Public Schools. I am here to testify in opposition to SB 515. This bill, which was printed yesterday afternoon, was ostensibly written to respond to the ruling of the Kansas Supreme Court on the Gannon v. State of Kansas school funding case. The Supreme Court found that SB 7 was unconstitutional, in that it did not meet the equity requirements of Article VI of the Kansas Constitution. The printout provided at the hearing on March 22 indicates that no district would receive less in Local Option Budget and Capitol Outlay equalization aid for FY 2017 than they received for the current fiscal year (a few districts benefited from the adjustments to the formula, and would collectively receive an additional $2 million.)

To me, one of the first mathematical properties that we teach our students in Algebra, the Transitive Property, applies directly to this bill: If SB 7 is unconstitutional, and SB 515 does the same thing as SB 7, then SB 515 MUST be unconstitutional as well. Perhaps more importantly, HB 515 does nothing to remedy the equity test put forth by the Court: “school districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort.” (Gannon, p.2) In fact, rather than remedying identified inequities, it creates the potential to widen the gap between property rich and property poor districts, by reducing equalization aid for LOB by $82.9 million.

I applaud the fact that this bill attempts to “hold harmless” districts, so that they do not receive less than last year. Doing what is right for the children in Kansas City, Kansas should not come at the expense of children elsewhere in the state, who also deserve schools that are equitably and adequately funded. In fact, the notion of holding districts harmless during a change in the school funding formula has been a practice in Kansas for the past 20 years. However, in the past, the idea of “holding districts harmless” was only used AFTER legislation had been developed to remedy an identified deficiency in the formula. This bill, rather than fixing identified problems in SB 7, simply changes the formula in order to spend the amount of money the legislature is willing to spend, with no regard to the needs of individual students or districts. In doing so, it exacerbates the deficiencies contained in SB 7, which was found unconstitutional by the Shawnee District Court.

I recognize the difficult situation that this committee finds itself in. Creating equity in school finance will require additional resources, and finding those resources at a time when the state is missing already significantly lowered revenue projections is incredibly challenging. However, equity is the right thing to do for children, for families, for communities, and for the future of this state, and I would implore you to have the courage to recognize education’s role as the primary economic driver of this state, and to fund it accordingly.
Regarding SB 515

Chairman Masterson and members of the Committee:

Thank you for the opportunity to provide input on the issue before us to remedy equity. You have a significant challenge which is intensified by the challenges facing the State General Fund.

We know you are working to find a solution which meets the Court's test and does not close schools. I thank you for your efforts.

However we respectfully believe this plan – found in both Senate Bill 515 and House Bill 2740 – does not address the equity issue on two fronts:

- addresses Fiscal Year 17 only and not Fiscal Years 15 and 16;
- it is a redistribution of funds, without new funding, school are in essence self-funding this plan.

We believe the Gannon decision is clear in its finding that equity state aid was inadequate in fiscal years 2015 and forward. To quote from the Revisor of Statutes memo dated February 11, 2016:

“The Court held that the State failed to show sufficient evidence that it complied with the Court’s prior equity orders set forth in Gannon I and found that the amended supplemental general state aid and capital outlay state aid formulas failed to cure the unconstitutional wealth-based disparities in fiscal year 2015. The court also held that because SB 7 froze such inequities for fiscal years 2016 and 2017, such unconstitutional inequities carry forward in those years.”

The inequity Senate Bill 7, the Block Grant bill, froze into place the FY 15 inequity and carried it forward. State aid proration has negatively impacted property taxes and operations. For the Wichita Public Schools the state aid loss is over -$26.3 million:

\[
\text{LOB proration FY 15} - $5.1m \times 3 = -$15.3m \\
\text{Capital outlay aid: FY 15} - $3.1m + \text{FY 16} - $3.4 + \text{FY 17} - $4.5m = -$11m \\
\text{Total state aid proration under SB 7, the Block Grant:} \quad -$26.3 \text{ million}
\]

This is what we seek to remedy. The bill before us today does not solve the inequity, the loss of $26 million for the Wichita Public Schools, frozen in by the Block Grant.
We always appreciate efforts to hold districts harmless, but in my memory first funding has added funding and then hold harmless provisions have been applied to protect the outliers. The hold harmless provision in this bill is a redistribution of funds without new funding.

Hold harmless provision in SB 515 uses SB 7 funding as the base, which was found unconstitutional and is the reason we are here today. The bill redefines equalization to equal the current dollars being spent. Therefore with no new money and district’s will still be held at an unconstitutional level. SB 515 does not solve the issue at hand: equity.

The bill changes the LOB state aid calculation to the capital outlay formula which will provide less equalization aid to districts. The LOB is a key component of our current finance formula and we want to maintain that support for our schools. We do not support changing the LOB equalization formula.

Local Option Budget equalization is a key component in providing resources for schools, and we do not support changing the state aid formula. The Local Option Budget is a significant funding component for districts. Wichita is at the 30% lid, some districts are at the 33% max and some are lower. Statewide the LOB mill levy is 19 mills; total average mill levy is 56 statewide. LOB Equalization is on a significant portion of the total mill levy, compared to the 8 mills for capital outlay. The Local Option Budget supports classrooms and schools and should not be reduced.

Equity is the measure which allows the property poor district to provide similar services compared to wealthier districts. We believe equity is fundamental to providing educational opportunities to Kansas students regardless of their zip code.

Mr. Chairman – we do appreciate your efforts and we are all seeking solutions which will keep school doors open. However we do not support this bill which redefines equalization to equal current dollars; nor does it provide additional funding for districts harmed under the Block Grant. Thank you for your work and diligence on these issues. We understand the legislative process is a process and appreciate your efforts to find solutions.
Testimony to Senate Ways & Means Committee  
SB 515 School Funding Equalization  
March 23, 2016  
Dave Trabert, President

Chairman Masterson and members of the Committee,

We appreciate this opportunity to present neutral testimony on SB 515. We're pleased to see the Legislature proactively responding to the Supreme Court ruling on equity in a manner that doesn't increase total funding; our testimony is neutral only because this is but one method of satisfying equity without spending additional money.

As noted in the attached article we published, the Court reaffirmed that constitutional infirmities "can be cured in a variety of ways—at the choice of the legislature" with the proviso that any adjusted funding must also meet a separate test of adequacy - i.e., whether districts are receiving 'enough.’ We believe SB 71 introduced last year would be another appropriate response to the Court, whether as written - which would reduce LOB equity by $3.3 million - or some modification that would spend the same amount.

The Court noted that spending less than would be provided by fully funding the old equity formula could create an 'adequacy' issue, but we believe there is ample evidence that SB 515 or SB 71 would still provide more than adequate funding.

First of all, the Court upheld what we have constantly maintained - education is about outcomes rather than money. They specifically said "...total spending is not the touchstone for determining adequacy."

Instead, the Court says adequacy "...is met when the public education financing system provided by the legislature for grades K-12—through structure and implementation—is reasonably calculated to have all Kansas public education students meet or exceed the standards set out in Rose and presently codified in K.S.A. 2013 Supp. 72-1127. This test necessarily rejects a legislature's failure to consider actual costs as the litmus test for adjudging compliance with the mandates of Article 6. For example, even if a legislature had not considered actual costs, a constitutionally adequate education nevertheless could have been provided —albeit perhaps accidentally or for worthy non-cost-based reasons."

Since school districts admit that they can neither define nor measure the Rose capacities, they have no legal basis for claiming to lack adequate funding to achieve the Rose capacities. This fact alone could be sufficient grounds for dismissal of schools’ claims, but there is more.
Schools and their taxpayer-funded lawyers base their adequacy claims on Montoy, which relied on the findings of an Augenblick & Myers cost study recommending specific funding levels. However, the Gannon Supreme Court rejected the lower court’s reliance on that, saying “.... actual costs from studies are more akin to estimates than the certainties the panel suggested.”

In distancing itself from the A&M cost study, the Court also said, “.... the strength of these initial statements was later diluted by our primary focus on cost estimates—a focus that evolved in the Montoy litigation because of how the issues were presented to us by the district court and due to the remedial nature of some of our decisions.” The A&M cost study was presented as rock-solid evidence in Montoy but later, then-KPI scholar Caleb Stegall (now Supreme Court Justice Stegall) discovered that A&M had deviated from its own methodology so as to produce deliberately inflated numbers.

We further know that the funding provided under Montoy, which is the basis for school claims of inadequate funding, is more than schools actually need because they haven’t needed to spend it all. The $385 million increase in districts’ operating cash reserves over the last ten years comes from state and local funding that wasn’t spent—and that’s in addition to the $468 million accumulated through 2005.

Refuting KASB school funding claims

Last week the Kansas Association of School Boards (KASB) raised several adequacy issues in testimony on the House effort to resolve equity in HB 2731 and SB 512, so we offer the following thoughts in anticipation that the same claims will be made here today.

KASB implied that school funding is not adequate because it hasn’t kept up with the change in personal income growth, but that is a claim of entitlement, not adequacy. The Constitution does not say that adequacy is a percentage of personal income or any particular dollar amount. Indeed, if personal income declined for an extended period of time, it is unlikely that the Court or school districts would find a commensurate reduction in school funding to be acceptable and adequate.

As a matter of fact, school districts sued taxpayers for more money in November 2010 after Governor Parkinson reduced funding as a result of a recession. Personal income declined but schools didn’t accept that as an excuse to reduce funding.
That said, school funding continues to run ahead of personal income growth, whether measured in its entirety or against the personal income components that are available to pay taxes.

School funding (adjusted upward for KPERS prior to 2005) increased by 188.7 percent between 1990 and 2014 (the last year for which annual Personal Income data is available) while Personal Income increased 185.4 percent.

However, Personal Income includes components that are not available to pay taxes, such as employer payments to retirement plans, health insurance and payroll taxes. Measuring school funding against Wages & Salaries, Proprietors’ Income, Dividends, Interest, Rent less employee-paid payroll taxes shows an even wider gap from school funding.

Personal income available to pay taxes increased 175.8 percent, or about 13 percentage points less than school funding.

Not that that matters from an adequacy viewpoint, but to demonstrate that the KASB claim simply doesn’t stand up to scrutiny.

Inflation, on the other hand, is a legitimate consideration and here we see that per-pupil funding has far outpaced inflation over the course of the old school funding system. Had funding been increased for inflation since 1992, funding would have been $1.88 billion less in 2015.

School funding also set another new record in 2015, at $13,224 per pupil. Even with every dollar of KPERS removed, funding still would have set a record last year, and if non-KPERS funding had been increased for inflation each year, it would have been $1.64 billion less.
Additional articles are attached that refute KASB claims on the correlation between spending and achievement and the levels of student achievement in Kansas. As for KASH's claim that no state spends less and achieves more, an honest review of the data shows that at least Texas and Florida spend considerably less but get slightly better results on the National Assessment of Educational Progress. Florida leads wins half of the eight measurements, Texas wins three and Kansas wins one. Florida has the highest composite score, Texas comes in second and Kansas is slightly behind Texas.

We'd be happy to work through the remainder of their claims at your convenience, as shown in the attached articles.

### Conclusion

The equity issue must be resolved and we encourage the Legislature to do so without spending additional money, as the Court does not require more funding to satisfy equity and a large body of evidence shows that more money is not needed.

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2. Ibid, page 76.
3. Ibid
4. Ibid, page 75.
Nationwide Report on Education Provides Evidence that Kansas Students Perform Poorly in a Nation of Mediocre Achievement

January 18, 2016

Education Week has released its 20th annual edition of Quality Counts, a report card that provides an overall letter grade for each state’s education system. Kansas earned a C, with an overall score of 73.9 – slightly lower than the national average of 74.4 (also a C).

Quality Counts employs three indicators to establish an overall grade. Kansas earned a B- in the category called Chance for Success, defined as providing “a cradle-to-career perspective on the role that education plays in promoting positive outcomes throughout a person’s life.” For the School Finance indicator, Kansas earned a C. Unfortunately, Kansas’ worst indicator is in K-12 Achievement, a category in which the state earned a D.

K-12 Achievement

The achievement category is an amalgamation of 18 outcome measures that include (1) NAEP scores, (2) graduation rates and (3) performance in high school advanced placement classes. The report uses detailed NAEP data, including proficiency rates, achievement gains, poverty gaps and excellence achievement. It is of note that Quality Counts does NOT consider a score in the “Basic” category an achievement, which is the same way KPI
reports NAEP data. Here are a few lowlights regarding Kansas and the NAEP achievement gap data in the report:

- Only Oregon, Washington and the District of Columbia had a larger increase in the 4th grade achievement gap than the Kansas gap increase of 6.8%.
- While 31 states actually reduced the achievement gap in either 4th grade, 8th grade or both, Kansas had an increase in the achievement gap in both grades.
- Overall, the nation decreased the achievement gap by 0.4% for 4th graders and 0.6% for 8th graders.
- But the most alarming stat is the revelation that Kansas is the ONLY state in which NAEP math scores for both 4th and 8th graders are lower in 2015 than they were in 2003.

Ouch.

And for those who want to blame it on some bogus claim that it all has to do with spending, consider this: data used by Quality Counts ranks Kansas 15th in spending and 41st in achievement.

Achievement & Spending

It is often argued, especially by education establishment groups in Kansas, that there is a high correlation between spending on education and achievement. That supposition is not supported by the data used in Quality Counts. The scatter-plot below is a graphic display of combining the composite achievement score with the percentage of total taxable resources states spend on education. The scatter-plot of the 50 states shows a virtual flat trend line, indicating almost no correlation between the two. The R2 value, which is a numeric representation of how close each plotted point is to the trend line, of 0.06 falls far short of even being considered a “weak” correlation. Furthermore, the single outlier on the graph, Vermont (the only state that spends more than 5% of its total taxable resources on education), drives most of the incline of the trend line. If Vermont is removed, the R2 value is 0.02. Another interesting note is that the highest achieving state (Massachusetts) spends a lower percentage of their taxable resources than the lowest achieving state (Mississippi).

The results of this report strengthens two fundamental propositions of Kansas Policy Institute regarding education: (1) that Kansas is doing about average in a nation that under-performs and (2) there is no correlation between spending and achievement.
No correlation between spending and achievement

November 16, 2015

The Kansas Association of School Boards produced a report recently which some are saying proves that spending more money leads to better outcomes, but even KASB says that is a misinterpretation. I asked Mark Tallman of KASB if that was the case and he replied, "I specially [sic] said to the group of legislators we invited to lunch that we do NOT claim this report "proves" spending "causes" outcomes changes."

Mr. Tallman went on to explain that "...the data indicates that higher spending over time is more often than not a "predictor" of higher NAEP scores, and usually has a positive correlation with higher results. We do not say that correlation proves causation."

Our review of the data says otherwise, as does that of many other respected school funding experts including Dr. Eric Hanushek of the Hoover Institution at Stanford University, who says, "...the outcomes observed over the past half century – no matter how massaged – do not suggest that just throwing money at schools is likely to be a policy that solves the significant U.S. schooling problems seen in the levels and distribution of outcomes. We really cannot get around the necessity of focusing on how money is spent on schools."

Bi-variate analysis

The KASB report takes only two variables into account – spending and achievement. It’s called a bivariate analysis (two variables), which doesn’t allow for meaningful conclusions. Dr. Benjamin Scafidi, Director of the Education Economics Center at Kennesaw State University, says, "...they do not control for the many other factors that impact student achievement. Social scientists do not put much stock into bivariate relationships like the KASB [example] below." Dr. Scafidi’s remarks were directed at the 2013 KASB report that also only looked at changes in spending and achievement.

One such factor ignored by KASB is the impact of Common Core. When Kansas’ NAEP scores dipped in 2013, the Kansas Department of Education told legislators that they couldn’t identify a particular reason but did note that the transition from previous teaching methods to Common Core may have been a factor. They again honed in on the transition to Common Core to explain the 2015 NAEP decline to legislators this month. KSDE did not blame funding in 2013 or 2015.

Data refutes notion that spending predicts outcomes

This table lists 8 bi-annual changes in proficiency measurements for each of the last 6 NAEP reports, for a total of 48 total changes; proficiency levels for Low Income students and those who are Not Low Income are shown for two subjects (Reading and Math) for two grade levels (4th and 8th Grades). In the majority of comparative instances, changes in inflation-adjusted (real) spending did not correspond to changes in proficiency levels. That is,

1. In 31 of the 48 comparative instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED).
2. In 9 of the 48 comparative instances, the increase in proficiency levels was less than the increase in real spending (YELLOW).
3. In 8 of the 48 comparative instances, the increase in proficiency levels was greater than or equal to the increase in real spending (GREEN)
We performed the same analysis on changes in the national averages, although spending is only available through 2013, so there are only 40 comparative instances. Once again, spending is not a predictor of outcome changes; indeed, in 20 of those 40 instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED). Most notably, real spending declined in 2011 and 2013, but proficiency levels increased in all 8 measurements both years.

Our analysis is very straightforward; the changes in spending and every measurement of proficiency are examined separately. KASB based their findings on 8-year averages rather than individual years, which masks fluctuations by allowing gains to offset losses; the results are further skewed depending upon the starting point and length of the average. KASB also combines proficiency levels for 4th Grade Reading and Math as well as 8th grade Reading and Math by averaging those four disparate percentages into a single number, which again hides information. That methodology could present the appearance of improvement (especially by careful selection of the 8-year starting point) even though one or more grade levels and/or subjects could be in decline (which indeed happened). Such manipulation may allow KASB to justify more spending but it disregards the importance of understanding the true
causes of student achievement.

It should be noted our explanation of their methodology is based on our reading of their report; KASB has not responded to requests for their underlying calculations.

KASB also claims that "higher spending states are more likely to have higher results" but once again, the data is contradictory. If spending more money was a "predictor" of higher outcomes, the points on these scatter plots of spending and proficiency levels would be grouped along a line of increasing slope but they are 'all over the map'.

New York schools spent the most at $22,902 per-pupil and had 4th Grade Reading proficiency levels of 21% and 53%, respectively, for Low Income and Not Low Income students. North Carolina schools however, spent just $8,879 per-pupil yet had proficiency levels of 25% and 59%, respectively. There are many other examples all across the proficiency ranges of grade levels, subject and student income groups where states achieved the same or relatively the same outcomes while spending significantly disparate amounts.
Higher spending would absolutely be a predictor of higher tax bills for citizens but there is no correlation between spending and achievement in the data.

Spending more money may create more opportunity to improve outcomes but only if the extra money is well-spent. As Dr. Hanushek notes, “It’s absolutely true that if you spend money well, it has an effect,” he said. “But just putting money into schools and assuming it will be spent well isn’t necessarily correct and there is substantial evidence that it will not happen.” And as has been documented time and time again over the years, there is certainly is evidence of money not being well spent in Kansas.

Achievement matters, not national rankings

KASB makes much of the fact that national rankings on NAEP declined (“Kansas has fallen from a national leader to merely an above average performer”) and they use that emotional appeal to push for more money. But actual achievement should be the focus instead of national rankings, especially in a nation that doesn’t perform very well. For example, Indiana is ranked #1 for 4th Grade Low Income students in Reading – at just 36% Proficient!

Kansas may have had higher national rankings in the past but look at these proficiency levels and decide for yourself: was achievement in any grade or subject ever at acceptable levels?
After nearly a $2 billion funding increase over the last ten years, only a quarter or less of low income students and only about half of the rest are Proficient on NAEP Reading and Math exams. A “C” or a “D” may be one of the highest grades in the class but not scoring as badly as one’s classmates is no indication of acceptable outcomes. Attempting to justify pouring more money into the same system that produced these outcomes is simply about getting more money for the system; it most certainly is not student-focused.

The definition of insanity is doing the same thing over and over and expecting different results. We have tried dramatically higher real (inflation-adjusted) spending in Kansas public schools (43.5% per-pupil over the last 25 years) and in public schools around the nation. For Kansas, those increases in spending into the current education system have yielded the results just above. It is time for Kansas policymakers to call a new play. Our students deserve no less.

Post Script: We thank education economists Dr. Erick Hanushek and Dr. Benjamin Scafidi for their review and input on this analysis. For a teacher’s perspective on this subject, see David Dorsey’s thoughts on the Topeka Capital-Journal Blog.
CONTINUATION HEARING ON:

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

TRANSCRIPT
OF PROCEEDINGS,

CHAIRMAN RYCKMAN: Committee, please
notice the copy of the transcript from the Joint
Legislative Budget Committee on March 21st, 2016,
that was placed at where you are seating or where
you are at. And also, just remind you that we are
-- these proceedings are being transcribed and so,
if we could, speak a little slower than normal.

We are opening up the hearing on HB2740,
Amendment to the Class Act regarding supplemental
general state aid and capital outlay state aid.

First, I will ask Eddie to give us a
briefing.

MR. PENNER: Thank you, Mr. Chairman,
Members of the Committee. I am going to be going
over the materials that -- I don't know if they
have been -- I believe they have been distributed
to you. It is a two-page document from our
office. The first page is a bar graph that looks
something like this. They are being handed out
now. And the second page is a set of numbers that
are the underlying data for that bar graph.

So, since they go hand-in-hand, one is just a
graphical representation of the other, I will kind
of be going over them at the same time. I'll wait
for them to be finished hand -- being handed out
before I start.

What this represents is over a four-year time frame, beginning with school year 2013-14 and then also school years 14-15 and 15-16, and then the effects on school year 16-17 if this bill were to pass. This shows the amount of mills that were required to be levied by a district to generate the entire non-state aid portion of their LOB if the district had adopted a 25 percent LOB. And so if every district adopted an identical LOB, what that mill levy disparity would look like across the districts.

The reason I did that is because, obviously, some of the mill levy disparity that exists across districts exists because different school districts choose to adopt different LOB percentages. And, so, this eliminates that disparity and gives what the disparity would be if every district adopted the same percent LOB.

In this hypothetical, I chose to use 25 percent. You could choose to use any percent adopted LOB and the disparity between the numbers would look the same on a percentage basis. The magnitude would obviously vary but on a percent basis.
So, as you can see on the spreadsheet with the numbers, the first column is 2013-14. That was prior to the implementation of House Bill 2506. The wealthiest 20 percent of school districts in the state had to levy 14.659 mills in order to fund the non-state aid portion of a 25 percent local option budget, whereas the poorest 20 percent of school districts in the state had to levy 30.514 mills. And the numbers in-between represent those 20 percent segments in-between the wealthiest and the poorest. So, the disparity between the wealthiest 20 percent and the poorest 20 percent was 15.855 mills.

Moving along from left to right, you can see that in 2014-15 the statutory changes that the legislature enacted resulted in that disparity being reduced from 15.855 to 4.225 in 2014-15, and 5.456 in 2015-16. And if this bill were to become law, that disparity would be further reduced to 3.148 mills in 2016-17 at the 25 percent local option budget level. And, so, the bar graph is merely the graphical representation of that.

I did omit school year 14-15 from the bar graph, but that is just because the graph was getting a little cumbersome when you had four
columns in there. The numbers for 14-15 are present on the -- on the printout with the numbers. And, so, if you want to compare those, it wouldn't be too difficult to do.

CHAIRMAN RYCKMAN: Representative Schwartz.

REP. SCHWARTZ: Thank you, Mr. Chair. My question is how do you define wealthy and poorest? Because there has been confusion when you look at base state aid per pupil and how that is figured out. So if you can explain how you can define that.

MR. PENNER: Sure. The wealthiest 20 percent of districts are the 20 percent of districts with the highest assessed valuation per pupils in each year, and the poorest are, accordingly, the 20 percent of school districts with the lowest assessed valuation for pupils in any given year.

REP. SCHWARTZ: Okay.

CHAIRMAN RYCKMAN: Questions? I have one. You picked 25 percent. Is there a reason you picked 25 versus -- I guess what is the average LOB?

MR. PENNER: I believe the average
adopted LOB is somewhere around 28 percent, and I could have -- I could have done this on a 28 percent adopted LOB, I could have done it on a 30 percent, 33, any number that you wanted, and the disparities as a percent of the mills levied would have been the same. Obviously, the magnitude of those -- that disparity would have changed, but it would have been the same in terms of a percent. The point is to just set all school districts to the same. What that same is doesn't matter for the purposes of this analysis.

CHAIRMAN RYCKMAN: Thank you. Any other questions of chronology? Well, we do thank you for not just this, but all the work you put on in this in keeping our schools open. I know you put in a lot of hours, along with the entire staff, so thank you.

We will open the hearing. Our first proponent is Dr. White, incoming superintendent of Blue Valley schools. Committee, I think we'll hear from all three, we have three proponents, and we'll ask questions at the end of that time, and then we'll move on to our opponents and then a neutral.

Dr. White, thanks for being here.
DR. WHITE: Thank you very much, Chairman Ryckman, Members of the Committee. I appreciate the opportunity and thank you for such, allowing me to come today and testify as a proponent for House Bill 2740.

We are very mindful of the challenges that you are facing as you seek an appropriate short-term solution that will allow us to continue our goal of offering a high quality education for every student in Kansas. We thank you for your hard work and long hours that we know that you have spent on this, and we also want to thank you for listening to the concerns that have been brought before this body before, which are clearly demonstrated by providing that all districts will be held harmless and not lose funding from their general operating budgets in this bill.

Further, we're grateful that you have honored the spirit of the Class Act, which was to provide budget certainty for school districts over a two-year period as we develop a new finance formula, which is the long-term goal.

Blue Valley School District remains committed to providing high quality education for all of our students and also remain good stewards of our
taxpayer dollars. To that end, we want to continue to work with you to develop a solid finance formula that provides stability and appropriately accounts for the varying needs for all students in Kansas. We appreciate the challenges that you face and want to continue to work with you to face those.

In concert, we believe that we can offer the best solutions for our current struggles, as well as our future opportunities.

Thank you very much, and I stand for questions at an appropriate time.

CHAIRMAN RYCKMAN: Dr. White, thank you for being here. I appreciate you being available for questions. I'll call on the next proponent, and we'll call you back up.

Dr. Hinson, Shawnee Mission School District, thanks for coming back.

DR. HINSON: Good morning, Chairman Ryckman, members of the committee. It is a pleasure to be back before you today.

I am here as a proponent of this bill. It allows for school districts to be held harmless. It does not create a system of winners and losers. Truly, this bill allows for the money to go into
the classrooms, not just property tax relief for
all school districts in the state.

We believe this bill benefits school
districts in relation to capital outlay
equalization, even though Shawnee Mission School
District will not benefit in relation to capital
outlay equalization. We support this provision of
the bill for the other school districts of the
state.

This is a short-term solution to allow
schools to stay open. It allows all of us to work
collectively on a long-term solution. It also
allows for stability during very uncertain
financial times. Please allow me to repeat: This
bill allows us to have stability during very
uncertain financial times, which is extremely
important for us.

In conclusion, it's March 23rd, this is the
best bill to address this issue for a one-year
solution until we develop a new formula. No
school district loses money in the entire state in
this bill from what was in the block grant, which
we believe is extremely important. Timing of this
bill is crucial. We would encourage you to please
move this bill quickly. Thank you.
CHAIRMAN RYCKMAN: Thank you, Dr. Hinson.
Next, Mike O'Neal, CEO, Kansas Chamber. Mr. O'Neal, thanks for coming back.
MR. O'NEAL: Thank you, Mr. Chairman, members of the committee.
We at the Kansas Chamber stand in support of House Bill 2740. As you know, there have been extensive testimony and evidence collected as of Monday, and you have that in the record. I will try not to reiterate what we already know is in the record. What I'm here today to do is to give you the reasons why we think that this response to Gannon II will meet muster.

Keep in mind that what I will try to do is provide actual language from the Court's opinion to give you those reasonable assurances. The uniqueness of this is that in a session where you would normally be working on the next version of school finance, you've kind of had to take a time out because the Court has set you on a deadline to correct equity. So, the challenge is the Court -- at least, in the Court's mind you're not in compliance with equity. Not because of anything in particular that you've done, but because of a Court record that lacked evidence that you had met
your burden of showing that that was the correct way of doing equity. And let me explain that a little bit.

The Court accepts evidence in a certain fashion, you accept testimony in a certain fashion. Those two don't necessarily marry up together, and that has been the failing, frankly, of the defense of school finance over the years. So, we applaud you for getting it right because what you're doing is actually creating a record in the form in which the courts are used to receiving evidence, not necessarily in the form that you're used to receiving evidence. So, this is critical that we're having this kind of conversation with a court reporter and making findings of fact.

There is language in the Court's opinion that actually says we ask the legislature to show their work, like you would in class, not only get the answer, but show the Court how you got to the answer so that they can be assured that it was a thoughtful process, knowing that this is a political process that we're in.

So, the Court has said that the equalization infirmity, quote, can be cured in a variety of ways at the choice of the legislature, end quote.
I would -- I would echo what Superintendent Hinson has said. There are any number of ways you can do this. This -- this, at this time of the year, knowing that you have a deadline, is in our opinion the best way of addressing this to the satisfaction of the Court in the time that you have allowed.

The Court has indicated, suggested an obvious way. They say, 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, within the current block grant system, end quote. That's an important point in the Court's opinion because there has been some misinformation thrown out there that when the decision came down it somehow struck down block grants. Nothing could be further from the truth. In fact, the Court has suggested that you can solve the equity issue within your existing block grant system. House Bill 2740 does that.

The test for equity is a little vague, but it is what it is. Quote, school districts must have reasonably equal access to a substantially similar educational opportunity through similar tax
effort, end quote. Is the infirmity in equity based on evidence that we don't have equal educational opportunity? The answer is no. The Court has said, quote, we acknowledge there was no testimonial evidence that would have allowed the panel to assess relative educational opportunities statewide, end quote. So, the problem is not evidence of lack of equal educational opportunity, it is a formula that in their opinion they lacked evidence to support the basis for doing equity the way it was done.

They presented the obvious solution, which is what you have done here, is you have gone back and resurrected the capital outlay method for equalization. And then what you have done is you -- what you could have done and what you had, I think, in 2731 a method to do pure equity. Pure equity would basically be to reallocate the funds in such a way that the districts that should be getting more are getting more, and the districts that got more than what they needed vis-a-vis the other districts get less. So, it creates true winners and losers, if you will. The Court would actually, in our opinion, have found that acceptable because that is -- that is pure equity.
In terms of the funding issue, the Court said, quote, equity does not require the legislature to provide equal funding for each student per 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 level. That's important to note too because there has been some suggestion that you can't solve this without throwing more money at the equity problem. Equity is equity. In a sense, it's like pouring two glasses from a pop bottle. And when you do that, you may end up with one glass being a little bit more -- have more contents than the other one. Pure equity would suggest what most of us would do if we were in that situation, you would take some from the glass that has more and pour it into the glass that has less such that at the end of the exercise these would be equal. You will have conferees suggest that the way to solve equity is simply go back to the refrigerator and open another can of pop. That is not required under
the rules of equity, and certainly the Court has made clear language that they don't require that either.

Equity is not a needs-based determination, the Court said. Rather, it's a function of your -- of basically your disparity with the local option budgets and your capital outlay.

So, in -- in our estimation, 2740 is a satisfactory response to the Court, given the Court's own language. You reallocate funds utilizing an approved method of calculating equalization, in this case capital outlay. No district losing funds, that's the hold harmless provision. While that would have not been necessary, it's probably political reality, and the evidence in your transcript acknowledges that this is -- hold harmless clauses are not unique at all in the legislative political process in order to hold districts harmless.

The other thing that's key about the hold harmless is, as Superintendent Hinson explained, you want to have budget certainty. The best thing about the block grants, the best thing about this particular bill is you give these districts budget certainty. No one is going to lose under this.
The Court did have one phrase in its opinion that suggested that you ought to, even though this is in the equity phase, you should not lose sight of adequacy. And -- and with hold harmless, you -- you guard against a claim that, well, you have taken money from me that I was expecting that I already had in my budget and so I'm no longer adequate. Hold harmless provisions take care of that.

And, finally, with regard to the Kansas Department of Education having control and oversight of the -- essentially what the old extraordinary needs funds were, allowing them to use the same criteria they have in extraordinary needs, but adding to that the equity definition, we think makes a whole lot of sense. They have the expertise to do that and we believe would do that fairly, and they are in the business of doing this 12 months out of the year, not three or four months out of the year. So, we believe that is an adequate response.

And, finally, because of the budget certainty, we think the whole package will pass muster and we encourage your support of this language. I'll be happy to stand for questions at
the appropriate time.

CHAIRMAN RYCKMAN: Committee have any questions of our proponents? Representative Kleeb.

REP. KLEEB: Thank you Chairman Ryckman. I have a question for Dr. Hinson.

DR. HINSON: Yes, sir.

REP. KLEEB: Glad to have you here today.

DR. HINSON: Thank you.

REP. KLEEB: Have you had to close schools in the last few years?

DR. HINSON: The Shawnee Mission School District has closed several schools since '08, yes, sir.

REP. KLEEB: Since '08. Was that due to efficiencies that you were able to gain or was that due to a funding situation?

DR. HINSON: Combination of the two.

REP. KLEEB: A combination of the two.

DR. HINSON: Yes, sir. Certainly with the '08 financial situation the district was in a very difficult position and some decisions had to be made in relation to closing of schools that otherwise probably would not have been made.

REP. KLEEB: Has that left some
neighborhoods actually without a school requiring kids to go much further?

DR. HINSON: There are still some unhappy neighbors over the relation -- over the closing of those schools, yes, sir.

REP. KLEEB: I guess I wonder, and maybe you can help me out here. We talk about Shawnee Mission being one of the wealthiest school districts, and the whole concept of equity seems to focus around school districts must have reasonably equal access to a substantially similar educational opportunity through similar tax effort. Yet, I'm seeing your local district wants to raise money to keep schools open and fund some of those things and apparently there is sort of a cap on that. Can you address, what does equity mean when some schools have to close and others get twice as much money?

DR. HINSON: We've been operating under a spending authority cap which was dictated to us in the formula that was created in 1992 that limits the amount of money a school district can spend and/or raise locally because of your assessed valuation per pupil. I'll try not to get into a long discussion of equity and adequacy, but the
last calculation that we were in the Shawnee Mission School District our spending per pupil out of our general fund, out of the 286 school districts in the state we were 268th. 286 is last. So, the majority, if not all, of your school districts in Johnson County are in the bottom 10 percent of all spending per pupil in the state of Kansas. And that was based on the formula again that was created in 1992.

One of the reasons why we are a proponent of this bill is it simply puts more money back in the classrooms across the state. Because if we go back to other provisions or ideas that had been implemented in our race for equity, do we not only create inequality, but we also can create adequacy arguments. So, that's why we believe this bill was instrumental in that process that it doesn't create winners and losers, which creates an additional adequacy argument I don't think we really want to entertain at this point in time. That should be addressed in the discussion of a new formula.

So, let me go back and repeat that, 268 out of the general fund spending per pupil. That's under this concept that we need to grasp what is
equity and what really is adequacy in this process.

REP. KLEEB: That's where I was headed out of this. It does seem like we need to address this whole concept of what is equity, and I just don't think the pure concept of property valuation per student is really addressing that when we find one district having to close schools. Thank you, Mr. Chairman.

CHAIRMAN RYCKMAN: Any questions for Dr. Hinson before he goes? Representative Ballard.

REP. BALLARD: Thank you, Mr. Chairman. Dr. Hinson, since you're still standing, I'm listening to part of your testimony and I wrote it down: No winner or losers. I guess, I'd have to ask the question if there is no winners, no losers, hold harmless, you stay the same, nothing really happens. What about the districts that were frustrated enough that they joined to file the lawsuit? And the response is we hold you harmless and nothing changes. Are they not the losers?

DR. HINSON: They are going to have to answer that question. We are not a part of the Schools for Fair Funding. We are not involved in
that litigation.

If you have other bills that have been introduced that would go forward, you're going to take money from some and you're going to give it to others for property tax relief. The majority of that money for property tax relief, not to go into the general fund of school districts. This bill allows for all school districts in the state not to lose money in the general fund. So, therefore, you do not have a question of winners and losers. Everybody is held harmless because you're not going to lose from where you were previously in the block grant.

REPRESENTATIVE BALLARD: But neither do you gain.

DR. HINSON: That is correct.

REPRESENTATIVE BALLARD: Thank you very much.

CHAIRMAN RYCKMAN: Representative Barker.

REPRESENTATIVE BARKER: Thank you, Mr. Chairman.

And my question is for former Speaker O'Neal.

CHAIRMAN RYCKMAN: Any other questions for Dr. Hinson? Representative Wolfe Moore.

REPRESENTATIVE WOLFE MOORE: Thank you very much.

Thank you, Mr. Chair.

Welcome and nice to see you here today. You made your comment about the spending out of the
general fund, but I'm from the Kansas City, Kansas school district, so wouldn't you say that there's a direct correlation primarily that you spend out of the general fund depending on who your students are? We have high proportion of at-risk students, non English speakers, a high level of poverty. So, wouldn't you expect those type of students to spend more out of the general fund than a different type of district?

DR. HINSON: Certainly in 1992 the formula that was put in place then has changed dramatically. My testimony is on record from Monday on the history of the school finance formula. I would refer you back to the Kansas Division of Legislative Research July 15, 2015, a memo that they put together in relation to the history of school finance formula that was created in 1992. So the formula that was created in 1992 does not look like the formula prior to the block grant because those weightings have been changed dramatically. That formula was created with some weightings that were increased significantly and then weightings were added throughout the process of the history of the 1992 formula to try to equate for the difference. The question becomes
what do you do with the money that you have to produce different student outcomes in relation to the school population that walks through your doors? Generally, for all of us across this country in public education, we are struggling to narrow the achievement gap regardless of funding.

The fundamental question goes back to what do we need to do differently in public education to meet the ever-changing needs of our students? Certainly, resources are a part of that conversation, but they do not dominate the conversation.

Does that answer your question? My answer to your question may not be the answer to the question you want.

MS. WOLFE MOORE: Well, I probably wouldn't necessarily agree with it, but thank you for your answer.

DR. HINSON: Sure.

MS. WOLFE MOORE: Thank you Mr. Chairman.

CHAIRMAN RYCKMAN: Any other questions for Dr. Hinson? I have one. What is -- again, your percentage of LOBs is what?

DR. HINSON: 33.

CHAIRMAN RYCKMAN: And that is your cap?
DR. HINSON: That's our cap.

CHAIRMAN RYCKMAN: Okay. And can you help me, the timing, I know you mentioned it before, the uncertainty that your district and others that you would represent go through now. What's the typical time when you set your budgets and how would this help address that and just kind of help walk us through that a little bit.

DR. HINSON: Generally, other than for negotiations with our employees through the Professional Negotiations Act, we are finished with our budgeting process that would start July 1. So, right now we are, I'm going to describe it as we are really behind because for all of my expenditures starting July 1, other than the negotiations through the Professional Negotiations Act, we would be finished right now.

Currently, we're going through all kinds of different budget scenarios depending on what may or may not happen, not only in relation to what happens with the legislature regarding what we're talking about currently, but also the unknown or the uncertainty of what's going to happen -- I won't repeat what I mentioned to you last week, the uncertainty what's going to happen in the
months of May and the months of June in relation
to the overall state budget and the potential for
K-12 to be recipients of allotments during that
process. So, our budget uncertainty is extremely
high now.

CHAIRMAN RYCKMAN: Thank you. Any other
questions? Dr. Hinson, thanks for being here. I
think we have a question for Mr. O'Neal.

Representative Barker.

REP. BARKER: Thank you. Thank you for
being here again. I note that, as Mr. Chairman
has noted, that we have a court reporter here.
We're building a case that where we would have
reasonable assurances that the Court will consider
our deliberative process. We've never done that
before. Do we have reasonable assurances that the
Court will accept our hearings as evidence and our
deliberations and considerations? Will they do
that?

MR. O'NEAL: Well, the invitation from
the Court was for the legislature to show their
work.

REP. BARKER: We have a record.

MR. O'NEAL: And we do have a record.

And I stopped predicting what a Court may end up
doing a long time ago. But in defense of the
Court, the Court has given us a roadmap, and
that's what I try to do. I'm one of those school
finance nerds that actually sleeps with that
Gannon decision under my pillow some nights
because I -- we really do want to respond in a
reasonable way to the Court. Whether we agree
with the Court's opinion or not, the Court has
given us a roadmap to follow, and I think this
bill reasonably follows that roadmap. And the
procedure that you have come up with here is the
best way. It's reasonably calculated, to use the
Court's own wording, reasonably calculated to get
that evidence in a way that they are used to
receiving it.

REP. BARKER: We were sending them
minutes and they want a transcript, probably?

MR. O'NEAL: Yes.

REP. BARKER: Why didn't we do this
before?

MR. O'NEAL: I'm asking myself the same
thing because I think it's -- I think it's very
smart to do it this way.

REP. BARKER: It's an excellent approach
because then they have a record. Well, it's a
good deal, thank you, sir.

CHAIRMAN RYCKMAN: I hope nothing -- I shouldn't be talking over you. I hope if nothing else that this process has shown we are trying to do just that, from having a transcriptionist here to trying to reflect and track how ideas become a bill. They're subject to public debate and comment, they can be amended. And, obviously, ultimately the bill passes there is a -- there is a -- again, we showing our work and I hope if nothing else, this process is showing our attempt to do that.

Representative Carlin.

REP. CARLIN: Thank you, Mr. Chair, and I think it's a good idea to have a record. You know, I have often wondered why we didn't, at least, have a tape recording of our minutes and of our meetings. I spoke with my superintendent this morning. He agreed it's a wash for them and, you know, it just barely would just maybe get us by. But I wonder if every school district had the opportunity to come this morning and put their voice to the record because, you know, if we hear from schools in the eastern part of the state and not middle and western, are we getting a good
record and were they invited specifically and were they told that we were going to be recording? Is that up to me to tell them.

CHAIRMAN RYCKMAN: I think I can answer that. First, we do take minutes and have very good minutes kept by our minutes secretary and they are recorded. The transcriptionist will put it in a court form that the courts are used to looking at, and this is -- all hearings are open to the public, anyone can sign up. As we've had now two bills we've had hearings on, this being the second.

Any other questions for Mr. O'Neal?

REP. CARLIN: But the answer to my question is, were the school districts aware that we were going to use this method to -- to make a record of their feelings?

CHAIRMAN RYCKMAN: I think we mentioned it in committee. I know Monday when we had our hearing upstairs at the beginning of the meeting we mentioned that all -- or at least in the -- maybe at the end of the meeting we mentioned our intent was to have a transcriptionist here for the remainder of our meetings.

REP. CARLIN: I don't mean to argue, but
I knew that was coming. I didn't get it that it was -- our plan was to use this in the court system in this way. And, so, I think it's valuable if other school districts could come and speak to the bill, knowing that they're going to be part of the Court proceedings in the future and I appreciate and I feel responsible that I should have invited them and had I known that, but I just wondered if anything could have been done other than that. Thank you. Thank you, Mr. Chairman.

CHAIRMAN RYCKMAN: Any other additional questions for any of our proponents? Thank you, Mr. O'Neal. We'll go on to our opponents.

First, we have Dr. Cindy Lane, Superintendent of Kansas City Public Schools. Dr. Lane, thank you for being here.

DR. LANE: Thank you, Chairman Ryckman, and to the committee. We are pleased to be here today. And thank you, Representative Carlin, for your question about districts being informed. One of our challenges, frankly, is sharing and making sure everyone has an opportunity, so I appreciate that very much.

I want to start by thanking you all for your work to -- as Albert Einstein says, nothing
changes unless something moves. And we clearly see that you're making effort to move this along so we can move from a point of disagreement completely to trying to resolve the issue for our children, for our communities and for our families.

But I want to start today talking a little bit about the hold harmless provision, and thank you for that. It is critically important that as we move forward and make decisions about financing of schools, that districts don't experience any harm. But I want to add this twist to my comment. In past times, this legislative body have used hold harmless provisions in a very strategic way when making changes to school formulas, but you have used that after you've corrected the deficiencies in the funding formula.

So while we appreciate the hold harmless, it may be premature until those deficiencies are corrected. So I ask you to give that consideration.

But let me talk to you a little bit about House Bill 2740 by taking you back to algebra class where you learned of the transitive property. You may remember you learned that if A
is equal to B and that B is equal to C, therefore, C is equal to A. You remember that? I know it's been a while for some of us, but take yourself back to that point. I want you to substitute A for Senate Bill 7, Senate Bill 7. Substitute the letter B for the unconstitutional measure of the equity factor, and C as House Bill 2740. So let me walk you through that. Senate Bill 7 was found by the courts to be unconstitutional in the equity piece. All right B, B. So if Senate Bill 7 was found to be unconstitutional for equity and House Bill 2740 mirrors Senate Bill 7, the block grant, it seems logical that, therefore, that House Bill 2740 would not meet the Constitutional test.

Now, I will stand here and tell you that I'm not going to try to interpret what the courts have to say about that, but what we have done in House Bill 2740 is simply distribute the funding in the same way that it was distributed under Senate Bill 7. Our district is flat. We appreciate not having any additional cuts at this time in our funding because it's been very difficult to for us to meet your expectations to educate every child under some financial strain. We appreciate trying to have some reliability as we move forward with
budget planning, but it is our thinking that this bill needs more work. Because if we merely are redistributing the funding, the same funding in the same way that was done with the block grant, we don't believe it meets muster with equity.

So keep two things in mind, please. The hold harmless provision has worked in the past when it's held districts harmless after you've corrected the deficiency in the formula. And taking a look at this House bill, it does nothing to resolve the equity issue that the Court said needed to be resolved.

So I look forward to questions that may arise, Mr. Chairman. Thank you.

CHAIRMAN RYCKMAN: Thanks for being here.

Jim Freeman, CFO, Wichita Public Schools.

Mr. Freeman, welcome to the committee.

MR. FREEMAN: Chairman Ryckman, members of the committee, thank you very much for the opportunity to come before you today and talk a little bit about House Bill 2740. I'm going to say some of the same things that you've heard not only from opponents but from proponents as well to say thank you for the work you're doing. This is a difficult challenge for the legislature. Quite
frankly, it's a difficult challenge for school districts, as well, in terms of as we look at the funding mechanism and the challenges with -- with -- that comes along with that. So we appreciate the time and effort that you are putting in on this and agree that the sooner we know, the better off we are going to be. We've talked about budget developments, those types of things. We are right in the middle of all that right now and it makes a big difference to us.

However, I'm going to respectfully have to oppose this bill as it is right now on a couple of issues. One, that it addresses fiscal year '17 only. It doesn't address the equity issues that we've already endured. And one thing I'd like to point out in Senate Bill 7, where this really starts from, for Wichita public schools was -- was a reduction for us. And so it's one of those where we got cut through Senate Bill 7 and now that's carrying forward for us. So the equity issues that come along with that for us total around $26,000,000 over the -- over those years, but that's an issue that we feel is -- that the Court was probably looking for and realize that this one only addresses fiscal year '17.
The other aspect of it, Dr. Lane talked a little bit about and that was the hold harmless piece of it and redistribution of funds. And we've -- I'll call it we've equalized down rather than equalized up and we think that that is the wrong approach for us in terms of what we need to be able to do for the future and for the students that we try and educate.

The fact that the equalization formula for the LOB changed and went to the capital outlay side of it reduced that aid for the Wichita public schools fairly significantly. And again, we are being held harmless, but it might in the future create a problem for us on -- on having to raise property taxes. We haven't worked through all of that yet, but I think there might be some issues that go along with that, as well.

And again, just in closing, I'd like to again thank you for the opportunity and for the work that you're trying to do here. We do want to be part of the conversation. We do want to be helpful in whatever way we can. And with that, I'd stand for any questions.

CHAIRMAN RYCKMAN: Mr. Freeman, again thanks for being here. Questions of Mr. Freeman...
or Dr. Lane. And if we could, we'll keep you from jumping up and down. Is your question for Dr. Freeman?

REP. GROSSERODE: Dr. Lane.

DR. LANE: Yes.

REP. GROSSERODE: Thank you, Dr. Lane. So my question is kind of twofold because you had recognized the question by the representative from Wichita in regard to the communication to schools in regards to this bill and the hearing for this bill. Do you know how many lobbyists represent the education interests of different schools?

DR. LANE: I do not.

REP. GROSSERODE: Do you routinely get communication from any of the lobbying organizations here?

DR. HINSON: We do, yes. But my reference was not that the information was not available, but oftentimes it's difficult to ensure everyone is paying attention.

REP. GROSSERODE: So I find that hard to believe, knowing where we are at in the discussion of school finance and addressing the Court decision that administrations are not paying attention to communications from different groups,
such as KASB, who I know routinely daily sends out
updates to those who are in their organization. I
know they do so because I get those e-mails. They
also tweet quite a lot of different members of
their body. So I would think it is highly suspect
that school districts were not quite well aware of
what was going on today. And if they could not be
here physically, they are quite capable of
submitting written testimony. So the argument
that they could not be here to voice their opinion
is one that I find very troubling.

DR. LANE: I appreciate that,
Representative, and I wasn't trying to imply that
they could not, just simply validating that
communication is critical when leaders make
significant decisions. Keep in mind yesterday at
two o'clock in the afternoon was the first time
individuals had an opportunity to learn of this
bill. And to be here this morning, just for us,
was difficult, but we are here because we
recognize that we needed to be.

But as leaders in general, as we make the
decisions for our organizations and as this body
makes them for our entire state, it's critically
important to provide as much opportunity as
possible for influence and having our decisions to be shaped. So my comment was an affirmation, but it certainty wasn't to suggest that the information was not out there or that districts didn't care or weren't paying attention, but it was a very quick turnaround for this particular hearing.

REP. GROSSERODE: Thank you. And then I want to go back to the equity piece in which you discussed in regards to Senate Bill 7 and laying the correlation between the what you would regard to be the A equals B.

DR. LANE: The Transitive.

REP. GROSSERODE: Yes. So again, as I stated before, I think that our equity formulas are based upon zero logic, zero scientific fact and were created in -- well, in a way in which I have found, since I first brought this topic up, to be a very suspect situation. So had that been part of the public record, how the equity formulas first came into being, I think that we may have a different result of what we are speaking here today.

So, do you argue that the Court said that the capital outlay formula, the original capital
DR. LANE: I would never argue with the Court's findings or try to interpret them, Representative. But what has occurred in House Bill 2740 is utilizing, and Mr. Freeman, I believe, was trying to address this, utilizing the capital outlay equalization and lowering the local option budget equalization creates very different economics for school districts.

But let me add that equity for us is critically important because it costs more to educate some children than it does others. The reality of the work that all of us do is that kids come to school from very different places and some require additional resources in order to be able to access what we are asking of them. For me that is key inequity. And in this particular case, equity speaks to our ability to ensure opportunity regardless of where that child enters the system; that they can access that opportunity while our taxpayers are providing that relatively similar tax effort there.

REP. GROSSERODE: Why should there be different formulas for equity?

DR. LANE: Because it costs different
amounts of money to educate all of our children to the levels of expectations that we have in Kansas. When you have a young person who enters school for the first time in six or seventh grade and maybe speaks a language other than English, we have to have an intensive amount of resources to move that child so they can graduate on time at the same level of expectation that a child who is born right here in our -- in our state.

REP. GROSSERODE: And while I don't dispute that different students have different needs and the costs of those students may well vary greatly, those issues had been taken care of in the formula by weightings that addressed those specifics needs, and that is a different issue than the local option budget. And the equity piece of the local option budget, and even the equity piece of capital outlay, addresses property tax and the equity available within property tax, not the student population.

DR. LANE: But the student population reflects the community's wealth, and the community's wealth reflects the property values, so it all relates to one another.

REP. GROSSERODE: But that is not
necessarily accurate because we have found that
schools greatly differ from year to year where
they place on their assessed valuation per pupil
based upon lowering their -- their enrollment
lowering, their property tax tanking because of
oil revenues and such. So those things are
definitely in flux. And I have seen a couple of
different ways to actually dig down into the
relative poverty in the area and many times
assessed valuation per pupil does not necessarily
recognize the relative poverty in an area.

For instance, let's talk about a community
that has a power plant. That community has a
large assessed valuation per pupil because they
have this one piece of property that is incredibly
valuable. Yet, many of the people in that area
are not wealthy by any means. So we are saying
that one piece of property lifts the value of the
rest of the property in the area, but doesn't
necessarily address the poverty that also is in
that area.

DR. LANE: As I hear you speak, I think
you do a fine job articulating the nuances and the
factors that every school district has to weigh
and this body has to weigh in terms of developing
a finance formula that meets the needs of all children in Kansas. There are many moving parts and there are many things that change regularly, including your student population and your property value. All of those things need to be considered as you build that next formula.

REP. GROSSERODE: Thank you, Mr. Chair.

CHAIRMAN RYCKMAN: Representative Ballard.

REP. BALLARD: Thank you, Mr. Chairman. As we were talking about hold harmless, and we know it keeps you basically the same across the board, can you just tell me how that would affect the Kansas City schools, which is a growing school district.

DR. HINSON: Yes, ma'am, it certainly is. We have been growing an average of 500 children a year for the last five or six years. Holding us harmless at this level of funding we are at some critical decision points about how we continue to move our district forward. And, Representative, you have heard me speak about our work to graduate each student diploma plus, their high school diploma completed plus at least one year of college and/or their technical credential. For
us, that work is critical not only for that young
person but immediately gives tools for our
students to add to the economy, that technical
degree. So the words at -- we are trying to
determine how we continue to move forward with the
kinds of work that you expect us to be doing when
our funding is, in essence, frozen, and has been
frozen for will be going on two years now, frozen
with the cut that came before.

So we are not sure of our plan yet. As
you've heard from other districts, we normally
would be done at this point, but we are working
through those, those scenarios and looking for
what your final decisions will be so we can
finalize what we do to move our kids forward.

REP. BALLARD: Thank you, Mr. Chairman.

CHAIRMAN RYCKMAN: Dr. Lane, I have a few
questions. One is what is your percentage of LOB
now?

DR. LANE: 30 percent.

CHAIRMAN RYCKMAN: 30 percent. And I
recall, you may not recall we had a conference
call with a group of superintendents right during
the process of the block grant being passed, and
Senator Masterson and I was on the conference call
with it seemed like half the superintendents of the state. And I remember looking at your numbers after the passage of -- I think it was 2506 in carrying the block grant and saying you received 11 and a half million more, and I think you said, and you correct me, I don't want to put words in your mouth if it wasn't you, we didn't get it.

DR. LANE: No, I don't think those were my words, sir, but that funding went to property tax relief because our local community had already been taxing itself to make sure we could remain at 30 percent.

CHAIRMAN RYCKMAN: Right. And that's the point I was going to get to. And when I look at what that did to your rates from 13-14 to 15-16, it looks like you went down almost 14 mills.

DR. LANE: That's correct, sir.

CHAIRMAN RYCKMAN: And that was based on equalization at the old formula, and that was the results. And as you said, and again I do not mean to put words in your mouth, what I remember hearing was that money did not go to schools, but to property tax relief. So my opinion, per previous testimony, this type of a solution does allow the money in flux to stay in the classroom
and not take from others. I do think we have 20 to 30 winners, so to speak, in areas that did have very greatly depressed property valuations.

So again, that was just kind of my assumption based on what's happened. And I'm appreciative for your voters in urging your taxpayers in having a lower mill rate. But as we hear these needs, I'm just wondering there is another option and that is the local effort, as well, and I guess that's the point I'm trying to clarify.

DR. LANE: You are correct and the board will be having discussions about whether or not we consider increasing the local level of funding, keeping in mind that our community is ranked one of the poorest in the State of Kansas and we are very sensitive to variability to provide the resources needed.

CHAIRMAN RYCKMAN: Right, and the rate would just reflect the level of the valuation. It's not -- like I believe in my district it's a total of 68 mills and if someone has a $40,000 house, they are taxed at that 68 mills, and not at -- I don't know your total mills, but I don't think it's 68. So we are talking about equity, it's really hard to get to equity. In fact, I
think the testimony we heard on Monday reflected that.

We also heard that, thanks to Representative Grosserode’s question, that every formula that has been produced has been a result of mainly politics, so and that’s -- we are trying to -- again, our main goal here is to keep our schools open, provide certainty. And I do definitely thank you for being here and bringing information. I didn’t really ask a question. If you want to follow up, I apologize for not asking a question.

DR. LANE: Thank you, Mr. Chairman.

CHAIRMAN RYCKMAN: Any other questions for Doctor Lane? Thank you, I think we have a question for Mr. Freeman. That was from -- I’m not begging you to, I thought I had a hand.

Representative Hutton.

MR. HUTTON: Thank you, Mr. Chair. And glad to see you here today.

MR. FREEMAN: Thank you.

MR. HUTTON: A few days ago we had a hearing on another bill that actually benefited your district more than this bill does and your silence spoke volumes on that. Can you explain why you weren’t here?
MR. FREEMAN: Well, first of all, there were two bills that came out. And at the time that they were going through the process, they -- they were quite a bit different and we weren't quite sure which way to go on either one of them. But similar kind of issues in terms of looking at the equity piece of it. Had we been here we probably -- we would have been in opposition to them, as well.

I think we are on the right track. I think we are looking at the right things and trying to find the right answers, I just don't think we are quite there yet. But, you know, I -- timing is sometimes a little tough to make everything work out and it was just one of those -- one of those issues where we couldn't really decide which way to go on it, so we decided just to do nothing. So, I can't say any more than that.

MR. HUTTON: I wish we had that same option.

MR. FREEMAN: I understand.

MR. HUTTON: Thank you.

MR. FREEMAN: I understand.

CHAIRMAN RYCKMAN: I second that motion.

Representative Henry.
MR. HENRY: Thank you, Mr. Chairman. I just have a little line of questioning, and we have a rule not to call out another representative. But Representative Hutton did go there last night, so I want to make sure if I get it wrong that he has a chance to do this.

In your testimony, it almost -- you say that this -- this bill -- let me first start, 2731, which we had a debate on and this committee decided not to move it, you know, was a bill that did redistribute the wealth. And we did have certain part of the state was going to lose funding, and Wichita was going to gain funding under that. And I understand the politics of why that bill did not move out of this committee, but it was favorable to your -- to the Wichita area. Okay? And your testimony says schools are, in essence, self-funding this plan, and I believe, and I'm being very respectful what Representative Hutton said last night, is the property taxpayer the loser in this plan in that will this, you know, because a lot of the money for 2731 that was going to go to schools which would then go to property taxpayers to reduce property. It wasn't really going to the classroom; we understood that.
So that's -- my question is, will Wichita school districts, and some of the losers, then have to self-fund this by going either not giving back to the property taxpayer the money that they should have got for equity or will school districts that are essentially losers have to go to the property taxpayers to get money to support schools? Do you understand my line of questioning?

MR. FREEMAN: Yes, I do.

MR. HENRY: Truthfully, by this bill, the property taxpayers are the ones who are paying for this bill.

MR. FREEMAN: It depends on what a school board -- how a school board reacts to it, right? When you look at the -- at the -- the dollars are flat. With the hold harmless dollars, the dollars are flat. However, for Wichita, we saw a pretty good size decrease in the LOB equalization aid. That's where the property tax piece comes in. Now, the board can choose not to keep their LOB at the level that it's at now. In other words, reduce that LOB. And in that case the property, the property tax owner would not be affected or it possibly would even lower property taxes.
If the board chooses to keep their LOB at the same level, then we've got to do something to fill that gap. Okay?

Now, the hold harmless money won't fill the gap completely, so we'd have to figure out some way to use that capital outlay state aid to fill that rest of that gap to keep from having to raise the property tax. So I haven't worked through all the mechanics of it yet, but we have some options that we'll have to look at as to whether there is property tax relief or not or property tax increase. I think that's kind of where we are at this point.

One of the things that's in the bill, and again I'm getting some technicalities I probably shouldn't, but one of the things in the bill is capital outlay state aid goes directly into the capital outlay fund in this bill. With it doing that, we are going to have a hard time making all of -- all the movement work, you know, what money we put in which bucket. So we've still got some work to do to figure out how that might work.

MR. HENRY: My last question, and again I -- is this bill, if it passes, then school boards are going to have to make some decisions about
what to do with property taxpayers in individual
school districts.

MR. FREEMAN: Correct, yes.

MR. HENRY: Okay. So that's -- when we
say we are hold harmless, what's happening is we
are putting a burden on local property taxpayers
as to whether they get a refund or whether we are
going to have to go to them to get the funding to
make up for the equity.

MR. FREEMAN: As I understand it and look
at it now, that's what I -- but I haven't really
looked at it in enough detail. I just read it
last night, so --

MR. HENRY: Mr. Chairman, I'm just saying
that -- I'm not sure if I have those correct, but
I'm thinking that my feeling is correct that this
is going to fall -- the funders of this bill,
instead of state funding $30, $40,000,000, the
funders of this bill will be the local property
tax, local property taxpayers. So that's just my
opinion, Mr. Chairman.

CHAIRMAN RYCKMAN: I appreciate you
bringing the topic up, and I can give you the
intent of the legislation and what the
spreadsheets in front of us show. And I will just
walk through Wichita since we are here.

Under column one, the capital outlay, there
would be an additional 4.5 million dollars. Under
LOB, since it's now run through the capital outlay
formula, there will be a reduction of about
$6,000,000. The difference is 1.5.

MR. FREEMAN: That's the hold harmless.

CHAIRMAN RYCKMAN: And so you would get
the 1.5 back. And right now the way the bill is
written -- and I'd love to have some conversation
to another question, I'll kind of set this aside.
Right now, the way the bill is written, that money
is to go into basically your base aid. So,
therefore, your -- your capital -- your LOB would
be reduced by $6,000,000. And so you could raise
your -- of course, I don't think you're at your
cap. Where are you at now?

MR. FREEMAN: We are at 30 percent. We
don't have authority to go to 33.

CHAIRMAN RYCKMAN: Right, but most people
go to 33. The way this is written now, you would
have the ability to raise that approximately
$6,000,000 back, like Representative Henry did
say, from your property tax owners. However, it
would be an additional 6,000,000 because the 5
point -- 1.5 does hold you harmless.

You also have the flexibility, under your
capital outlays, since you receive 4.5 million in
your capital outlay account, you could lower your
capital outlay mills and receive approximately the
same money. And that way when you raise your LOB
numbers, your property tax owners would not see an
adjustment.

MR. FREEMAN: I agree. That's why I said
I haven't had a chance to work through the
mechanics of what that would do because when we've
had prorations of the LOB in the past to keep that
budget, because that goes directly to the
classroom, we lowered LOBs. So I agree entirely.
So we do have options.

CHAIRMAN RYCKMAN: Because you would
receive the same amount of money if you -- if your
valuation stayed the same, mill rate stayed the
same, obviously things adjust, but based on this
bill, the intent and the way it's written you
would not have -- the property taxpayers would not
need adjustments --

THE REPORTER: Could you slow down just a
little? Thank you. Sorry to interrupt.

CHAIRMAN RYCKMAN: At the beginning I
gave instructions to the committee and just ignored it. If my vice chair was doing her job — no, just kidding.

So I guess my question, if we -- if the bill is written the way we intended that the -- that it did provide that type of flexibility, is that a benefit for your district or not?

MR. FREEMAN: Certainly it's a benefit to have the flexibility to work -- work the numbers, and -- but again, it will be a choice that we will be given to the board and they'll make some decisions about that. So ultimately it comes back to, you know, the funding levels that we want to try and maintain.

The one -- one other piece of it, and again a technicality, but if -- if we do wind up lowering our LOB, then as I -- it's also my understanding that the equalization aid would drop a little bit, too, but probably not significantly. But again, I haven't read all the detail of the bill. I just haven't had time.

CHAIRMAN RYCKMAN: Again, that is not my understanding, but we will definitely clarify that at the conclusion of this meeting because we want to make sure that our language is what we are
I'd like to move on just to kind of the same conversation we had with Dr. Lane as far as the results of HB 2506. Based on the old formula, based on our attempt to equalize, put an additional $16,000,000 into the school system, the result of your LOB -- excuse me, your total mills from 13-14 to 15-16 dropped three.

MR. FREEMAN: Correct.

CHAIRMAN RYCKMAN: And again, the -- by doing what the old formula did in a way, and we've heard from many districts that they would need more resources, with this type of answer the courts will allow more of those resources and will give you more flexibility to answer the needs that you have. Would you agree with that that, again, this type of proposal allows you to put more money for you to operate with?

MR. FREEMAN: From the standpoint of the flexibility that we were given in the block grant? Is that what you're asking?

CHAIRMAN RYCKMAN: Yes. Does this bill, compared to what we had in previous years or even the prior bill, that 2731?

DR. HINSON: Well, it does give us some
flexibility of movement of funds between —
between some of our funds, and in particular the
capital outlay fund. And quite frankly, we took
advantage of that, actually, before the block
grant came into place because the new resolution
allowed us to do that. So the flexibility is a
good thing. However, the way we are currently
using our budget and managing our budget, we
haven't actually taken advantage of any of that
flexibility, not because it -- we didn't --
because we are putting our money in the funds that
we wanted it to be in anyway, so we didn't have a
need to move money back and forth in funds.

But, yes, the flexibility is nice and we just
haven't, other than the very first capital outlay
piece, we haven't really taken advantage of it.

CHAIRMAN RYCKMAN: And my final question,
what's your total mills now for schools?

MR. FREEMAN: Right now, 55, 56,
something like that.

CHAIRMAN RYCKMAN: Thank you.

Representative Rhoades.

REP. RHOADES: Yeah, real quick, Mr.
Chair. What's your total budget per year?
Because I don't know.
MR. FREEMAN: The total, total budget is about 680,000,000.

REP. RHOADES: And do you have an unencumbered balance currently? What's your unencumbered balances?

MR. FREEMAN: Right now?

REP. RHOADES: Right now.

MR. FREEMAN: I think the last report it was at about 110,000,000.

REP. RHOADES: So you're, you're almost 15 percent balanced in your unencumbered?

MR. FREEMAN: I understand, but the unencumbered balance right now includes the property tax -- the large property tax revenue that we received in January and the LOB and capital outlay. So it is a little inflated right now, but will come down. I expect -- I expect that our cash balances will be down lower, certainly lower than that at the end of the fiscal year.

CHAIRMAN RYCKMAN: Representative Henry.

MR. HENRY: Real fast, Mr. Chairman. I hope that -- I thought I saw Dale Dennis in the room, and maybe not. I mean, I think what we are seeing right now, Mr. Freeman, is what's going to
happen for the next two or three months with all school boards in that how are you going to take this, you know -- and again, I'm saying what Representative Hutton said last night, this is really self-funding. Either the property taxpayer is not going to get a rebate or they are going to have an increase, or we are going to have school districts that say we are going to cut operations in which they'll have to cut budgets to make up for the loss in equity. So I hope we are keeping track of that because we are seeing testimony that this could possibly be a solution for the new finance formula, so I hope we are keeping good records. Because if we started doing this as our equity test on into the future in the new finance formula, I'd sure like to see how school districts are reacting to this.

CHAIRMAN RYCKMAN: We also haven't had testimony of other options as far as other efficiencies. I know we had three suggestions from A&M that talked about possibly procurement, insurance for health care or our capital -- or our casualty insurance. There hasn't been a lot of collaboration to work on that yet. In fact, we saw some of that on the floor yesterday, but there
are other choices. Again, there has been some
news and talks about Wichita school districts and
health insurance rates and what they pay. There
is other -- there is other options besides the
ones being presented. All right. Thank you, Mr.
Freeman, for being here.

Move on to our neutrals. Dave Trabert,
Kansas Policy Institute.

MR. TRABERT: Thank you, Mr. Chairman,
members of the committee. For the record, my name
is Dave Trabert, I'm President of the Kansas
Policy Institute. We here -- we are here today
testifying neutral, on this bill for the simple
reason that it is one of several options that
could resolve the Court's order on equity without
spending more money. And so we certainly agree
with many of the things that Dr. Hinson and Dr.
White said and completely concur with testimony
from Mr. O'Neal, and so I won't bother repeating
much of that on equity.

We do believe it is a viable solution to the
Court's ruling. I would, however, like to
disagree with the contention from Dr. Lane where
she said that she was using the transitive
property, if I understand it correctly, to imply
that it's not -- doesn't meet the Court because if A equals B and B equals C, then C equals A, and she said they are all the same. But, of course, the first report you had from the Legislative Research today, and I failed to bring that with me and I'll try to do it from memory, refutes that.

The funding that was in SB7 for equalization was in round numbers, about $450,000,000. What is in the proposal today is $495,000,000. Now, of course, the Court did not say, as you've heard previously, the Court did not say that more money needs to be spent in order to resolve equity. They said if you don't, then you could create a separate adequacy issue, but they didn't say you had to spend more. And yet, this bill does propose to spend about $45,000,000 more than what was in the SB7 allocation. And that wasn't so much to do with the money as it was the distribution. They didn't say there wasn't enough money in there.

So what Dr. Lane is really using, and what my old math teacher would say, the transitive property doesn't apply here. You applied logical fallacy to try to fit the transitive property to your narrative.
Now, I'd also like to address the concerns about equity, because the Court did say that if you don't provide more money, that you could create in a separate, unrelated to this, but a separate matter of adequacy. We don't believe that would be the case for a number of reasons. First of all, the Court said in March of 2014 that the first test of adequacy is whether students are meeting and exceeding the Rose capacities.

Now, since then, we have had school districts, the Department of Education, the Kansas Association of School Boards and others on the record coming to the legislature, coming to the K-12 Commission on Student Achievement and Efficiency also saying we don't know how to measure and define the Rose capacities. We need your help to understand this. So, basically, they are saying we don't have enough money to get home, but we don't know where home is. That alone, to me, invalidates the case that they don't have adequate funding to meet the Rose capacities.

There is more, though. As you have seen in my testimony, there is a chart there showing that school districts over the last 10 years collectively have not spent about $385,000,000 of
the money they were given by taxpayers, by the
department to operate schools. They increased
their cash reserves from about 468,000,000 to
$853,000,000 over that 10-year period. That
doesn't include the capital money, it doesn't
include any of the bond issues.

You have also had testimony in various
committees this year and in the past where school
districts acknowledge that they choose in some
cases to spend more than is necessary, and that
they've actually opposed many opportunities that
would reduce their costs, whether it be on
procurement or many other ways and make more money
available to the classroom. And that itself may
yet go to an issue of equalization, ironically,
because by choosing to operate inefficiently, they
are forcing other people to be taxed
unnecessarily. It would be interesting to see
what the Court had to say about that.

And finally, I would like to conclude with a
comment or a new piece of testimony because a lot
of what I had in here was similar to what you saw
last week. But last week you heard from the
Kansas Association of School Boards, and this also
gets to a matter of whether or not it creates an
adequacy issue. They testified that no state spends less and achieves more. On page 4 of my testimony, I provided some evidence that completely contradicts that claim.

The National Assessment of Educational Progress, considered the gold standard of student achievement measurement. And what I have done here is simply lay out the scores of Kansas and two other states. And I chose these two states because they spend less than Kansas. According to the Census Bureau -- and these per pupil amounts are on a head count, so they will be a little bit different from what you're used to seeing because KASB reports everything on a full time equivalent. But according to Census Bureau information, in 2013, which is the most recent available, Kansas spent $11,496 per pupil. Texas spent about $1,100 less, 10,313. Florida spent almost $2,000 less than Kansas, 9,420. Above that, you can see the scale scores for fourth grade and eighth grade reading and math for both low income kids and those who were not low income kids. So there is eight separate measurements here. And what we find is that the state that spent the least of those three, Florida, had the best scores on four
of those eight measurements. Texas, who spent
more than Florida but less than Kansas, had the
best scores on three of those measurements, and
Kansas had the best score on one measurement. If
you put the full eight measurements together and
create a composite score, again Florida had the
highest score among the three states, Texas second
and Kansas third. It completely refutes the
contention that spending more leads to more
results.

So with that, Mr. Chairman, I'd be happy to
stand for questions at the appropriate time.

CHAIRMAN RYCKMAN: Committee, this is our
only sign of neutral. Any questions for Mr.
Trabert? I'm not seeing any. Thank you for being
here and thank you for testifying.

Representatives Suellentrop does has one
question of Mr. O'Neal. Is he still here?

REP. SUELLENTROP: Thank you, Mr.
Chairman.

Mike, I have a concern. Early in your
comments you remarked about the Court didn't have
information. The Court didn't have an
understanding of what we do, how we do it, the
tools we used, the rationale behind our decision,
things like that. I've got a concern and had a
cconcern, you know, on the state's behalf is the
Court getting adequate information? Is our party
that represents us doing an appropriate job? And
I don't bring this up just to flog them in public
or anything, but I do have a serious concern about
that was done in the past and perhaps what's going
forward.

Now, of course, we've got some documentation
that's being taken now and produced. I guess in
your opinion, in your opinion, has that been a
problem in the past and what we are doing now will
that solve that in the future?

MR. O'NEAL: Well, and again, I certainly
didn't mean to imply that the Court has a lack of
understanding about the process, but they do have
a procedural process by which the appellate Court
receives information and then rules. They are
basically ruling on a record from -- from the
lower court. And generally speaking, it's, you
know, sworn testimony, it's exhibits that are
introduced and that sort of thing. And what has
been unique is that the Court has elected to
accept jurisdiction in a case involving, in my
humble opinion, a political question. And about
half the states that have looked at this have declined jurisdiction on the basis that it's uniquely a political question. Other, other states, including Kansas, has decided that school finance is a justiciable issue. And so somewhere along the line you've got to marry up the process by which legislation is considered and passed and then later considered by a Court in a legal proceeding following, following their rules.

In 20-20 hindsight, we should be -- should have been doing back in Montoy what we are doing today in terms of building a record. The Court in Gannon has suggested to us that we need to be able to show our work. I think in fairness for the legislature, the legislature thought they were because you're sending information in the form that you're used to sending it. The Court, however, is not getting into the record the evidence in a manner in which they are accustomed to getting the evidence. Really no fault of the legislature, no particular fault of the Court, except we now need to make sure that we are marrying up the evidence that we want the Court to see in a fashion in which the Court is used to getting it, and I think you have struck on exactly
the way that needs to happen and probably ought to
happen in the future.

We can't undo what, what has been in the
past, but I think -- I think you now have an
improved system that will help, as the Court has
asked, help show the legislature's work in a way
that the Court is accustomed to receiving such
information.

REP. SUELLENTROP: As we move along on
this issue, I appreciate any other comment or
suggestions, as well, to make sure that that
process is clearly visible to them and we are
going our message to them.

MR. O'NEAL: I think you have the
transcript from Monday. Monday was excellent. I
mean, I couldn't -- that's the way to get evidence
into a record. And I think when you see your
transcripts, you'll see that is a good process for
the unique situation you are in. You are in
litigation, so you are not having -- you are not
dealing with things in a usual fashion. You are
need to respond to the Court in a manner in
which they are accustomed to getting that
information.

REP. SUELLENTROP: Thank you.
CHAIRMAN RYCKMAN: Representative Grosserode.

REP. GROSSERODE: Thank you, Mr. Chair.

This is still a question for you, Former Speaker. You spent quite a few years in the legislature.

MR. O'NEAL: Don't ask me how many.

REP. GROSSERODE: How many of those were on the education committee?

MR. O'NEAL: Actually, only two.

REP. GROSSERODE: And were you chair of that committee?

MR. O'NEAL: I was made chairman of the committee having never served on it. Yes, that was rather unusual.

REP. GROSSERODE: I'm sure it was. I'm sure it was just really fun.

MR. O'NEAL: Not exactly my recollection, but, yes.

REP. GROSSERODE: But you had many discussions on education during those years, I'm assuming.

MR. O'NEAL: Many.

REP. GROSSERODE: Not just on -- in the committee, but committee of the whole, I'm sure leadership discussions, whatnot. What is the
rationale during that time for having multiple
formulas to address equalization, formulas that
aren't completely different.

MR. O'NEAL: Representative, I'm not sure
I have -- I'm not sure I have a good answer for
that. If you look at the history of school
finance and when you think about -- you talk about
the formula, that's really a misnomer because you
have a new formula virtually every year in some
fashion.

Dr. Hinson said it best that you go back and
look at the history of just our last school
finance plan, there is a change -- there is a
tweak every year. And it's usually the
legislature responding and not being proactive.
You've had a suggestion that's brought to you as a
way of making or building a better mouse trap or
whatever and over time the formula gets tweaked
even enough that you have a lot of different ways of
looking at it.

LOB was a fairly new concept, originally
thought to allow school districts to raise extra
money locally for extras. It didn't take much
time for school districts to start building LOBs
into their base operating budget. Some districts
continue to rely on it only for extras. But as soon as you got into the business of having LOBs go into your general operating expenses, then the equalization issue became big and so a unique way of equalizing LOB was created.

Not that capital outlay was wrong, but it was just that day the topic du jour was LOB, so you devised a way to equalize it. That's the best I can do in terms of history.

REP. GROSSERODE: Is there anything within the Court record that says that we must equalize based upon a specific formula? I mean --

MR. O'NEAL: No. No. And as -- as I was explaining, the Court actually comes right out and says there is any number of ways that the Court could -- that the legislature could respond to this. The low-hanging fruit, frankly, in the Court's opinion would be -- for them, the easy, obvious way of doing it is just to go back and -- and resurrect the equalization that you had before Senate Bill 7. And that's -- and you have accepted that invitation and gone back and said, well, this looks like a way the Court would find acceptable and -- but the Court did not say you had to do capital outlay exactly the way you used...
to do it or LOB the way you used to do it, but
you need to do it different than the quartile
system that you did in Senate Bill 7, which is
ironic because I would, frankly, submit, and this
is the problem with evidence, you probably spent
more time thinking about that than you did the
81.2 percent, which is a number you backed into.
More time was thought -- and you probably could
have shown your work better on what you did in
Senate Bill 7 than the plan that the Court has
invited you to go back and return to.

But again, it's in the way you show the Court
how you came up with that in the deliberative
political process.

REP. GROSSERODE: Thank you.
CHAIRMAN RYCKMAN: Thank you. Thanks for
being here.

Anyone else like to speak that's here on the
bill?

Committee, anyone else that has signed up
that have heard from you like to ask a follow-up
question? I'm not seeing any. The hearing is
closed.

(THEREUPON, the hearing concluded at
11:37 a.m.)
CERTIFICATE

STATE OF KANSAS

SS:

COUNTY OF SHAWNEE

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

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

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

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

By Committee on Appropriations

3-22

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
tereto; 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
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 2013-2016, the department
of education shall disburse to each school district that is an eligible
employer as specified in K.S.A. 74-4931(1), and amendments thereto, an
amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and
amendments thereto, which shall be disbursed pursuant to K.S.A. 2015
Supp. 72-6465, and amendments thereto. Notwithstanding the provisions
of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,
the department of education shall disburse to each school district that is
an eligible employer as specified in K.S.A. 74-4931(1), and amendments
thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),
and amendments thereto, which shall be disbursed pursuant to K.S.A.
2015 Supp. 72-6465, and amendments thereto. Upon receipt of each such
disbursement of moneys, the school district shall deposit the entire amount
thereof into a special retirement contributions fund of the school district,
which shall be established by the school district in accordance with such
policies and procedures and which shall be used for the sole purpose of
receiving such disbursements from the department of education and
making the remittances to the system in accordance with this section and
such policies and procedures. Upon receipt of each such disbursement of
moneys from the department of education, the school district shall remit,
in accordance with the provisions of such policies and procedures and in
the manner and on the date or dates prescribed by the board of trustees of
the Kansas public employees retirement system, an equal amount to the
Kansas public employees retirement system from the special retirement
contributions fund of the school district to satisfy such school district's
obligation as a participating employer. Notwithstanding the provisions of
K.S.A. 74-4939, and amendments thereto, each school district that is an
eligible employer as specified in K.S.A. 74-4931(1), and amendments
thereto, shall show within the budget of such school district all amounts
received from disbursements into the special retirement contributions fund
of such school district. Notwithstanding the provisions of any other statute,
no official action of the school board of such school district shall be
required to approve a remittance to the system in accordance with this
section and such policies and procedures. All remittances of moneys to the
system by a school district in accordance with this subsection and such
policies and procedures shall be deemed to be expenditures of the school
district.

Sec. 10. K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and
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.
(e) 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
capabilities 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, and
prorated in accordance with K.S.A. 72-6418, 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;
(A) an amount that is directly attributable to the proceeds 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 school 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.
(b) 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.
(c) 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. 75-3371(c), and amendments thereto.
Such approvals may be given by the state finance council when the
legislature is in session.
(d) The provisions of this section shall expire on July 1, 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
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 board 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

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. 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. 2013 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).

(f) (g) (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
Mills Required to Fund Non-State Portion of 25% Adopted LOB

- 2013-14
- 2015-16
- 2016-17 Est.

Wealthiest 20%  Middle 20%  Poorest 20%

*State aid attributable to hold harmless included in State portion for analysis purposes.*
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<tr>
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<td>20.802</td>
<td>20.673</td>
<td>20.125</td>
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<td>20.923</td>
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<tr>
<td><strong>Difference Between</strong></td>
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<td></td>
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<tr>
<td>Poorest 20% and</td>
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<tr>
<td>Wealthiest 20%</td>
<td>15.855</td>
<td>4.225</td>
<td>5.456</td>
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Chairman Ryckman and Members of the Committee:

Thank you for the opportunity to appear before you today as a proponent of HB 2740. We are mindful of the challenge you are facing, as you seek an appropriate short-term solution that will allow us to continue our goal of offering a quality education to the students we serve.

We thank you for your hard work and the long hours you have spent on this legislation. We also want to thank you for listening to the concerns of those who have come before this committee previously, which is clearly demonstrated by providing that all districts will be held harmless and will not lose funding from their general operating budgets.

Further, we are grateful that you have honored the spirit of the CLASS Act, which was to provide budget certainty to school districts for two years while a new school finance formula is being developed.

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

We do appreciate the challenges you are facing and we continue to want to work with you to solve the K-12 challenges before us in a way that promotes the best outcomes for the students we serve.

We are happy to stand for any questions you may have at the appropriate time.

Presented by: Todd White, Incoming Superintendent
Testimony to House Appropriations Committee  
HB 2740 School Funding Equalization  
March 23, 2016  
Dave Trabert, President

Chairman Ryckman and members of the Committee,

We appreciate this opportunity to present neutral testimony on HB 2740. We’re pleased to see the Legislature proactively responding to the Supreme Court ruling on equity in a manner that doesn’t increase total funding; our testimony is neutral only because this is but one method of satisfying equity without spending additional money.

As noted in the attached article we published, the Court reaffirmed that constitutional infirmities “can be cured in a variety of ways—at the choice of the legislature” with the proviso that any adjusted funding must also meet a separate test of adequacy—i.e., whether districts are receiving ‘enough.’ We believe SB 71 introduced last year would be another appropriate response to the Court, whether as written—which would reduce LOB equity by $3.3 million—or some modification that would spend the same amount.

The Court noted that spending less than would be provided by fully funding the old equity formula could create an ‘adequacy’ issue, but we believe there is ample evidence that HB 2740 or SB 71 would still provide more than adequate funding.

First of all, the Court upheld what we have constantly maintained—education is about outcomes rather than money. They specifically said “...total spending is not the touchstone for determining adequacy.”

Instead, the Court says adequacy “...is met when the public education financing system provided by the legislature for grades K-12—through structure and implementation—is reasonably calculated to have all Kansas public education students meet or exceed the standards set out in Rose and presently codified in K.S.A. 2013 Supp. 72-1127. This test necessarily rejects a legislature’s failure to consider actual costs as the litmus test for adjudging compliance with the mandates of Article 6. For example, even if a legislature had not considered actual costs, a constitutionally adequate education nevertheless could have been provided — albeit perhaps accidentally or for worthy non-cost-based reasons.”

Since school districts admit that they can neither define nor measure the Rose capacities, they have no legal basis for claiming to lack adequate funding to achieve the Rose capacities. This fact alone could be sufficient grounds for dismissal of schools' claims, but there is more.
Schools and their taxpayer-funded lawyers base their adequacy claims on Montoy, which relied on the findings of an Augenblick & Myers cost study recommending specific funding levels. However, the Gannon Supreme Court rejected the lower court’s reliance on that, saying “... actual costs from studies are more akin to estimates than the certainties the panel suggested.”

In distancing itself from the A&M cost study, the Court also said, “... the strength of these initial statements was later diluted by our primary focus on cost estimates—a focus that evolved in the Montoy litigation because of how the issues were presented to us by the district court and due to the remedial nature of some of our decisions.” The A&M cost study was presented as rock-solid evidence in Montoy but later, then-KPI scholar Caleb Stegall (now Supreme Court Justice Stegall) discovered that A&M had deviated from its own methodology so as to produce deliberately inflated numbers.

We further know that the funding provided under Montoy, which is the basis for school claims of inadequate funding, is more than schools actually need because they haven’t needed to spend it all. The $385 million increase in districts’ operating cash reserves over the last ten years comes from state and local funding that wasn’t spent—and that’s in addition to the $468 million accumulated through 2005.

Refuting KASB school funding claims

Last week the Kansas Association of School Boards (KASB) raised several adequacy issues in testimony on the House effort to resolve equity in HB 2731 and SB 512, so we offer the following thoughts in anticipation that the same claims will be made here today.

KASB implied that school funding is not adequate because it hasn’t kept up with the change in personal income growth, but that is a claim of entitlement, not adequacy. The Constitution does not say that adequacy is a percentage of personal income or any particular dollar amount. Indeed, if personal income declined for an extended period of time, it is unlikely that the Court or school districts would find a commensurate reduction in school funding to be acceptable and adequate.

As a matter of fact, school districts sued taxpayers for more money in November 2010 after Governor Parkinson reduced funding as a result of a recession. Personal income declined but schools didn’t accept that as an excuse to reduce funding.
That said, school funding continues to run ahead of personal income growth, whether measured in its entirety or against the personal income components that are available to pay taxes.

School funding (adjusted upward for KPERS prior to 2005) increased by 188.7 percent between 1990 and 2014 (the last year for which annual Personal Income data is available) while Personal Income increased 185.4 percent.

However, Personal Income includes components that are not available to pay taxes, such as employer payments to retirement plans, health insurance and payroll taxes. Measuring school funding against Wages & Salaries, Proprietors’ Income, Dividends, Interest, Rent less employee-paid payroll taxes shows an even wider gap from school funding.

Personal income available to pay taxes increased 175.8 percent, or about 13 percentage points less than school funding.

Not that that matters from an adequacy viewpoint, but to demonstrate that the KASB claim simply doesn’t stand up to scrutiny.

Inflation, on the other hand, is a legitimate consideration and here we see that per-pupil funding has far outpaced inflation over the course of the old school funding system. Had funding been increased for inflation since 1992, funding would have been $1.88 billion less in 2015.

School funding also set another new record in 2015, at $13,224 per pupil. Even with every dollar of KPERS removed, funding still would have set a record last year, and if non-KPERS funding had been increased for inflation each year, it would have been $1.64 billion less.
Additional articles are attached that refute KASB claims on the correlation between spending and achievement and the levels of student achievement in Kansas. As for KASB’s claim that no state spends less and achieves more, an honest review of the data shows that at least Texas and Florida spend considerably less but get slightly better results on the National Assessment of Educational Progress. Florida leads wins half of the eight measurements, Texas wins three and Kansas wins one. Florida has the highest composite score, Texas comes in second and Kansas is slightly behind Texas.

We’d be happy to work through the remainder of their claims at your convenience, as shown in the attached articles.

**Conclusion**

The equity issue must be resolved and we encourage the Legislature to do so without spending additional money, as the Court does not require more funding to satisfy equity and a large body of evidence shows that more money is not needed.

2 Ibid, page 76.
3 Ibid
Nationwide Report on Education Provides Evidence that Kansas Students Perform Poorly in a Nation of Mediocre Achievement

January 18, 2016

Education Week has released its 20th annual edition of Quality Counts, a report card that provides an overall letter grade for each state’s education system. Kansas earned a C, with an overall score of 73.9 – slightly lower than the national average of 74.4 (also a C).

Quality Counts employs three indicators to establish an overall grade. Kansas earned a B- in the category called Chance for Success, defined as providing “a cradle-to-career perspective on the role that education plays in promoting positive outcomes throughout a person’s life.” For the School Finance indicator, Kansas earned a C. Unfortunately, Kansas’ worst indicator is in K-12 Achievement, a category in which the state earned a D.

K-12 Achievement

The achievement category is an amalgamation of 18 outcome measures that include (1) NAEP scores, (2) graduation rates and (3) performance in high school advanced placement classes. The report uses detailed NAEP data, including proficiency rates, achievement gains, poverty gaps and excellence achievement. It is of note that Quality Counts does NOT consider a score in the “Basic” category an achievement, which is the same way KPI
reports NAEP data. Here are a few lowlights regarding Kansas and the NAEP achievement gap data in the report:

- Only Oregon, Washington and the District of Columbia had a larger increase in the 4th grade achievement gap than the Kansas gap increase of 6.8%.
- While 31 states actually reduced the achievement gap in either 4th grade, 8th grade or both, Kansas had an increase in the achievement gap in both grades.
- Overall, the nation decreased the achievement gap by 0.4% for 4th graders and 0.6% for 8th graders.
- But the most alarming stat is the revelation that Kansas is the ONLY state in which NAEP math scores for both 4th and 8th graders are lower in 2015 than they were in 2003.

Ouch.

And for those who want to blame it on some bogus claim that it all has to do with spending, consider this: data used by Quality Counts ranks Kansas 15th in spending and 41st in achievement.

**Achievement & Spending**

It is often argued, especially by education establishment groups in Kansas, that there is a high correlation between spending on education and achievement. That supposition is not supported by the data used in Quality Counts. The scatter-plot below is a graphic display of combining the composite achievement score with the percentage of total taxable resources states spend on education. The scatter-plot of the 50 states shows a virtual flat trend line, indicating almost no correlation between the two. The $R^2$ value, which is a numeric representation of how close each plotted point is to the trend line, of 0.06 falls far short of even being considered a “weak” correlation. Furthermore, the single outlier on the graph, Vermont (the only state that spends more than 5% of its total taxable resources on education), drives most of the incline of the trend line. If Vermont is removed, the $R^2$ value is 0.02. Another interesting note is that the highest achieving state (Massachusetts) spends a lower percentage of their taxable resources than the lowest achieving state (Mississippi).

The results of this report strengthens two fundamental propositions of Kansas Policy Institute regarding education: (1) that Kansas is doing about average in a nation that under-performs and (2) there is no correlation between spending and achievement.
No correlation between spending and achievement

The Kansas Association of School Boards produced a report recently which some are saying proves that spending more money leads to better outcomes, but even KASB says that is a misinterpretation. I asked Mark Tallman of KASB if that was the case and he replied, "I specially [sic] said to the group of legislators we invited to lunch that we do NOT claim this report "proves" spending "causes" outcomes changes."

Mr. Tallman went on to explain that "...the data indicates that higher spending over time is more often than not a "predictor" of higher NAEP scores, and usually has a positive correlation with higher results. We do not say that correlation proves causation."

Our review of the data says otherwise, as does that of many other respected school funding experts including Dr. Eric Hanushek of the Hoover Institution at Stanford University, who says, "...the outcomes observed over the past half century – no matter how massaged – do not suggest that just throwing money at schools is likely to be a policy that solves the significant U.S. schooling problems seen in the levels and distribution of outcomes. We really cannot get around the necessity of focusing on how money is spent on schools."

Bi-variate analysis

The KASB report takes only two variables into account – spending and achievement. It’s called a bivariate analysis (two variables), which doesn’t allow for meaningful conclusions. Dr. Benjamin Scafidi, Director of the Education Economics Center at Kennesaw State University, says, "...they do not control for the many other factors that impact student achievement. Social scientists do not put much stock into bivariate relationships like the KASB [example] below." Dr. Scafidi’s remarks were directed at the 2013 KASB report that also only looked at changes in spending and achievement.

One such factor ignored by KASB is the impact of Common Core. When Kansas’ NAEP scores dipped in 2013, the Kansas Department of Education told legislators that they couldn’t identify a particular reason but did note that the transition from previous teaching methods to Common Core may have been a factor. They again honed in on the transition to Common Core to explain the 2015 NAEP decline to legislators this month. KSDE did not blame funding in 2013 or 2015.

Data refutes notion that spending predicts outcomes

This table lists 8 bi-annual changes in proficiency measurements for each of the last 6 NAEP reports, for a total of 48 total changes; proficiency levels for Low Income students and those who are Not Low Income are shown for two subjects (Reading and Math) for two grade levels (4th and 8th Grades). In the majority of comparative instances, changes in inflation-adjusted (real) spending did not correspond to changes in proficiency levels. That is,

1. In 31 of the 48 comparative instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED).
2. In 9 of the 48 comparative instances, the increase in proficiency levels was less than the increase in real spending (YELLOW).
3. In 8 of the 48 comparative instances, the increase in proficiency levels was greater than or equal to the increase in real spending (GREEN)
### Kansas Spending Per-Pupil and NAEP Percent Proficient

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<tr>
<th>School Year</th>
<th>$ Per Pupil</th>
<th>Inflation Index</th>
<th>4th Reading Low</th>
<th>Not Low</th>
<th>8th Reading Low</th>
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### Percent Change in Each Category

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<th>$ PP Net Inflation</th>
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<th>Not Low</th>
<th>8th Reading Low</th>
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<td>-18%</td>
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</tbody>
</table>

Source: KSDE, National Assessment of Educational Progress (NAEP); BLS, Midwest Urban Cities fiscal year. Low and Not Low refer to student income levels based on eligibility for school lunch programs; Low Income + Not Low Income = All Students.

We performed the same analysis on changes in the national averages, although spending is only available through 2013, so there are only 40 comparative instances. Once again, spending is not a predictor of outcome changes; indeed, in 20 of those 40 instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED). Most notably, real spending declined in 2011 and 2013, but proficiency levels increased in all 8 measurements both years!

### United States Spending Per-Pupil and NAEP Percent Proficient

<table>
<thead>
<tr>
<th>School Year</th>
<th>$ Per Pupil</th>
<th>Inflation Index</th>
<th>4th Reading Low</th>
<th>Not Low</th>
<th>8th Reading Low</th>
<th>Not Low</th>
<th>4th Math Low</th>
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### Percent Change in Each Category

<table>
<thead>
<tr>
<th>School Year</th>
<th>$ Per Pupil</th>
<th>$ PP Net Inflation</th>
<th>4th Reading Low</th>
<th>Not Low</th>
<th>8th Reading Low</th>
<th>Not Low</th>
<th>4th Math Low</th>
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</table>

Source: Census, NAEP; BLS; fiscal year. Low and Not Low refer to student income levels based on eligibility for school lunch programs; Low Income + Not Low Income = All Students.

Our analysis is very straightforward; the changes in spending and every measurement of proficiency are examined separately. KASP based their findings on 8-year averages rather than individual years, which masks fluctuations by allowing gains to offset losses; the results are further skewed depending upon the starting point and length of the average. KASP also combines proficiency levels for 4th Grade Reading and Math as well as 8th grade Reading and Math by averaging those four disparate percentages into a single number, which again hides information. That methodology could present the appearance of improvement (especially by careful selection of the 8-year starting point) even though one or more grade levels and/or subjects could be in decline (which indeed happened). Such manipulation may allow KASP to justify more spending but it disregards the importance of understanding the true
causes of student achievement.

It should be noted our explanation of their methodology is based on our reading of their report; KASB has not responded to requests for their underlying calculations.

KASB also claims that "higher spending states are more likely to have higher results" but once again, the data is contradictory. If spending more money was a "predictor" of higher outcomes, the points on these scatter plots of spending and proficiency levels would be grouped along a line of increasing slope but they are 'all over the map'.

New York schools spent the most at $22,902 per-pupil and had 4th Grade Reading proficiency levels of 21% and 53%, respectively, for Low Income and Not Low income students. North Carolina schools however, spent just $8,879 per-pupil yet had proficiency levels of 25% and 59%, respectively. There are many other examples all across the proficiency ranges of grade levels, subject and student income groups where states achieved the same or relatively the same outcomes while spending significantly disparate amounts.
Higher spending would absolutely be a predictor of higher tax bills for citizens but there is no correlation between spending and achievement in the data.

Spending more money may create more opportunity to improve outcomes but only if the extra money is well-spent. As Dr. Hanushek notes, "It's absolutely true that if you spend money well, it has an effect," he said. "But just putting money into schools and assuming it will be spent well isn't necessarily correct and there is substantial evidence that it will not happen." And as has been documented time and time again over the years, there is certainly is evidence of money not being well spent in Kansas.

Achievement matters, not national rankings

KASB makes much of the fact that national rankings on NAEP declined ("Kansas has fallen from a national leader to merely an above average performer") and they use that emotional appeal to push for more money. But actual achievement should be the focus instead of national rankings, especially in a nation that doesn't perform very well. For example, Indiana is ranked #1 for 4th Grade Low Income students in Reading – at just 36% Proficient!

Kansas may have had higher national rankings in the past but look at these proficiency levels and decide for yourself: was achievement in any grade or subject ever at acceptable levels?
After nearly a $2 billion funding increase over the last ten years, only a quarter or less of low income students and only about half of the rest are Proficient on NAEP Reading and Math exams. A "C" or a "D" may be one of the highest grades in the class but not scoring as badly as one's classmates is no indication of acceptable outcomes. Attempting to justify pouring more money into the same system that produced these outcomes is simply about getting more money for the system; it most certainly is not student-focused.

The definition of insanity is doing the same thing over and over and expecting different results. We have tried dramatically higher real (inflation-adjusted) spending in Kansas public schools (43.5% per-pupil over the last 25 years) and in public schools around the nation. For Kansas, those increases in spending into the current education system have yielded the results just above. It is time for Kansas policymakers to call a new play. Our students deserve no less.

Post Script: We thank education economists Dr. Erick Hanushek and Dr. Benjamin Scafidi for their review and input on this analysis. For a teacher's perspective on this subject, see David Dorsey's thoughts on the Topeka Capital-Journal Blog.
House Appropriations Committee
Testimony on HB 2740

Dr. Cynthia Lane, superintendent
March 23, 2016

My name is Dr. Cynthia Lane, and I have the privilege of serving as the superintendent of the Kansas City, Kansas Public Schools. I am here to testify in opposition to HB 2740. This bill, which was printed yesterday afternoon, was ostensibly written to respond to the ruling of the Kansas Supreme Court on the Gannon v. State of Kansas school funding case. The Supreme Court found that SB 7 was unconstitutional, in that it did not meet the equity requirements of Article VI of the Kansas Constitution. The printout provided at the hearing on March 22 indicates that no district would receive less in Local Option Budget and Capitol Outlay equalization aid for FY 2017 than they received for the current fiscal year (a few districts benefited from the adjustments to the formula, and would collectively receive an additional $2 million.)

To me, one of the first mathematical properties that we teach our students in Algebra, the Transitive Property, applies directly to this bill: If SB 7 is unconstitutional, and HB 2740 does the same thing as SB 7, then HB 2740 MUST be unconstitutional as well. Perhaps more importantly, HB 2740 does nothing to remedy the equity test put forth by the Court: “school districts must have reasonably equal access to substantially similar educational opportunity through a similar tax effort.” (Gannon, p.2) In fact, rather than remedying identified inequities, it creates the potential to widen the gap between property rich and poor districts, by reducing equalization aid for LOB by $82.9 million.

I applaud the fact that this bill attempts to “hold harmless” districts, so that they do not receive less than last year. Doing what is right for the children in Kansas City, Kansas should not come at the expense of children elsewhere in the state, who also deserve schools that are equitably and adequately funded. In fact, the notion of holding districts harmless during a change in the school funding formula has been a practice in Kansas for the past 20 years. However, in the past, the idea of “holding districts harmless” was only used AFTER legislation had been developed to remedy an identified deficiency in the formula. This bill, rather than fixing identified problems in SB 7, simply changes the formula in order to spend the amount of money the legislature is willing to spend, with no regard to the needs of individual students or districts. In doing so, it exacerbates the deficiencies contained in SB 7, which was found unconstitutional by the Shawnee District Court.

I recognize the difficult situation that this committee finds itself in. Creating equity in school finance will require additional resources, and finding those resources at a time when the state is missing already significantly lowered revenue projections is incredibly challenging. However, equity is the right thing to do for children, for families, for communities, and for the future of this state, and I would implore you to have the courage to recognize education’s role as the primary economic driver of this state, and to fund it accordingly.
Testimony before House Appropriations
HB 2740 – K-12 Equalization response
Mike O’Neal, Kansas Chamber CEO
March 23, 2016
Testimony in support

Mr. Chairman and members of the Committee

On behalf of the Kansas Chamber, I appreciate the opportunity to appear in support of HB 2740, a legislative response to the Court’s latest equity decision in Gannon. The Kansas Chamber has a strong Board approved Education agenda for 2016 that includes a call for increasing the quality of education for tomorrow’s workforce and the efficient use of tax dollars through policies that:

- Support a suitable school finance system for K-12 education that ensures taxpayer dollars are adequately and efficiently invested toward instruction in order to provide students and teachers with the resources needed to fulfill the mission of the Department of Education.

The necessity for this legislation derives solely from the Kansas Supreme Court’s Feb. 11, 2016 ruling on the equity phase of the pending Gannon school finance litigation and the Court’s less than subtle threat of court-ordered school closure if its articulated equity concerns were not addressed by June 30, 2016. The Court has essentially bifurcated the case and is dealing with the “equity” phase first and the “adequacy” phase later. While this is certainly the Court’s prerogative, and can be dealt with separately, our interpretation of the Legislature’s responsibility, as determined by the Court in recent school finance litigation, is to make suitable provision for the finance of the educational interests of the state. Once it is determined what resources will be provided to that end, it is then the responsibility of the Legislature to allocate or otherwise see to it that the resources are allocated in a manner that is equitable, i.e., such that school districts have reasonably equal access to substantially similar educational opportunity through similar tax effort. With the question of “adequacy” still to be determined, a response to the Court’s equity decision appears to put the proverbial “cart before the horse”.

“...to continually strive to improve the economic climate for the benefit of every business and citizen and to safeguard our system of free, competitive enterprise".
That said, an equity response is due and we applaud this Committee's effort to make a good faith effort to divine from the Court's opinion an acceptable response on the equity phase such that the threat of school closure is averted. (Regarding school closure we would refer the Committee to KSA 2015 Supp. 72-64b03(d) which prohibits such school closures) As an elected body that works closely with its respective constituents, it is prudent to take the steps this Committee has taken to reduce risk to Kansas taxpayers, families and children who, as the Court has previously held, have a constitutional right to a public education. One way or another, schools must remain open in the fall.

It is also prudent to take steps to protect school districts and school children who were not parties to the litigation and/or who were not affected either way regarding the perceived equalization infirmity or who may have lost resources as a result of the Court's suggestions regarding the prior equity formula. While it would appear to make no sense to threaten these schools with closure when they were not involved in this dispute, we applaud this Committee for taking steps to avoid the risk to these districts and their patrons.

Turning to the Court's language in what we'll call Gannon II, the Court, while appearing to state a preferred method of compliance, did acknowledge that the equalization infirmity "can be cured in a variety of ways – at the choice of the legislature."

As to the Court's implied preference, the Court noted: "One obvious way the legislature could comply with Article 6 would be to revive the relevant portions of the previous school funding system and fully fund them within the current block grant system." Of significance is the fact that the Court is clearly open to continuation of the block grant system and with arriving at an equity response "within" the current block grant system.

A question was raised in the informational hearing about whether the Court will require new or additional funds. First, equity is not a math equation. It is, as the Court has stated: "School districts must have reasonably equal access to substantially similar educational opportunity through similar tax effort." In this regard, no witness who testified Monday before the joint Committee in response to questioning by legal counsel was able to articulate or knew of a metric for determining how this test is satisfied. This comes as no surprise since even the Court noted that: "We acknowledge there was no testimonial evidence that would have allowed the panel to assess relative educational opportunities statewide."

The Court did, however, speak to the issue of funding. First, the Court acknowledged that: "equity does not require the legislature to provide equal funding for each student or school district." The Court went on to say that the test of the funding scheme becomes a consideration of "whether it sufficiently reduces the unreasonable, wealth-based disparity so the disparity then becomes constitutionally acceptable, not whether the
cure necessarily restores funding to the prior levels." Finally, the Court made it clear that "need" is irrelevant. The Court held that "equity is not a needs-based determination. Rather, equity is triggered when the legislature bestows revenue-raising authority upon school districts through a source whose value varies widely from district to district, such as with the local option mill levy on property."

Given what the Court said in Gannon II, it would have been perfectly acceptable to resurrect the capital outlay and LOB equalization formulae pre-SB7 and redistribute current funding accordingly. While that would have created so-called "winners" and "losers", that is irrelevant to the Court since equity is equity and restoring prior funding is not required. Equity in its most basic form is illustrated by the example of sharing a bottle of pop with your kids. If you happen to pour more into one glass than another you equalize the glasses by pouring the contents of the one with more into the glass with less until they are equal. Equity does not require you to return to the refrigerator and open a new can. Unfortunately, the expectation with regard to school finance equalization has historically been that one is expected to always go back to the refrigerator for more, since a district that has been allocated funds now sees that as their entitlement. Any perceived reduction in an expectation is characterized as a "cut". The concept of sharing, which we learned in Kindergarten, has been lost, even though, as the Court has ruled, "equity" is the law.

When this Committee considered a proposal (HB 2731) that would restore equalization to the presumably Court-preferred method, which created winners and losers, no district that would have benefitted showed up in support and no district that would have lost funds showed up in opposition. Only neutral testimony was received. It would be difficult to garner the votes necessary to pass such a measure and, notwithstanding a preferred course by the Court, passage of legislation by a majority of willing elected lawmakers would still be necessary.

Turning now to HB 2740, the bill, in our opinion, is a satisfactory response to the Court, given the Court's own language and the bill's response. Re-allocation of funds utilizing an approved method of calculating equalization (capital outlay formula) is proposed, with no district losing funds thanks to hold harmless provisions. Funds are included to cover minor changes in calculations due to actions taken subsequent to passage, and KSDE is given the balance of funds to allocate, as needed, in a manner consistent with the Court's definition of "equity" and including the existing factors for approving additional funds for extraordinary needs.

As to the "hold harmless" provisions, testimony was presented to the Joint Committee Monday that these types or provisions are not uncommon and are part of the inherent nature of the political process by which school finance decisions are made. With regard to the KSDE provisions, given that the Legislature and this Committee are in session only part time, and
given that the Legislature relies on KSDE for equalization calculations and other technical data related to whatever formula may be in place, including block grants, it makes sense to have KSDE handle the "extraordinary needs" fund allocations.

Finally, HB 2740 provides what we've heard districts requesting: as much budget certainty as possible, one of the key advantages of the current block grant system. We urge the Committee's favorable consideration of HB 2740.
Regarding HB 2740

Chairman Ryckman and members of the Committee:

Thank you for the opportunity to provide input on the issue before us to remedy equity. You have a significant challenge which is intensified by the challenges facing the State General Fund.

We know you are working to find a solution which meets the Court’s test and does not close schools. I thank you for your efforts.

However we respectfully believe this plan --- found in both Senate Bill 515 and House Bill 2740 — does not address the equity issue on two fronts:

- addresses Fiscal Year 17 only and not Fiscal Years 15 and 16;
- it is a redistribution of funds, without new funding, school are in essence self-funding this plan.

We believe the Gannon decision is clear in its finding that equity state aid was inadequate in fiscal years 2015 and forward. To quote from the Revisor of Statutes memo dated February 11, 2016:

“The Court held that the State failed to show sufficient evidence that it complied with the Court’s prior equity orders set forth in Gannon I and found that the amended supplemental general state aid and capital outlay state aid formulas failed to cure the unconstitutional wealth-based disparities in fiscal year 2015. The court also held that because SB 7 froze such inequities for fiscal years 2016 and 2017, such unconstitutional inequities carry forward in those years.”

The inequity Senate Bill 7, the Block Grant bill, froze into place the FY 15 inequity and carried it forward. State aid proration has negatively impacted property taxes and operations. For the Wichita Public Schools the state aid loss is over -$26.3 million:

LOB proration FY 15 -$5.1m x 3 = -$15.3m
Capital outlay aid: FY 15 -$3.1m + FY 16 -$3.4 + FY 17 -$4.5m = -$11m
Total state aid proration under SB 7, the Block Grant: -$26.3 million

This is what we seek to remedy. The bill before us today does not solve the inequity, the loss of $26 million for the Wichita Public Schools, frozen in by the Block Grant.
We always appreciate efforts to hold districts harmless, but in my memory first funding has added funding and then hold harmless provisions have been applied to protect the outliers. The hold harmless provision in this bill is a redistribution of funds without new funding.

Hold harmless provision in HB 2740 uses SB 7 funding as the base, which was found unconstitutional and is the reason we are here today. The bill redefines equalization to equal the current dollars being spent. Therefore with no new money and district's will still be held at an unconstitutional level. HB 2740 does not solve the issue at hand: equity.

The bill changes the LOB state aid calculation to the capital outlay formula which will provide less equalization aid to districts. The LOB is a key component of our current finance formula and we want to maintain that support for our schools. We do not support changing the LOB equalization formula.

Local Option Budget equalization is a key component in providing resources for schools, and we do not support changing the state aid formula. The Local Option Budget is a significant funding component for districts. Wichita is at the 30% lid, some districts are at the 33% max and some are lower. Statewide the LOB mill levy is 19 mills; total average mill levy is 56 statewide. LOB Equalization is on a significant portion of the total mill levy, compared to the 8 mills for capital outlay. The Local Option Budget supports classrooms and schools and should not be reduced.

Equity is the measure which allows the property poor district to provide similar services compared to wealthier districts. We believe equity is fundamental to providing educational opportunities to Kansas students regardless of their zip code.

Mr. Chairman – we do appreciate your efforts and we are all seeking solutions which will keep school doors open. However we do not support this bill which redefines equalization to equal current dollars; nor does it provide additional funding for districts harmed under the Block Grant. Thank you for your work and diligence on these issues. We understand the legislative process is a process and appreciate your efforts to find solutions.
March 23, 2016

House Appropriations Committee

House Bill 2740

Chairman Ryckman and Members of the Committee,

I am Dr. Jim Hinson, Superintendent of the Shawnee Mission School District in Johnson County. I appear as a proponent on House Bill 2740. This bill appears to be one of the few solutions that has been proposed to the current school-funding situation that attempts to address the Court’s demands and holds all districts harmless from loss.

The Shawnee Mission School District desire a solution to the short-term issues related to equity. In addition, we hope the Legislature is working toward addressing a long-term solution that will ultimately satisfy the Supreme Court with a new funding formula.

The bill as written funds the Shawnee Mission School District at a level we anticipated based on the block grants implement in House Substitute for Senate Bill 7 passed in 2015. House Bill 2740 seems to satisfy the equity issue by funding a fully equalized formula related to LOB equalization. Rather than the prior LOB equalization formula, House Bill 2740 uses the capital outlay equalization formula to fund LOB equalization. We are not plaintiffs in the current lawsuit but it appears fully funding this equalization formula addresses court concerns that there should either be no equalization or fully funded equalization to fulfill statutory obligations.

The equalization solution in House Bill 2740 may disappoint some who glimpsed brief hope of a windfall by some earlier potential solutions. This bill, however, appears to satisfy exactly what the block grant intended: to provide budget stability and funding as expected for one more year while a school finance formula is written. We support House Bill 2740 as a one-time, one-year solution to allow the Legislature time to draft a new formula. The principals of House Bill 2740 based on a more uniform formula for equalization, however, may be valuable to include in a new formula.

I am happy to stand for questions at the appropriate time.