



Oral testimony neutral before the

**Senate Select Committee on Education Finance**

on

**SB 422 - Requiring a minimum local option budget and requiring local school boards to notify the state board of education of their intent to increase local option budget authority**

by

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**March 20, 2018**

Madam Chairwoman and Members of the Committee,

Thank you for the opportunity today to appear on **SB 422**. We appear as neutral because the bill contains several provisions our members have not voted upon; some provisions that need to be made to address the Gannon equity ruling; and one provision we have serious concerns about.

Here are the provisions of the bill with our comments and concerns:

**First, on June 30, 2018, the bill would void any existing LOB resolution adopted by a school board prior to July 1, 2017, that has not been subject to an election.**

We believe this change would address one of the Kansas Supreme Court's equity concerns. It would clarify that all school districts that exceeded a local option budget of 30 percent prior to the passage of SB 19 last session had to go through an election. This means there is a level playing field for districts that wish to exceed 30 percent under the new law, which makes that action subject to protest petition.

KASB supports the change in SB 19 from required election to protest petition. We would further support allowing boards to exceed 30 percent by local board action alone. The more hurdles faced by boards to access funding that may be influenced by disparities in local wealth, the greater concerns of equity.

**Second, the bill provides that LOB state aid would be based upon the current year budget rather than the preceding year's budget.**

This change would also address one of the court's four equity concerns regarding SB 19. We support his change.

**Third, SB 422 would require school districts to set its LOB at 30.0 percent of its general fund budget.**

KASB does not have a specific position on this issue. Although this step would reduce local decision-making with the LOB, it would also effectively raise the foundational amount per pupil guaranteed to each student.

This change would affect very few districts. Based on school district legal budgets, 33 districts are currently at 33 percent, another 17 are at 32-33 percent, which means these districts likely intended to be at 33 percent but have been impacted by budget adjustments, and 14 districts are between 30 and 32 percent.

In addition, 131 districts are at 30 percent and another 63 are between 29 and 30 percent, so probably they are essentially at 30 percent. Only 25 districts are under 28 percent. They enroll 16,616 students, or 3.5 percent of total enrollment.

Remember, these percentages are based on the “artificial” local option base amount, which is higher than the actual base. This policy was adopted to keep districts from losing LOB funding when the actual base budget per pupil was reduced. That means most districts have a higher actual percentage of general fund than calculated using the artificial base. It appears only 14 districts are below 30 percent if the actual base was used.

Finally, it should be noted that even with LOB state aid, there remain significant variations among LOB mill levies. For districts between 29 and 31 percent, the mills required range from under 10 to 28 mills.

We have attached a spreadsheet with information on LOB usage and mill levies.

**Fourth, the bill would require any school board that desires to increase the LOB percentage for the immediate succeeding school year to notify the State Board of Education by March 15 of that year. The State Board of Education would be required to submit a report to the Legislature of all proposed increases on or before March 25 of each year.**

KASB does not have specific position on this issue. As we testified on **HB 2445** in the House, which had an April 1 deadline, it seems reasonable to provide a deadline so the state knows how much it will cost to provide LOB equalization aid. But it is also critical that the state fully fund the state aid share of whatever that total turns out to be.

**Fifth, the bill would require each school district to transfer monies from the LOB fund to the district’s at-risk fund that are proportionate to the district’s general fund attributable to the at-risk weighting.**

KASB has serious concerns about this issue. It appears that the Legislature has done a reasonable job in providing an at-risk weighting factor in SB 19. The major concern expressed by our members is that the base amount on which this weighting is applied is too low. That, in turns, requires districts to use Local Option Budget funding to provide general operating support for all students, both those considered at-risk and those who are not.

While this provision might direct more money to at-risk students, we don’t know because we have not been able to analyze the most recent budget data. Because we do not know to what extent this provision might redirect funds, we cannot know what programs and services would be reduced by this shift.

What we DO know is that this provision doesn’t provide any more funding to district budgets. If districts must spend more on at risk, they will have to spend less on something else – and we know this will have a much more significant impact on those districts with the highest numbers of low income students.

Thank you for your consideration.