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APPENDIX B

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JOINT LEGISLATIVE BUDGET COMMITTEE HEARING

TRANSCRIPT OF PROCEEDINGS,

beginning at 8:35 a.m. on the 21st day of March,
2016, in Room 548S, Kansas State Capitol Building,
Topeka, Kansas, before the Joint Legislative
Budget Committee consisting of Chairman Ron
Ryckman, Jr., Chairman Ty Masterson,
Representative Sharon Schwartz, Senator Jim
Denning, Representative Jerry Henry, Senator Laura
Kelly and Representative Marvin Kleeb.

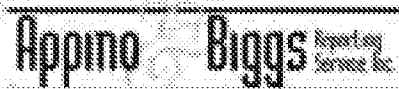


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1 CHAIRMAN RYCKMAN: Good morning. We are
2 going to open today's meeting with the Legislative
3 Budget Committee. In House Substitute Senate Bill
4 161, the legislature authorized the hiring of an
5 attorney to help to assist the legislature respond
6 to the Court and ensure that we will keep our
7 schools open. Today's meeting is a critical step
8 towards that end.

9 The courts, the revisors and the Attorney
10 General has made it clear that the legislature
11 needs to create a record in going forward
12 regarding equity in the creation of a new school
13 finance plan. The courts has asked us to show our
14 work. We attempt to make our legislative process
15 and deliberations more of what the court is
16 accustomed to seeing. This meeting will be a
17 hearing for gathering testimony from an invited
18 list of conferees. There is a transcriptionist
19 here to assist in the creation of the record.
20 When there is a bill to consider, there will be
21 opportunities, as always, for additional testimony
22 to be provided.

23 I'd like to also mention that today's -- we
24 also have a lot of floor action today, so we'll be
25 going back and forth. And so, obviously, Chairman



1 Masterson and myself will kind of take turns
2 chairing this committee, and I turn it over to
3 him.

4 CHAIRMAN MASTERSON: Thank you, Mr.
5 Chairman, for the opening remarks. I just too
6 want to echo that we understand this is somewhat
7 nontraditional in the format, but our traditional
8 methods have not been accepted as evidence with
9 the courts and we are trying to create a --
10 accommodate that on their behalf because we are
11 all very serious about protecting the schools from
12 closure. So we are trying to create this record
13 of evidence that they have requested.

14 512, which is the Senate's position on K-12,
15 currently is on our floor today and we will hear
16 that. We believe that to be the purest response,
17 quoting from their opinion that they say,
18 obviously, if we provide the relevant portions and
19 funded those within the block grant system, they
20 would have accepted the block grant system, that
21 that is the purest response. But as we are a body
22 of politic and can't guarantee where everybody
23 votes, that that were to fail. They were also
24 very clear in the opinion, from our standing, that
25 if we deviate from that, that we need to create a



1 clear record of evidence, and that's what we are
2 hoping to do if we need an optional proposal to
3 come before the body. With that, we are -- go
4 ahead.

5 CHAIRMAN RYCKMAN: Any other comments
6 before we get started? I'd like to introduce Toby
7 Crouse, our attorney. He will be questioning
8 conferees on behalf of Chairman Masterson and
9 myself.

10 Toby has been gathering information from
11 these conferees. Today we will have conversations
12 with these conferees that will be put in the
13 record to assist in our effort to respond to the
14 courts and keep our schools open. Mr. Crouse.

15 MR. CROUSE: Thank you, Mr. Chairman, and
16 members of the committee.

17 CHAIRMAN RYCKMAN: Your mike.

18 MR. CROUSE: Rookie mistake. Thank you,
19 Mr. Chairman, and members of the committee. I
20 appreciate the opportunity to serve the
21 legislature and appear before this committee.

22 Although I'm unfamiliar with the traditions
23 and procedures of the Kansas legislature, I've
24 come to learn that both my appearance before this
25 committee and the record that I have been asked to



1 create are atypical customs of this body, but this
2 body is subject to a remedial order of the Kansas
3 Supreme Court and one of the criticisms repeatedly
4 leveled, both during oral argument and in the
5 Court's order of the previous school funding
6 statutes, was the lack of an evidentiary basis for
7 the legislature's decision.

8 So I appear before you with a
9 transcriptionist in an attempt to help the Court
10 understand that this body faces a difficult task
11 and intends to discharge its constitutional duties
12 to provide for the finance of suitable education
13 for all Kansans and to endeavor and faithfully
14 comply with the Court's order so that the Court
15 will not preclude the schools in Kansas from
16 reopening in the summer -- after the summer of
17 2016.

18 Reflective of that goal, I was hired by the
19 legislature on March 10, 2016, to serve as a
20 legislative counsel so that I could advise the
21 legislature of its duties to comply with the
22 Court's order and to help it understand how the
23 Court, as stated in Gannon I and II would measure
24 the legislative response.

25 I'm grateful for this opportunity and have



1 been wildly impressed by your members' commitment
2 to ensuring that the public schools continue to
3 provide for our children an educational foundation
4 that will allow all Kansans the opportunity to
5 flourish in their chosen path.

6 In just my short time as legislative counsel,
7 I have had the opportunity to attend committee
8 hearings, review proposed legislation, work with
9 the legislature's professional staff and have
10 personal interviewed learned individuals that are
11 respected for their knowledge of the Kansas public
12 education system and this body's commitment to
13 funding public education.

14 So this morning I hope to make a record of
15 the issues implicated by these difficult choices
16 that confront this body and the rationale for
17 whatever solution the legislature ultimately
18 chooses.

19 In the following proceedings, it is my
20 sincere desire to ask questions of these educators
21 and proponents of public education in a manner
22 that aides this body in making difficult
23 discretionary policy choices about how to equalize
24 public education funding across our great state,
25 regardless of the number of students in the



1 district or the relative property value of the
2 land those children call home.

3 Unfortunately, I've come to understand that
4 the equalization issue admits no easy answers, but
5 I hope my brief public discussions with these
6 dedicated Kansans will help this body determine
7 the best manner to fund a relatively small portion
8 of equalization at issue in this case so that in
9 August of 2016 the school bell rings in every
10 school across our great state. Thank you again
11 for this humbling opportunity.

12 With that, I'd like to ask Mr. Long of the
13 Revisor's office to come to the lectern, please.

14 EXAMINATION OF JASON LONG

15 QUESTIONS BY MR. CROUSE:

16 **Q. Good morning, Mr. Long. How are you?**

17 **A. Good morning. How are you?**

18 **Q. Good. While the committee knows you,**
19 **please introduce yourself and kind of describe**
20 **your position, who you work for and things of that**
21 **nature.**

22 **A. My name is Jason Long. My position is**
23 **Senior Assistant Revisor in the Office of Revisor**
24 **of Statutes. I staff the Senate Education**
25 **Committee and the House Federal and State Affairs**



1 Committee.

2 Q. And how long have you been with the
3 Revisor's office?

4 A. This is my tenth session.

5 Q. How many -- or what has been your
6 involvement in drafting school finance legislation
7 in the past and as it exists today?

8 A. I started staffing the Senate Education
9 Committee in 2011 and I've drafted the predominant
10 school finance legislation since that time period,
11 including House Bill 2506 in 2014 and Senate Bill
12 7 last year.

13 Q. Okay. And I should take a little bit of
14 a detour and make sure that we are clear. You
15 work for the Office of the Revisor, and my
16 understanding is that is a nonpartisan entity. Is
17 that right?

18 A. That's correct.

19 Q. And some would say you're fiercely
20 apolitical. Is that a fair statement?

21 A. Yes.

22 Q. And so you work on behalf of the
23 legislature and any of the legislators could come
24 into your office to ask for legislative drafting
25 help. Is that right?



1 A. That's correct.

2 Q. Let's talk a little bit about your
3 typical role in a bill. Tell me from the time a
4 legislator would pick up the phone or come into
5 your office and say, Jason, I have an idea, walk
6 me through that process, if you will.

7 A. Well, we -- we get the initial request
8 via e-mail or phone call or stopping by the office
9 and I will discuss that concept with the
10 legislator, express any questions that I have at
11 the time or if I have any concerns regarding any
12 conflicts with legal precedent and their idea,
13 we'll discuss those at the time. And then either
14 I will get more information at a later date or
15 I'll begin drafting the legislation. And
16 typically I will draft an initial draft of the
17 bill, send it to the legislator to review. They
18 will send back either questions, comments or a,
19 yes, that looks great, let's go with that kind of
20 response, but there is a back and forth there.
21 Sometimes it's a lengthy back and forth and lasts
22 a few months, depending on the complexity of the
23 legislation, sometimes it's within the next day
24 and they are ready to go.

25 But then as soon as I get the approval of the



1 draft from the legislator, then they follow proper
2 procedures for having the bill introduced, and
3 then my office also takes care of that of having
4 the bill properly formatted and copies made and
5 sent to the appropriate chamber for introduction
6 and receive a bill number.

7 **Q. And you said something in there that I**
8 **probably forgot for ask. You are, in fact, a**
9 **lawyer and you used to be in private practice. Is**
10 **that right?**

11 A. Yes, I do have private practice
12 experience before coming to the Officer of the
13 Revisor of Statutes. All revisors in our office
14 have a juris doctorate degree and be licensed to
15 practice in the State of Kansas.

16 **Q. My understanding next from the process is**
17 **once the bill is introduced to a committee, you**
18 **would prepare what I would call a bench memorandum**
19 **for the committee. And tell me about the process**
20 **of drafting that bench memorandum and how you**
21 **would carry that forth into a committee hearing?**

22 A. So, yes, when a bill is referred to
23 committee, if the chairman decides to have a
24 hearing on the bill, our office and the various
25 attorneys that staff that committee most often



1 would prepare, we refer to them as a bill brief,
2 which is a memorandum summarizing the contents of
3 the bill. These are purely just a memorandum
4 doing just that. It lays out what is in the bill
5 in a way that are non-attorney legislature can
6 understand the contents of the bill and understand
7 what they are discussing, what they potentially
8 might be voting on. We try to keep these brief, a
9 page or two. Of course, depending on the
10 complexity of the bill, they can run a bit longer.
11 But then at the hearing oftentimes the Chair will
12 ask staff to give an overview of the bill. At
13 that point then the memorandum is distributed to
14 the members of the committee and there is a brief
15 oral description of the contents of the bill.
16 Then we make ourselves available to the committee
17 to answer any follow-up questions they may have on
18 the bill.

19 **Q. And so, for example, if there were a**
20 **particular legal concerns that you had identified**
21 **in the legislation or a legislator asked in**
22 **committee hearing, you would talk about that in a**
23 **public hearing?**

24 **A. Yeah, it depends on what the concern and**
25 **how it was addressed in the legislation. You**



1 know, if a bill, because of the subject matter,
2 requires a two-thirds vote of the legislature for
3 passage, I think we would note that in our
4 memorandum so the committee is aware of that, a
5 typical requirement for legislation passage. That
6 would be an example.

7 **Q. And do you have any other roles in the**
8 **legislative process once, for example, a bill is**
9 **voted out of committee?**

10 A. Yes. Our office is also responsible for
11 drafting all amendment documents for legislation.
12 So while it's in committee, we draft up what are
13 called balloon amendment documents which are
14 proposed amendments to the bill to be considered
15 by the committee when they go to consider the bill
16 for passage. And then once it gets to the chamber
17 floor, if the bill is brought up for general
18 debate in front of the whole body, we are also
19 responsible for drafting any floor amendments,
20 amendments that would be offered by any member of
21 the chamber during that floor debate. We craft
22 those up in the appropriate legal documents so
23 that they can offer those to be considered by the
24 body.

25 **Q. And your interactions with the**



1 legislators would be similar to drafting the
2 initial bill -- let me start over.

3 Your interactions with the legislators with
4 regard to amendments would be similar to any other
5 bill that you would have drafted for the
6 committee. Is that right?

7 A. Yes, the legislator would contact us,
8 that's what initiates the request for the
9 document, and then we have that initial
10 discussion. We craft the document and then if
11 opportunity arises, have them review it or if, you
12 know, time is of the essence we send it up to the
13 chamber and it gets reviewed on the chamber floor.

14 Q. Okay. And you do this for every bill
15 that's within the scope of your revisor duties,
16 correct?

17 A. Yes. Our office tries to maintain some
18 subject matter expertise. And so generally my
19 duties fall within those areas of education or
20 federal and state affairs, yes.

21 Q. Okay. I'd like to direct your attention
22 next to a February 25, 2016 memorandum that I
23 believe your office drafted in response to the
24 Gannon decision in February of 2016. Are you
25 familiar with that document?



1 A. Yes, I am.

2 **Q. Tell me what the purpose of that**
3 **memorandum was and to whom you distributed that**
4 **memorandum?**

5 A. That memorandum was intended to provide a
6 comprehensive legal analysis of the Kansas Supreme
7 Court's opinion that was issued on February 11th
8 of 2016 to go through what the Court's rationale
9 in rendering its decision in that opinion, and
10 then also provide some historical context as to
11 the history of the case towards the end of that
12 opinion.

13 I believe that memorandum was distributed to
14 all leadership offices. I'd have to double check
15 with the Revisor as to exactly who he distributed
16 that to, but I believe that's where it went.

17 **Q. The distribution may have gone to**
18 **leadership, but it's available to all legislators?**

19 A. Yes. Yeah, I believe it became a public
20 document.

21 **Q. And is one of the reasons why you would**
22 **craft such a memorandum is to help both educate**
23 **the legislative body as a whole, as well as**
24 **identify particular issues that were of concern to**
25 **the Supreme Court?**



1 A. Yes. Yes. Our intent is always to keep
2 the body apprised of legal issues, particularly
3 substantive ones that may need addressing in the
4 immediate future. So that was our intent was to
5 provide that information to the body so that they
6 could understand the issues that have been
7 identified by the Court in its opinion.

8 **Q. And if we can, for a second, I'd like to**
9 **go to a couple of points in your memorandum.**

10 **One of the things that I noted on page 1, if**
11 **you will, is the Supreme Court identified a lack**
12 **of evidence of the legislative process and the**
13 **reasons for school financing. Is that consistent**
14 **with your recollection?**

15 A. Yes.

16 **Q. And then if you turn to page 2, it sets**
17 **forth what I will call the Constitutional standard**
18 **towards the top. Can you tell me what you advised**
19 **the legislature with regard to what the Supreme**
20 **Court's Constitutional standard for compliance**
21 **with equity is?**

22 A. Yes. The Supreme Court standard with
23 respect to equity was the substantially similar
24 educational opportunity through similar tax
25 effort, I believe is a rough paraphrasing of the



1 standard that the Court put down. And in essence,
2 in the Court's opinion, they stated that
3 reinstating the supplemental general state aid and
4 capital outlay state aid formulas as they existed
5 prior to enactment in Senate Bill 7 and fully
6 funding those formulas would meet that
7 Constitutional standard.

8 **Q. Okay. All right. And so let's talk a**
9 **little bit about educational funding because I**
10 **think where we are at with equity can be narrowed**
11 **just a bit.**

12 **When I spoke to you in your office earlier**
13 **this week, or I guess last week, you were kind**
14 **enough to give me a summary of general educational**
15 **funding. I understand there are two aspects,**
16 **general state aid and supplemental state aid,**
17 **which I think some of us have referred to as**
18 **equalization. If you could, give me just a brief**
19 **summary as to the general state aid, as well as**
20 **then the specific components of supplemental state**
21 **aid.**

22 **A. Yes. General state aid under the current**
23 **statutes is what a district received as general**
24 **state aid in school year 14-15. That amount was**
25 **based on the previous school funding formula which**



1 looked at adjusted enrollment of the school
2 districts and also considered in their local
3 funding sources to come up with the amount of
4 general state aid to come from the state to fund
5 the general operations of the school district.

6 In comparison, the supplemental general state
7 aid or equalization state aid, as you put it, is
8 additional state aid provided for those school
9 districts who opt to levy a local option budget.
10 The local option budget is a separate budget from
11 the general fund budget of the school district
12 that school districts can elect to adopt to fund
13 education expenditures of the school district.
14 There is a local levy then on the property of the
15 school district.

16 And what the supplemental general state aid
17 does is provide additional state aid to reduce any
18 wealth-based disparities among the school
19 districts because our school districts in the
20 state, one bill in one school district has not
21 raised the same amount of funding as one bill in
22 another school district. So to try to cure that
23 disparity, there is an additional equalization
24 state aid in the form of supplemental general
25 state aid that is available to those lower wealthy



1 districts that are poorer in wealth property value
2 wealth than the wealthier districts to bring up
3 that source of funding.

4 The same is true for the capital outlay state
5 aid. Again, there is a tax authorized at the
6 option of the school district to levy a property
7 tax to pay for capital outlay expenditures of the
8 school district. And again, because it's optional
9 and because of the wealth-based disparities among
10 the districts, there is a formula for capital
11 outlay state aid, and that state aid is then
12 provided to school districts to again offset that
13 wealth-based disparity.

14 **Q. And I understand it's also a bond and**
15 **interest, so there are three buttons of**
16 **equalization. Is that right?**

17 A. There is also -- yes. There is also
18 authority for school districts to issue bonds for
19 capital improvement expenditures and there is a
20 formula in which the state provides state aid to
21 help pay for those financial obligations of the
22 school districts for the bonds that they have
23 issued.

24 **Q. And are you familiar with what I will**
25 **call the equalization formulas for each of those**



1 **three buckets?**

2 A. Yes.

3 **Q. Okay. And could you briefly tell me**
4 **whether or not those equalization formulas are the**
5 **same for all three buckets or whether they differ?**

6 A. As constituted in the block grant, they
7 differ. There is Senate Bill 7 last year set in
8 place a formula for the supplemental general state
9 aid and then set in the formula for capital outlay
10 and capital improvement state aid. The
11 supplemental general state aid is different from
12 the two capital state aid formulas.

13 **Q. And I'm going to quiz you while you are**
14 **on your feet, generally, could you describe what**
15 **those differences are between the three types or**
16 **would you need to go back to the books? And I**
17 **don't want to put you on the spot, I just want to**
18 **get a concept for how -- how they differ.**

19 A. Sure. Not to get too far into the weeds,
20 all three are based on assessed valuation per
21 pupil amount, which is the total assessed
22 valuation of all the property, actual tangible
23 property in the school district divided by the
24 number of students enrolled in the school district
25 to get you to what is called AVPP.



1 Under the LOB or supplemental general state
2 aid formula, those amounts are ranked and then a
3 threshold of 81.2 percent was determined to be the
4 cutoff between those districts that don't receive
5 any state aid and those districts that have enough
6 wealth disparity to receive state aid. And then
7 under Senate Bill 7, then all those below 81.2
8 were to receive equalization state aid relative to
9 their position to that 81.2 percentile. Those
10 farther away from it, or the very poor, were to
11 receive more proportional state aid than those
12 that were encloser to the 81.2 percent.

13 By contrast, the capital state aid formulas
14 both for outlay and for capital improvements use a
15 schedule. They actually use a rounded AVPP
16 figure. So we find that AVPP of the school
17 district and then it's rounded to the nearest
18 thousand dollar increments. Then on a schedule of
19 thousand dollar increments, the school districts
20 will fall into a schedule from lowest to highest.

21 And under Senate Bill 7, we find the lowest
22 ranked AVPP and we assign that as state aid
23 percent at 75 percent, which is the maximum state
24 aid percentage. And then for each thousand dollar
25 increment above that, that percentage goes down 1



1 percent or the state proportional state aid goes
2 down as you get wealthier going up that scale. So
3 those are -- that's the two key differences, the
4 threshold and then how the amount is actually
5 determined, you know. The capital state aid
6 formula use a computation percentage, as opposed
7 to the supplemental general state aid.

8 **Q. And I understand those are the two**
9 **equalization concepts at issue in Gannon II, and**
10 **those formulas differ. There is a third bucket**
11 **that I'm also interested in, the bond and interest**
12 **structure. Could you briefly summarize whether**
13 **that equalization strategy is the same as either**
14 **of those two or whether it also is different?**

15 A. The bond and interest or the capital
16 improvement state aid is the same as the capital
17 outlay state aid.

18 **Q. Okay. So there are three buckets, two**
19 **different strategies for equalization?**

20 A. That's correct.

21 **Q. Okay. And let's move now to the**
22 **legislative options to attempt to comply with the**
23 **Gannon II decision. I sat through the hearings of**
24 **House Bill 2371, I believe it is, or 2731, as well**
25 **as Senate Bill 512, and that's where I first saw**



1 you testify. Were both of those bills, to your
2 knowledge, designed to address the Supreme Court's
3 equity decision?

4 A. From the face of the bills, I believe
5 that is -- that is what they are designed to do,
6 simply because they do what the Court said would
7 be compliant with the equity standard, and that is
8 reinstate the equalization formulas as they
9 existed prior to Senate Bill 7 and then fully fund
10 those formulas for supplemental general state aid
11 and capital outlay state aid.

12 Q. I'm not sure -- I read your memo several
13 times, but I think I got this language from the
14 Supreme Court's discussion with counsel that the
15 SDQFP [sic] formula was somewhat of a safe harbor.
16 Do you recall that language from the Supreme Court
17 or did you use that in your memorandum? I don't
18 recall.

19 A. No, that was not in my memo. I don't
20 recall that from the oral argument. I do recall
21 in the Court's written opinion that they stated
22 that reinstatement of those formulas, coupled with
23 full appropriations to fund those formulas, would
24 meet the equity standard that the Court had
25 stated.



1 **Q. And are the equalization strategies**
2 **contained in House Bill, I should have it here,**
3 **2731 and SB 512, are those the equalization**
4 **formulas that the Court was referring to?**

5 A. Yes.

6 MR. CROUSE: Okay. Mr. Long, thank you
7 very much for your time. More importantly, the
8 committee should know that Mr. Long and Mr. Self's
9 office have spent considerable time helping me get
10 up to speed and I greatly appreciate their help.
11 So thank you very much.

12 CHAIRMAN MASTERSON: Committee have any
13 questions of Mr. Long before he leaves?

14 QUESTIONS BY REP. HENRY:

15 **Q. Mr. Long, are you an expert at equity? I**
16 **mean, have you looked at the cost study that the**
17 **Supreme Court used to base this?**

18 A. I don't know if I'd call myself an expert
19 on equity. I reviewed the Court's findings and
20 opinions on the matter.

21 **Q. Your role is just to review the -- review**
22 **the Court's findings and just report to the**
23 **legislature?**

24 A. Essentially, yeah, our role is to advise
25 the legislature on what the Court ruling was so



1 that you have a better understanding of what the
2 Court is looking for in terms of a legislative
3 cure, as they put it.

4 **Q. So has the Revisor of Statutes done any**
5 **type of complete cost study in equity such as what**
6 **was done by Augenblick & Myers?**

7 A. I believe doing a cost study would be
8 outside the scope of our standard duties.

9 **Q. You're just basing your testimony today**
10 **on just legislative actions and what -- and what**
11 **bills have been presented?**

12 A. Yes. My testimony today is strictly what
13 has the Court stated in its opinion and what has
14 been the legislative response to the Court's
15 opinions.

16 **Q. So you have no opinion whether the cost**
17 **study or fulfilling the cost study that was**
18 **presented in the Supreme Court?**

19 A. No, I --

20 MR. HENRY: Okay, thank you.

21 CHAIRMAN RYCKMAN: Mr. Crouse?

22 FURTHER QUESTIONS BY MR. CROUSE:

23 **Q. Mr. Scott -- thank you, Mr. Chairman.**
24 **Mr. Scott mentioned that I may not have been**
25 **clear. The equalization strategies that are in**



1 Senate Bill 512 and House Bill 2731 were designed
2 to comply with the previously-identified
3 Constitutional standards, not the standards of
4 equalization that the Supreme Court said was
5 unconstitutional, correct?

6 A. No, 2731 and Senate Bill 512 are designed
7 to reinstate the formulas that the Court
8 identified as meeting their Constitutional
9 standards.

10 MR. CROUSE: Thank you very much.

11 CHAIRMAN RYCKMAN: Any other questions of
12 Mr. Long? Mr. Crouse.

13 MR. CROUSE: Thank you, Mr. Chairman. I
14 think I'd next like to talk to Eddie Penner with
15 regard to timing. I'm trying to accommodate a
16 witness who has to leave for a health issue, but I
17 don't see him here right now so we are okay.

18 EXAMINATION OF EDDIE PENNER

19 BY MR. CROUSE:

20 Q. Good morning, Mr. Penner.

21 A. Good morning.

22 Q. Would you please remind the
23 transcriptionist kind of your name, what your role
24 is here at the legislature.

25 A. My name is Eddie Penner. I'm a research



1 analyst with the Kansas Legislative Research
2 Department.

3 **Q. Okay. And what does that mean generally**
4 **in the legislative process?**

5 A. Our office assists legislators with
6 research requests and requests for information
7 that they use to shape policy decisions.

8 **Q. And my understanding in our prior life,**
9 **we were practicing law opposite one another. You**
10 **are a lawyer, as well?**

11 A. Yes, I am.

12 **Q. Okay. And so different -- even though**
13 **you are a lawyer, differentiate your role, if you**
14 **can, in the Legislative Research Department from**
15 **Mr. Long's role in the Revisor's office.**

16 A. Mr. Long provides legal counsel and bill
17 drafting to the legislature. Our office does not
18 provide either of those services, but rather we
19 provide policy analysis and research assistance to
20 the legislators.

21 **Q. Okay. And I assume that you either have**
22 **heard of or have seen Mr. Long's February 25th,**
23 **2016 legal memorandum with regard to Gannon and**
24 **you're otherwise familiar with the school funding**
25 **operations?**



1 A. Yes, I have seen that.

2 Q. And I want to take a brief moment to talk
3 a little bit about the Legislative Research
4 Department.

5 My understanding is, like the Revisor's
6 office, you are a nonpolitical, fiercely
7 independent organization. Is that right?

8 A. Yes.

9 Q. Would you talk a little bit about that.

10 A. Yes, our office is a nonpartisan office
11 also and our objective is to provide objective and
12 nonpartisan policy analysis.

13 Q. And like the Revisor's office, you
14 provide analysis to all 125 house members and all
15 40 senators.

16 A. Yes, we do.

17 Q. Tell me, let's talk a little bit about
18 your typical role on a bill. What type of help
19 would you provide to the particular legislator or
20 group of legislators that may come to you for with
21 a particular idea? How does that process work
22 generally?

23 A. Generally, legislators may come -- may
24 come to our office with a specific proposal in
25 mind, in which case they oftentimes have specific



1 questions associated with that proposal and we do
2 our best to provide objective and nonpartisan
3 answers to those questions.

4 It is also possible that they don't -- they
5 come to us with just questions and without a
6 specific proposal in mind, at least apparent to
7 us. They don't necessarily have to share the
8 proposal, their idea with us, they just come to us
9 with the questions and we do our best to provide
10 objective and nonpartisan answers to whatever
11 questions they have.

12 **Q. Okay. And what type of analysis would**
13 **you then provide to that legislator as part of**
14 **that relationship?**

15 A. The analysis, obviously, would depend
16 greatly upon what the -- what the question is and
17 what the subject matter is. For instance, it
18 might just be a question of what are other states'
19 laws in this area, it might be a question of what
20 dollar impact this would have upon a school
21 district's budget or the state budget, anything of
22 that nature.

23 **Q. Okay. And much like Mr. Long works with**
24 **the legislator and drafts a bill and comes to a**
25 **committee, I understand that you would also**



1 prepare a certain level of analysis and then come
2 to a committee hearing and provide testimony such
3 as you are doing today with the committee. Could
4 you tell me briefly about what you do in that
5 process?

6 A. Our office does not testify immediately
7 in front of the committee quite as often as Mr.
8 Long's office does, but if a legislator would like
9 our office to address any particular research that
10 we've done on a bill, we are, obviously, always
11 happy to provide that research in front of the
12 committee and respond to questions accordingly.

13 Q. Such as the financial impact of a bill or
14 the -- how the bill affects certain constituents,
15 things like that?

16 A. Yes.

17 Q. Tell me -- it's dangerous to ask a
18 question I'm not aware of the answer -- do you --
19 does a legislator come to you with, hey, will you
20 do this idea or do they go to Mr. Long and say,
21 hey, I've got an idea, Mr. Long puts it into a
22 bill form and then you come implement it or do you
23 understand what --

24 A. That, that process could go either way.
25 It's certainly possible that a legislator could go



1 to the Revisor's office and have a bill drafted
2 and then come to our office and discuss what its
3 impacts would be. Conversely, they might come to
4 our office and discuss what their objective is in
5 the bill and we can discuss it with them in
6 advance of them going to the Revisor of Statutes'
7 office.

8 **Q. So, for example, I guess, in the**
9 **particular context of school funding, a legislator**
10 **may have an idea as to equalization strategies and**
11 **come down and talk to you about it, and we'll talk**
12 **about the variable, but say, Mr. Penner, I've got**
13 **an idea, can you run the model in with this**
14 **variable, that variable and another and you could**
15 **make a summary?**

16 **A. Yes. Yes. Generally, it's not uncommon**
17 **for a legislator to say I would like to adjust one**
18 **of the statutory formulas in this manner, what**
19 **would be the estimated effects of that adjustment,**
20 **and, then, we would use the information we have to**
21 **try to estimate those effects.**

22 **Q. And you mentioned that you estimate those**
23 **effects, I'll get to those in a moment, but so I**
24 **don't forgot I want to make sure that I understand**
25 **the concept. You would provide an estimated**



1 impact analysis for the legislator to help them
2 make policy choices, but then with regard to
3 school finance in particular, my understanding is
4 you would then coordinate with the Department of
5 Education and Mr. Dennis. Is that --

6 A. Yes, that's correct. And that's going to
7 be the case in any subject matter area where we
8 would work closely with the state agency that
9 deals with that subject matter. With education
10 and school finance, that's most usually going to
11 be the Department of Education and Mr. Dennis.

12 Q. Would it be a fair analogy to say that
13 your office would be somewhat of a whiteboard for
14 the legislators to identify and discuss potential
15 ideas and resolutions, come to a policy choice and
16 then go to Mr. Long to implement that policy
17 choice in a bill and then go to the particular
18 subject matter entity, such as the Department of
19 Education, to finalize that analysis as to
20 what --

21 A. I would say that is a fair description of
22 what sometimes happens, yes.

23 Q. Okay. And, now, getting back to our, I
24 guess, broad and general role, you come to a
25 committee and testify, as you mentioned. Do you



1 **testify or offer your analytical testimony in any**
2 **other process during the legislation from start to**
3 **finish?**

4 A. We would generally be willing to offer
5 that any place that a legislator requests that we
6 offer that. Sometimes those requests are that we
7 meet with groups of legislators outside of
8 committee hearings also, such as caucus meetings
9 and things of that nature.

10 Q. Okay. So, for example, if a bill were
11 passed out of committee at which you testified as
12 to the analysis and impacts of the particular
13 legislation and, then, it gets sent to the floor
14 and there are amendments, is it possible that you
15 could meet with or do an impact analysis as to how
16 the amendment would affect the overarching bill
17 and then discuss that with the legislators, as
18 well?

19 A. Yes. Generally, upon the bill's passage
20 out of the committee, our office prepares what is
21 called a supplemental note which describes the
22 contents of the bill. Then, if that bill were to
23 be further amended upon the floor, we would issue
24 a new supplemental note to the bill as amended by
25 the floor.



1 Q. And you would share that supplemental
2 note with the legislator, but you wouldn't further
3 testify on the House or Senate floor. Is that
4 correct?

5 A. That's correct, we don't provide
6 testimony on the House and Senate floor.

7 Q. And my understanding of your nonpartisan
8 role is that you do this for any bill that you're
9 asked by any legislator that brings an idea to
10 you, correct?

11 A. Correct, any idea to the best of our
12 ability.

13 Q. Okay. And, I'm asking another question I
14 don't know the answer to or I don't have a full
15 appreciation for, but can you differentiate your
16 role from, for example, Mr. Scott's role in the
17 Legislative Research Department?

18 A. Mr. Scott is our -- he's our chief fiscal
19 analyst, I believe, is his title.

20 Q. Put you on the spot, I'm sorry.

21 A. He deals with the entire state budget in
22 all fiscal areas that deal with the state. I
23 don't deal with the entire state budget broadly,
24 thankfully, and I focus on a select few areas, and
25 one of those areas is school finance.



1 Q. Okay. So, would it be fair to say that a
2 legislator comes to you with, and I'll call it a
3 whiteboard ideas, you'll run some numbers and,
4 then, you also, before you kick that bill or that
5 idea out, you would also run that by Mr. Scott and
6 his department to look at the impact on the
7 overall state budget?

8 A. I would oftentimes work with Mr. Scott in
9 -- in developing that run, yes.

10 Q. Okay. And, you mentioned a term that I'm
11 going to use today, so let's go ahead and get that
12 out of the way. Tell me what a run is.

13 A. A run in this context is the estimated
14 effects that an idea or proposal would have on all
15 286 school districts, as well as, the state.

16 Q. You mentioned that one of your areas of
17 expertise is educational funding. How and why are
18 you familiar with it?

19 A. I have been staffing education committee
20 since the end of the 2014 legislative session,
21 and, so, I staffed the House Education Committee
22 in the 15-16 session and the interims in between
23 the 14-15 session and the 15-16 session.

24 Q. Thank you. In your role with the
25 Legislative Research Department, do you help



1 **calculate general state aid?**

2 A. If there was a proposal to amend the
3 calculation of general state aid, that would
4 likely be something that someone would request
5 from me.

6 **Q. Okay. And, do you know what, in your**
7 **role with the Legislative Research Department,**
8 **what is the overall general state aid for public**
9 **education K through 12?**

10 A. I would be hesitant to just say that
11 number off the top of my head for fear of getting
12 it incorrect.

13 **Q. Okay, which is fine. The only reason I'm**
14 **asking is I'm reading newspaper reports suggesting**
15 **that it's roughly 4 billion annually. Is that**
16 **ballpark or would you be --**

17 A. For general state aid specifically, it
18 would likely be lower than that. That might be
19 more along the lines of a total dollars provided
20 by the state.

21 **Q. Okay. And because the Gannon II decision**
22 **is dealing with equalization funds, and in**
23 **particular LOB and capital outlay, how much is**
24 **that?**

25 A. The local option budget supplemental



1 general state aid is between 400 and \$500,000,000,
2 and the capital outlay state aid is less than
3 \$75,000,000.

4 **Q. Capital outlay is how much?**

5 A. It is always -- it's never been larger
6 than \$75,000,000. I believe under the current
7 appropriations there is somewhere in the range of
8 \$27,000,000 that is appropriated attributable to
9 capital outlay state aid and somewhere in the
10 range of slightly under -- excuse me, around
11 \$450,000,000 attributable to supplemental general
12 state aid.

13 **Q. And these equalization funds are spread**
14 **among how many districts?**

15 A. 280 -- there are 286 school districts.
16 Not all of those districts receive equalization
17 funding.

18 **Q. Do you do equalization calculations for**
19 **all three buckets of equalization funds?**

20 A. We could do a run on what the effects of
21 a policy proposal would have on all three so-
22 called buckets of equalization formulas.

23 **Q. Okay. Where are those equalization**
24 **formulas captured? Where do you get those**
25 **equalization formulas?**



1 A. Those appear in statutes.

2 Q. And those govern your analysis when a
3 legislator brings an idea to you to potentially
4 amend the equalization strategy, you would take
5 what's in the statute and change it as directed by
6 the legislature to look at those general ideas,
7 correct?

8 A. For the purposes of the runs, yes, we
9 wouldn't actually do anything with the statute.
10 That would be Mr. Long's office.

11 Q. And, then, you could do a comparative
12 analysis as to existing law versus potential
13 change to the law?

14 A. Yes.

15 Q. And, you would provide that both to the
16 particular legislator asking questions, as well as
17 the committee as a whole if a bill were created
18 out of your recommendation?

19 A. Yes.

20 Q. Tell me a little bit about the variables
21 in equalization formulas. What are the -- what
22 are the things of change that you would look at
23 when you look at potentially changing the statutes
24 in regard to equalization?

25 A. So all three equalization formulas



1 include the term assessed valuation per pupil, and
2 so obviously there are two variables that are
3 present in that term alone, which is the assessed
4 valuation of the district and the number of pupils
5 in the district. The supplemental general state
6 aid includes the adopted local option budget from
7 the U.S.D.s, and so whatever those school
8 districts elect to adopt it as their local option
9 budget would be a variable.

10 Within capital outlay, in addition to the
11 assessed valuation per pupil as a variable, the
12 amount of taxes levied pursuant to the capital
13 outlay mill levy would be a variable in those
14 formulas. And, then, within bond and interest
15 equalization, the amount of bond and interest
16 obligation that each district is subject to.

17 **Q. Would you look at, in your equalization**
18 **strategy, what I will call weighting on school**
19 **districts' pupils, or is that a static number that**
20 **you don't look to particular weightings from a**
21 **district?**

22 A. The weighting of the pupils?

23 **Q. Yeah, based upon, for example, English as**
24 **a second language or at-risk students, any of**
25 **those weightings?**



1 A. None of those factors affect any of the
2 -- any of the variables in there, with the
3 exception of the local option budget authority
4 that each district might have is -- can be
5 extrapolated from there, their weighting per pupil
6 as they existed prior to Senate Bill 7's passage.

7 **Q. Where do you get the inputs that go into**
8 **that? For example, how do you know which line a**
9 **school district has on a bond or an LOB mill levy?**

10 A. That information is provided to us from
11 the Department of Education.

12 **Q. So, do you make that request or is that**
13 **request just publicly available and you know where**
14 **to go get it?**

15 A. Some of that data is publicly available
16 and we go get it, some of that is information that
17 we specifically request from the department. I
18 believe that all of it would be documents that the
19 department would provide to anyone, but it just
20 may not be easily accessible on the website.

21 **Q. I want to talk a little bit about how the**
22 **formulas work. I believe you presented testimony**
23 **on House Bill 2371, as well as Senate Bill 512,**
24 **and you provided spreadsheets for the committee.**
25 **Are you familiar with those?**



1 A. Yeah, 2731, though.

2 **Q. 2731.**

3 A. Yes, I did provide those spreadsheets --I
4 mean, those spreadsheets.

5 **Q. Do you have those with you, by chance?**

6 A. I have them on my computer. I do not
7 have printed copies.

8 **Q. That's fine. I think I have them with**
9 **me. I have one for 2731 and one for Senate Bill**
10 **512. Were there any -- were they different?**

11 A. I prepared two spreadsheets, one for the
12 local option budget supplemental general state aid
13 and one for the capital outlay state aid.
14 However, the two spreadsheets for the two bills
15 should -- would be identical.

16 **Q. Okay. So how about if I hand you your**
17 **run for 2731 and I'll keep 512 and we can talk**
18 **through those, if you don't mind.**

19 **And just while we're talking about that, I**
20 **think it would be important for the legislative**
21 **record to have a copy of Mr. Penner's spreadsheets**
22 **that I believe we can get to the transcriptionist.**
23 **So I just think that would be helpful to**
24 **understand what we're talking about here.**

25 **Tell me, if you can, go through this**



1 spreadsheet and tell me what the columns mean, as
2 well as we'll talk about particular changes to
3 school districts through this process. So, if you
4 wouldn't mind, and I'm sure the committee is bored
5 with these questions because many of them have
6 probably heard this before, but kind of help me
7 understand what this analysis that you would
8 provide to the committee, what this helps me
9 understand, if you would, please.

10 A. Sure, the first three columns are the
11 U.S.D. number, the county in which the U.S.D. is
12 located and the U.S.D. name. Those are purely for
13 identification of the U.S.D.s. The fourth column
14 is the estimated assessed valuation per pupil rank
15 for the 2015-16 year which, under historic
16 equalization formulas and the proposed
17 legislation, would have effect for the 2016-17
18 school year.

19 The fifth column is the 2013-14 assessed
20 valuation per pupil rank of the school districts
21 as it existed in 2013-14, which is the year that
22 the assessed valuation per pupil determined aid
23 amounts for the block grant bill.

24 The next two columns that appear as though
25 they are one column indicate whether or not the



1 rank of assessed valuation per pupil of a school
2 district went up or down during the year, and it
3 indicates by what magnitude those ranks went up or
4 down during the year.

5 **Q. And I'm going to stop you there. The**
6 **AVPP rank and the school district's relative**
7 **increase or decrease, tell me what that is a**
8 **function of and whether or not that has anything**
9 **to do with legislation or, I'm sorry, tell me**
10 **whether it has anything -- a reactionary behavior**
11 **to any legislation or whether that's a function of**
12 **property values?**

13 A. The ranks would have changed based upon
14 the amount of assessed valuation in the school
15 district either going up or down or the number of
16 pupils in the school district either going up or
17 down. The only way legislation would directly
18 impact that is if the legislation did something to
19 affect the assessed valuation or somehow changed
20 the boundaries of the school district or result --
21 or did something to cause population to move in or
22 out of the school district.

23 **Q. As I understand it, the property values**
24 **go up or go down and the students come in or out**
25 **of the school district, and so that's going to**



1 affect a school district's rank above or below
2 this 81.2 percent line?

3 A. Yes.

4 Q. Okay. And I would imagine that the
5 school district's budget on funds with no
6 anticipation or -- it would be difficult to
7 predict whether students are coming in or out of
8 the district or whether property values are going
9 to go up or down. Despite that, these issues
10 change from year to year and a school's
11 eligibility for aid and how much will change based
12 just upon factors unrelated to legislation,
13 correct?

14 A. It is true that a school district's
15 eligibility for aid and the rate at which they
16 receive aid could change year to year on factors
17 unrelated to the legislation.

18 Q. All right. So, now let's move to the
19 next columns in your spreadsheet. Help me
20 understand what those are.

21 A. The -- I believe it is the sixth column,
22 the first column after the narrow break at the top
23 is the amount of local option budget state aid
24 that each school district is entitled to receive
25 under the block grant bill. The aid -- the column



1 following that is the amount of estimated local
2 option budget state aid that each school district
3 would receive under House Bill 2731 or Senate Bill
4 512 if those two were to become law. And, then,
5 the final column is the difference between those
6 two numbers.

7 **Q. Okay. And, help me understand, for**
8 **example, I see Altoona-Midway on the first page.**
9 **And, so, as I understand it, under the law that**
10 **the Supreme Court struck down, they would have**
11 **been entitled to \$39,888 total equalization aid?**

12 A. Total local option budget state aid.
13 Just looking at the spreadsheet, I don't know
14 whether or not they would have received any
15 capital outlay state aid.

16 **Q. And, for our purposes, that's fine. And,**
17 **so, under the House Bill 2731, as well as Senate**
18 **Bill 512, they would get zero. And, so, their**
19 **budget impact would be they would lose roughly**
20 **\$40,000?**

21 A. They would lose roughly \$40,000 of state
22 equalization aid.

23 **Q. And are you able to, in your preparations**
24 **of the committee, go through on a line-by-line**
25 **basis and help the committee understand why a**



1 **particular district gains or loses AVPP?**

2 A. I could -- could go through district by
3 district and say that their assessed valuation per
4 pupil changed by X amount or their -- or their
5 assessed valuation amount changed by X or their
6 per pupil number changed by Y and that resulted in
7 them moving on this spectrum. That would take a
8 lot of time if I did that for all 286 districts,
9 and so it is not common for me to be requested to
10 do that for every school district.

11 **Q. And, then, I'd like to move to the back**
12 **of your spreadsheet. It looks like you have what**
13 **I will call a total spend. Can you talk about**
14 **what I'll call the bottom line on the last page**
15 **and tell me what that represents?**

16 A. The -- on the last page, the bottom line
17 in the first column that shows the bottom line is
18 the column of the local option budget state aid
19 under the block grant bill and that shows
20 \$450,491,513. The next column is the estimated
21 cost of the state for local option budget state
22 aid if House Bill 2731 or Senate Bill 512 were to
23 become law, and that is \$465,003,991. And, then,
24 the farthest right column is the difference, and
25 that shows an increase of \$14,512,479.



1 Q. So, the roughly 14.5 million dollars is
2 how much in addition -- additional spending
3 revenue the state would be obligated to pay if the
4 -- either of those two bills become law?

5 A. That's the estimated amount.

6 Q. Okay. I don't believe that the
7 spreadsheet you have prepared in this regard has
8 the relative taxing burden or the taxing effort a
9 particular school district is exerting. Is that
10 correct?

11 A. That is correct. This spreadsheet does
12 not display the tax effort that any district is
13 exerting.

14 Q. Would you have the ability to take a look
15 at that and compare that among the district or is
16 that something you wouldn't have access to?

17 A. I could -- I could put together a
18 spreadsheet based upon the information provided by
19 the Department of Education in terms of what each
20 district's local option budget mill levy was and
21 how much money that generated for the school
22 districts.

23 Q. And do you have a spreadsheet that would
24 identify potential educational opportunities
25 gained or lost by a particular equalization



1 **strategy?**

2 A. No. Our spreadsheets display dollars, so
3 we would have the ability to display dollars. If
4 you mean anything other than the dollars gained or
5 lost by any equalization, we wouldn't display --
6 wouldn't necessarily have the ability to display
7 that.

8 **Q. Okay. And, so, you wouldn't be able to**
9 **help the committee understand what educational**
10 **opportunity is gained or lost?**

11 A. That is correct. That would be something
12 I would not opine on.

13 **Q. Are you able to identify in any of your**
14 **analysis wealth-based disparities among the**
15 **district, except for AVPP?**

16 A. There are -- there are -- if someone had
17 a suggestion for what other wealth-based
18 disparities they would like information on, I
19 could request and hopefully provide that --
20 request the entity that possesses that information
21 and hopefully provide that information to
22 legislators. I haven't done anything related to
23 any wealth-based disparity other than assessed
24 valuation per pupil in this spreadsheet.

25 **Q. And skipping ahead a little bit, once**



1 you've got your formula set and it's theoretically
2 equalized among all districts under Senate Bill
3 512, for example, my understanding then is that
4 the local schools may change their mill levy rate
5 and raise additional revenues, whereas other
6 districts may either choose not to or already be
7 at their cap and maybe not. So then once it's
8 equalized, subsequent actions of the school
9 district may or may not take that out of kilter.
10 Is that correct?

11 A. If it is -- subsequent actions of
12 districts would result in the -- could result in
13 the local option budget state aid amount going up
14 or down, of course.

15 Q. And the same thing is true if, for
16 example, students move in or out of the district?

17 A. Yes, if the estimated assessed valuation
18 per pupils change as a result of the audits of
19 school district enrollments, coming back and
20 revising those enrollments, then -- then those
21 could change, as well, which would also have an
22 effect on the amount of money that any particular
23 formula might require.

24 Q. And after equalization, are you familiar
25 with the concept called hold harmless?



1 A. Yes.

2 Q. So after equalization, there can also be
3 hold harmless funds that would further move the
4 school districts away from what I will call
5 equipoise?

6 A. You would call them what?

7 Q. Equal. So once they are equalized, a
8 hold harmless provision would then skew that,
9 would it not?

10 A. If a hold harmless provision was
11 incorporated into the equalization formulas, it
12 could have that effect.

13 Q. One of the things that the Supreme Court
14 appeared to look at is the disparity between the
15 richest and the poorest schools, what I will call
16 the polls. Are you able to calculate that
17 disparity and and/or create models to take the
18 polls and get them closer together?

19 A. We could -- we could -- I'm able to
20 calculate the disparity, yes. If -- there are
21 certainly proposals that could -- there are
22 certainly things that could be done to result in
23 those being brought together, and we could do the
24 runs on any proposals that might do that, yes.

25 Q. Would you be able to tell me what those



1 potential ideas would include, such as eliminating
2 local fund-raising efforts, sending all of the
3 local fund-raising efforts into the state, much
4 like a 20 mill rate and then distributing it out.
5 **Talk a little bit about those issues.**

6 A. If there -- if there was no option in the
7 local option budget and it was a singularly
8 uniform mill levy across the state, then,
9 obviously, there would be no disparity but the
10 mill levies would be uniform. And, then,
11 conversely, if the amount of equalization provided
12 was equalized up to the 100th percentile, then
13 that would result in no disparity, as well.

14 **Q. But, as I understand it, short of those**
15 **two options, there is going to be some disparity**
16 **and it's going to be a struggle to try to get the**
17 **equipoise among the districts?**

18 A. Short of those two options or doing
19 something to -- to use the phrase bring down the
20 districts that are above any other equalization
21 point would be another -- another way that could
22 potentially eliminate disparity depending upon the
23 approach that was taken.

24 **Q. Tell me a little bit about the**
25 **department, and I will talk to Mr. Dennis here in**



1 a bit, but tell me a little bit about the
2 Department of Education's runs that you received.
3 Are you familiar with it?

4 A. I have reviewed the runs, all of the runs
5 that I have received from the department, yes.

6 Q. My understanding is at the bottom right-
7 hand corner there is a designation for each run.
8 I believe it's SF the year, 16 dash 122 or
9 something along those lines. Is that right?

10 A. I believe that is the designation method
11 it probably uses, yes.

12 Q. And, do they have -- or would it be a
13 better question that I ask him, do they have
14 models that they look at? Do their processes
15 differ at all from yours, or do you know?

16 A. Well, I would imagine they use a very
17 similar process, but I do think that would be a
18 better question for Mr. Dennis.

19 Q. And the process that you've walked me
20 through patiently again, and I appreciate it, is
21 that a process that you would apply towards every
22 bill that -- or every idea that turns into a bill
23 that's within your scope of work?

24 A. Every idea that I'm able to collect the
25 necessary data for, yes.



1 Q. And that would include Senate Bill 512,
2 as well as House Bill 2731?

3 A. Yes.

4 Q. And, presumably, if there is another bill
5 or 10 bills on school funding, you would do the
6 same process for that one, as well?

7 A. Yes.

8 MR. CROUSE: Mr. Penner, I can't thank
9 you enough. Members of the committee, Mr. Penner,
10 Mr. Scott and the entire staff have been
11 unbelievably gracious with their time, helpful in
12 their assistance and I greatly appreciate it and
13 thank you very much for your appearance today.

14 CHAIRMAN RYCKMAN: Does the committee
15 have questions of the Mr. Penner? Representative
16 Henry.

17 REP. HENRY: First, Mr. Chairman, are the
18 questions from the legislative committee entered
19 into the record?

20 CHAIRMAN RYCKMAN: Yes, it's in the
21 transcript.

22 REP. HENRY: Thank you, Mr. Chairman.

23 QUESTIONS BY REP. HENRY:

24 Q. Mr. Penner, does the Legislative Research
25 Department provide expert advice to the



1 legislature as to whether your research is in
2 compliant with the Supreme Court decisions and
3 rulings on school equity or any Supreme Court
4 ruling?

5 A. No. We typically would not opine on
6 whether any particular proposal would comply with
7 a Court order. We would just try to opine on what
8 a particular proposal would do.

9 Q. So you wouldn't tell a legislator that
10 it's your opinion that this is exactly what the
11 Court -- the Supreme Court was wanting?

12 A. That's correct.

13 Q. Does the work of the Legislative Research
14 Department, is it predominantly at the advice and
15 direction of an individual legislator or a group
16 of legislators or a legislative committee?

17 A. We respond to committees and individual
18 legislators. I personally don't know the exact
19 balance in terms of what our department as a whole
20 gets. But we respond to individual legislators
21 and committees.

22 Q. But, predominantly it's the legislator's
23 direction that you work?

24 A. We work at the legislator's direction,
25 yes.



1 Q. And my last question, Mr. Chairman, we
2 heard discussions in your questioning about House
3 Bill 2371 and Senate Bill 512. Are they exactly
4 identical funding bills for school equity? Are
5 they exactly the same?

6 A. The bills are not identical.

7 Q. They're not, but it seemed like the
8 questioning that the bills were identical, but
9 they are not identical?

10 A. The bills are not identical, no.

11 Q. Okay. So there is -- there is a big
12 difference between those two bills.

13 A. I wouldn't opine on the magnitude of any
14 difference, but the bills are not identical.

15 REP. HENRY: Thank you.

16 CHAIRMAN RYCKMAN: Senator Masterson.

17 CHAIRMAN MASTERSON: Thank you, Mr.

18 Chairman.

19 QUESTIONS BY CHAIRMAN MASTERSON:

20 Q. I think there might have been some
21 confusion, just to clarify. The response on the
22 identicalness of those two bills pertain to those
23 two buckets, if you will, of equalization, i.e.,
24 the local option budget and capital outlay. And
25 in that respect, the two buckets being considered,



1 those are identical?

2 A. Yes, the capital outlay provisions and
3 supplemental general state aid provisions of the
4 bills are identical.

5 Q. And, then, I have one other question,
6 just a confirmation. All the equalization
7 formulas that use the AVPP, none of them take into
8 account what the local levy is. That's not a
9 factor in equalization, i.e., ranking by simply
10 valuation per pupil and it is indeterminate of
11 whether a particular district has a capital outlay
12 mill of five or six or an LOB of 15 or 37, that's
13 independent. Local taxing effort has no influence
14 on the underlying equalization formulas.

15 A. The -- the formulas do not use the number
16 of mills that the districts elect to levy or the
17 magnitude of the LO -- of the LOB that they adopt
18 to set their equalization factor.

19 Q. And what I'm trying to clarify, so, if
20 the formula dictates X amount of dollars to a
21 particular district, it is independent of whether
22 or not that local district is taxing, for example,
23 higher than the above average locally or lower
24 than the above average locally? That's a
25 disconnect, there is no influence on that.



1 A. That's correct.

2 CHAIRMAN MASTERSON: Thank you.

3 CHAIRMAN RYCKMAN: Any other questions of
4 Mr. Penner? Thank you for being here.

5 Mr. Crouse, again, we do have final actions
6 to take on the floor. And so if you see us leave
7 to take votes on the floor, trust me, we'll come
8 back. Mr. Penner -- excuse me, Mr. Crouse. Mr.
9 Penner -- excuse me, Mr. Crouse.

10 MR. CROUSE: Thank you. I think I'll
11 talk to Mr. Dennis next and I'll try to get Mr.
12 Trabert in and out because I know he has to leave.

13 EXAMINATION OF DALE DENNIS

14 QUESTIONS BY MR. CROUSE:

15 **Q. Good morning, Mr. Dennis.**

16 **A. Good morning.**

17 **Q. Thank you once again for coming on a**
18 **short notice. I mentioned to you earlier this**
19 **morning that I'll probably do this much like when**
20 **we had our first meeting and I'll try to do this**
21 **quickly for you.**

22 **So much like with Mr. Long and Mr. Penner,**
23 **will you please state your name, employer and give**
24 **a brief summary of who you are and your**
25 **connections with school finance?**



1 A. Dale Dennis, Department of Education.
2 Anything else you want to know?

3 Q. Just go into your role with regard to
4 public education. And I'm aware and the committee
5 is aware, but we are making a record so let's do
6 that, please?

7 A. In my division we take care of the
8 distribution of all state and federal aid within
9 the Department of Education. In fact, you were
10 correct a little bit ago. It's a little over
11 4,000,000,000 in state money and about 500,000,000
12 in federal money. And I've been there for 48
13 years and a half, if I make it.

14 Q. Thank you very much. And, so, I
15 mentioned to you earlier today part of what I hope
16 to do is both tell the committee how appreciative
17 I am of your time with me on March 16th when we
18 had a meeting to talk about various ideas and
19 concepts. You were critical to my getting me up
20 to speed as to school funding, and so I want to
21 kind of talk about some of the similar things that
22 we talked about there.

23 But, first, I want to back up and just talk a
24 little bit about your role and the Department of
25 Education's role in the school funding process.



1 **Tell me how, what Mr. Penner described as runs,**
2 **how do they come to your office and what do you do**
3 **with them?**

4 A. We get runs requests, printout requests
5 from about any legislator that requests and wants
6 them, we try to do that. We also have a standard
7 policy we don't release that printout until that
8 legislator releases it. Sometimes they want to
9 wait for awhile, and that's their prerogative.
10 And we try to follow that request based on what
11 they desire. And many times when you go through
12 that process, you get the opportunity of doing
13 amendments and updates and so forth.

14 **Q. So it would be fair to say that, much**
15 **like Mr. Long and Mr. Penner, you work at the**
16 **direction or in conjunction with every legislator**
17 **in this building?**

18 A. Yes, sir.

19 **Q. And they would have the opportunity to**
20 **ask you for a formal, what I will call a run, or**
21 **an informal run and you would -- if it's an**
22 **informal run, you would release the results to**
23 **that individual legislator, but if it were not,**
24 **you would keep it?**

25 A. Irregardless of who requested it, we



1 don't usually release the printout until that body
2 releases it. We leave it up to them to make the
3 decision as to when they -- whenever they release
4 it, it's public.

5 **Q. And does that request come to you like a**
6 **informal conversation, an e-mail request or a bill**
7 **that has been written, or does it depend?**

8 A. All three. We may get requests through
9 the Research Department. Occasionally, maybe
10 through the Revisor to the Research Department.
11 We may get a request from individual legislators
12 or a committee or a bill. It could be any of
13 those, and sometimes you get them all at the same
14 time.

15 **Q. And I appreciate that. Given your long**
16 **tenure with the Department of Education, do you**
17 **ever suggest, for example, Senator Masterson here,**
18 **Senator Masterson, I understand what you're trying**
19 **to do with that idea, why don't we try to change**
20 **this variable just a little bit because I think**
21 **that's going to more adequately help you**
22 **understand what you're trying to get at? Does**
23 **that make sense of my question to you?**

24 A. Yes, sir. If the senator said here is
25 what I want to do, what's some options to get



1 there, we might offer options to get there, but
2 the senator would drive the train.

3 Q. Okay.

4 CHAIRMAN MASTERSON: Since the House is
5 on final action, with this number of people gone,
6 we may pause this for just -- they can go down and
7 take a final action vote, so I might put the
8 meeting into recess for a few minutes. And I
9 understand there's some timing issues. Was there
10 any timing issues from the immediate -- I'm
11 assuming at least 20 minutes, probably, 15, 20
12 minutes. Does that create time conflicts for
13 anybody?

14 MR. DENNIS: Not for me.

15 CHAIRMAN MASTERSON: If it does not, I
16 would like to put the meeting on pause for about
17 15 minutes and we'll see where we are at. I did
18 not anticipate this many hiking at the same time.

19 (THEREUPON, a recess was taken.)

20 CHAIRMAN MASTERSON: We will come back to
21 order and continue with the process.

22 MR. CROUSE: Go forth? Thank you, Mr.
23 Chairman.

24 BY MR. CROUSE:

25 Q. And Mr. Dennis, thank you for your



1 patience here.

2 We were talking a little bit about your
3 printouts and your runs and your ideas from the
4 legislators. Tell me some of what your we call
5 runs would show and identify and explain to the
6 legislators?

7 A. They all vary probably a little bit, but
8 the primary purpose is to show what the effect
9 would be on the State of Kansas and each
10 individual school district.

11 Q. In other words, the effect on the State
12 of Kansas' overall budget?

13 A. Yes, sir.

14 Q. As well as the particular impact to the
15 school district's budget compared year over year?

16 A. Yes, sir. Usually, it's compared to the
17 prior year and it's -- to policymakers that's very
18 important to the effect on school districts, as
19 well as the state, the effect on state budgets.

20 Q. Okay. And I was asking Mr. Penner a
21 question about your runs and how you would
22 identify them and I just got ahead of myself, and
23 so it's probably better for you to remind the
24 committee. I have a handout of a run that I
25 believe was handed out at Senator Masterson's



1 hearing for Senate Bill 512 and you and I
2 discussed that on March 16th and it looks like you
3 have it in front of you. Let's take SF 16-122 and
4 if you could just walk the committee through both
5 what the SF 16-122 number is, as well as what
6 concepts and information those runs provide the
7 legislator, please?

8 A. 5 -- Senate Bill 512 in this printout
9 shows what the effects would be. There is several
10 printouts involved with this. There's three is
11 pieces: The local option budget, capital outlay
12 and state aid, and we summarize it in 122. And it
13 shows the effect of that plan which reduces
14 general state aid by 1.45 percent and then it --
15 we equalize the supplemental general and the
16 capital outlay, the same as we did in the bills
17 before the House Appropriations Committee in which
18 they were equalized, for lack of a better term, as
19 the Court suggested.

20 Q. Okay. And, so, when you were talking
21 about the House Appropriations Committee, you're
22 talking about House Bill 2731?

23 A. That's correct. Those two pieces are
24 alike in both bills, but one of them is funded
25 with the House's new money and the Senate is with



1 -- funded with reducing general state aid.

2 Q. And we'll get into that. What I want to
3 do is make a clear record as to kind of
4 understanding as to how we would identify your
5 runs and talk about the number of runs. So, for
6 example, tell me what SF 16-122 signifies from
7 your office?

8 A. It's a summary of three printouts, is
9 that what you mean?

10 Q. No, I mean, like, why is SF -- why is
11 there what I would call a Bates number on this
12 document, for identification purposes?

13 A. Every printout we do, we put a number on
14 it, try to keep a record of it and then we can go
15 back and refer to it. It's not uncommon for a
16 legislator to refer to a number I want to do this,
17 but I want to make this change. So, we try to
18 keep a record of all the printouts we do. And 122
19 is really a summary of three other printouts.

20 Q. Okay. So, if I understand what you're
21 saying, a senator or a representative may come in
22 and say, Mr. Dennis, I have SF 16-122, I'd like to
23 tweak this just a little bit. You would help them
24 tweak it and then if I understand you correctly,
25 you would assign a different identification number



1 to that tweak and it would become SF 16-123, for
2 example?

3 A. That is correct. We sign each printout
4 and that way you can refer back to them and know -
5 - we try to keep a record of who requested it and
6 the number.

7 Q. Okay. And Mr. Penner indicated that I
8 think his department was, I think, the term I used
9 for him, was a whiteboard of ideas. Is it fair
10 for me to assume that the whiteboard of ideas
11 would be winnowed down in Mr. Penner's office and
12 then would be brought to you for what I will call
13 an official analysis?

14 A. Some of the above. Sometimes they are,
15 sometimes we'll get them direct, sometimes they go
16 through the Research Department. It depends on
17 the year and the group of legislators.

18 Q. Okay. And --

19 A. It could go either way.

20 Q. Thank you. I'm sorry to interrupt. How
21 many runs, for example, would you do on an annual
22 basis for school finance?

23 A. If we are working school finance like we
24 are this year, we'll run 50 to 100.

25 Q. And those will be 50 to 100 different



1 **potential resolutions as to just equalization?**

2 A. Well, equalization and -- and also
3 sometimes we'll get into adequacy, that side of
4 it, too.

5 **Q. Okay. And, so, that would look at**
6 **general state aid plus equalization?**

7 A. Yes, sir.

8 **Q. And you would provide the legislator,**
9 **either individually as a group or as a whole, an**
10 **entire range of official analytics?**

11 A. Well, yes. Whatever they ask to do and
12 we can do it, we'll try to do it.

13 **Q. One of the things that you and I had**
14 **talked about on March 16th, and, again, I want to**
15 **remind the committee I'm greatly appreciative for**
16 **your time. I think this was the hold harmless**
17 **provisions and what a hold harmless provision is,**
18 **would you briefly remind the committee what a hold**
19 **harmless provision in the equalization would mean?**

20 A. Hold harmless, and many times you
21 guarantee a school district what they receive the
22 prior year and then it's -- a lot of times it's
23 phased out over a period of time. For example, if
24 you had a hold harmless in the local option
25 budget, you guarantee them what they got last



1 year. Then, in time as the 81st percentile goes
2 up, that -- that amount would decline. It's
3 usually for a period of time, not forever.

4 **Q. Okay. And, so, I understand you to be**
5 **that, for example, a particular school district**
6 **would have a budgeting forecast that may go out**
7 **one, two, three or four years. And if they are**
8 **planning on a particular amount of funding, a hold**
9 **harmless provision would help them with any**
10 **reduction in aid so that they can kind of smooth**
11 **out their spending and budgeting process, correct?**

12 **A.** That would be true, but it's all based
13 normally in the preceding year before we adopt the
14 new formula.

15 **Q. Is it your opinion that a hold harmless**
16 **provision is a critical component to a school?**

17 **A.** It may not be critical as far as, and
18 you're the expert on this, the constitutionality,
19 but many times it's happened in the past to get
20 the necessary votes to approve it. It's just --
21 to get the 63 and the 21 votes, why they put a
22 hold harmless clause in the provision. That's
23 happened before.

24 **Q. And are there -- do you understand from a**
25 **school district perspective why a hold harmless**



1 **provision would be necessary for budgeting**
2 **purposes?**

3 A. Well, if somebody is taking a severe loss
4 in one year, you could have a substantial increase
5 in your -- usually it's in your property tax,
6 which is extremely sensitive in our state. And,
7 so, that's one of the big issues is -- is abrupt
8 change all at once on the property tax can be very
9 challenging.

10 **Q. And, so, school districts rely upon those**
11 **hold harmless provisions to smooth out the**
12 **property taxing for budgeting purposes?**

13 A. Yes, sir.

14 **Q. And, in your history with the Kansas**
15 **Department of Education, are those hold harmless**
16 **provisions atypical?**

17 A. It's not -- and, it depends on the amount
18 of money you're putting in and so forth, but it's
19 not particularly unusual when you're revising the
20 formula. Nothing to do with the Court as such,
21 but it's not unusual at all in order to get the
22 votes you need to get the bill passed.

23 **Q. Thank you. All right. One other thing**
24 **that we talked about in our March 16th meeting was**
25 **your input and thoughts as to House Bill 2731 and**



1 Senate Bill 512, and I'll summarize briefly what
2 my understanding of your thoughts were is that you
3 believe with regard to 2731 that the capital
4 outlay equalization formula is exactly what the
5 Court requested, correct?

6 A. Yes, sir.

7 Q. Okay. And the same thing with the LOB in
8 2731, that's exactly what the Court requested?

9 A. Yes, sir. That would be true and those
10 same two, those parts of it are also in 512.

11 Q. And, so, the equalization aspects are the
12 same --

13 A. Yes, sir.

14 Q. -- in both bills?

15 A. Yes, sir.

16 Q. Okay. And, would you then be a proponent
17 of putting a hold harmless provision on top of
18 that for both bills?

19 A. I don't promote. I don't promote, but I
20 can tell you from history many times hold
21 harmless have been required to get the votes.
22 That's factual.

23 Q. And you mentioned that the equalization
24 strategies are the same with regard to both bills,
25 and so they would theoretically comply with what



1 you and I understand the Court has requested. My
2 recollection is that your concern is that there
3 may be an adequacy issue with regard to Senate
4 Bill 512. Is that correct?

5 A. Well, that may be down the road because
6 that case is there, and it's always a concern when
7 the Supreme Court is about to rule on something
8 and so it's -- I think it's worrisome, but I don't
9 know how they will rule.

10 Q. Okay. And you're unaware of any metric
11 you could help me advise the legislature as to how
12 to measure Senate Bill 512's impact upon an
13 adequacy analysis, correct?

14 A. Correct.

15 Q. We also mentioned, and I think you and I
16 talked about the Supreme Court, their test was
17 reasonably equal access to substantially similar
18 educational opportunities through a similar tax
19 effort. And, I believe, I asked you what is a
20 similar educational opportunity, and my
21 recollection is your response was I'm not sure. I
22 don't have a metric for you, Toby. Is that right?

23 A. That is correct.

24 Q. Okay. And, then, just so the committee
25 is aware, we talked about my experience in U.S.D.



1 419 and you were able to tell me within seconds
2 what county I was from. The experiences I had
3 aren't necessarily different from the experiences
4 my wife had in Shawnee Mission. Can you talk a
5 little bit about maybe studies that your office
6 has done, as well as educational opportunities
7 that are albeit different, but not necessarily
8 dissimilar?

9 A. The Commissioner of Education, about, I
10 don't know, seven, eight years ago, something like
11 that, tried to do a study to look at students who
12 graduate from a small high school versus a large
13 high school, where the large high school had a lot
14 more educational academic opportunities, maybe,
15 versus a small school district. And the results
16 in that study that she did was there wasn't a lot
17 of difference if you look at those same students
18 in higher education.

19 In her analysis, one of the reasons was in
20 smaller rural districts a lot of times too they
21 have access to extension programs for community
22 colleges. And you do that likewise in a large
23 high school, they both have access to that, but
24 also in a smaller high school they may not have
25 the high academic classes, advanced classes, but



1 they are involved in a lot of activities. And
2 it's not uncommon for somebody to go through and
3 be involved in three, four, five activities,
4 whereas at a very, very large high school that's
5 more challenging. The bottom line was she didn't
6 -- they didn't find any result -- any difference
7 in the results.

8 **Q. Nor any metric by which one could**
9 **measure?**

10 A. No.

11 **Q. One thing that I would like to ask you**
12 **about, as well, and I'm not sure that we talked**
13 **about it, although we may have, is the funding**
14 **formulas. I talked to Mr. Long a little bit that**
15 **there are three buckets of equalization funds, but**
16 **as I understand it, two different funding formulas**
17 **for that. Can you, that's your understanding as**
18 **well, correct?**

19 A. That's correct.

20 **Q. Okay. And my understanding is that both**
21 **of those formulas for all three funds have been**
22 **found to be Constitutional. Is that correct, in**
23 **your understanding?**

24 A. Well, I don't know that we've ruled yet
25 on like Senate Bill 7, I don't know if that's been



1 ruled upon as it relates to capital improvements
2 upon interest. I don't know if the courts have
3 opined on that. I don't know that.

4 **Q. That was a very poor question and thank**
5 **you for the clarification.**

6 **What I meant to say is the equalization**
7 **formulas in the old SDFQPA for both capital outlay**
8 **and LOB, the Court seems to be suggesting that**
9 **those are permissible equalization formulas for**
10 **the legislature to use, correct?**

11 A. The LOB and the capital outlay under the
12 old law, as Mr. Long described, I think he was
13 correct when he said the Court said that was
14 acceptable.

15 **Q. And my recollection of our discussion is**
16 **that, and you kind of alluded to it earlier, is**
17 **that the difference between the two equalization**
18 **strategies has to do with politics and not**
19 **educational policy. Is that a fair statement?**

20 A. Well, not -- let me just clarify a little
21 bit.

22 **Q. Absolutely.**

23 A. The sometimes we have a tendency to want
24 to compare capital outlay with LOB, but capital
25 outlay there is a difference. You have a cap.



1 You can't go more than eight mills. So, if
2 there's -- it's equalization, why, it's got to be
3 within that eight mills, where the LOB about the
4 average tax rate there is in the 19, 20 mill
5 range. So, it's much larger and the dollars
6 involved are much greater, so -- so anyway, I
7 think that -- there is a difference in the
8 formulas, but there is also a difference in the
9 taxing levy authorities.

10 **Q. There is a difference in the result of**
11 **the formulas, but there is no educational policy?**

12 A. No, you're correct.

13 **Q. And with regard to the LOB cap or, I'm**
14 **sorry, the LOB formula, my understanding is that**
15 **in perhaps 2004 the -- I think Senator Denning,**
16 **during a hearing on Senate Bill 512, mentioned**
17 **that the ruler placed upon the spreadsheet used to**
18 **be at 75 percent. Is that correct?**

19 A. Yes, sir.

20 **Q. And it moved to 81.2 percent, roughly, in**
21 **2005, correct?**

22 A. That's correct, sir.

23 **Q. Okay. And my understanding is that that**
24 **movement from 75 percent to 81.2 percent also had**
25 **no basis in educational policy but was the**



1 **reaction to a political concern. Is that correct?**

2 A. Well, I don't think there is an
3 educational policy decision as such, but there was
4 an interest. At that time the legislators they
5 wanted to keep the property tax down as much as
6 they could. So the higher you raise the
7 equalization, the lower you force the property tax
8 down. So part of it was property tax driven and
9 part of it was they chose, the legislators did, to
10 try to equalize as high as they could go at that
11 time, but 75 percent was in effect prior.

12 **Q. And, that 75 percent threshold was found**
13 **to be Constitutional as I understand it. Is that**
14 **correct?**

15 A. I'd want to go back and check the record
16 on that because that goes back prior to 2004, and
17 we got into a new law starting in 05-06 school
18 year. So, there was challenges in that area, but
19 I don't know if that was a part of it. I would
20 just check the Court record and what have you.

21 **Q. And, that's fair, cause I'm not for sure**
22 **either and I would have to check, but my**
23 **recollection was that 75 was okay and 81.2 was**
24 **okay?**

25 A. I can tell you, though, the reason was



1 property tax and increasing equity.

2 **Q. And the property tax increase would have**
3 **been about \$30,000,000 to get from 75 for 81.2**
4 **percent. Is that right?**

5 A. That would be pretty close.

6 MR. CROUSE: Mr. Dennis, I believe, that
7 concludes my questions of you. Again, I would
8 reiterate to the committee, Mr. Dennis was
9 unbelievably gracious with his time and his
10 patience. He helped me get up to speed more than
11 I could ever repay. So thank you, sir.

12 MR. DENNIS: Thank you, sir.

13 CHAIRMAN RYCKMAN: Any questions from the
14 committee. I don't see anyone. Representative
15 Henry?

16 MR. HENRY: No.

17 CHAIRMAN RYCKMAN: I'm sorry. Anyone
18 else?

19 CHAIRMAN MASTERSON: I was former
20 Representative Masterson, so I'll take it.

21 QUESTIONS BY CHAIRMAN MASTERSON:

22 **Q. I just want to clarify, as we are making**
23 **these attempts to respond in a very calculated way**
24 **to the courts, in their opinion there is one quote**
25 **that jumped out to me is one obvious way the**



1 legislature could comply with Article 6 would be
2 to revive the relevant portions of the previous
3 formula and fully fund them within the current
4 block grant system. Do you agree that those two
5 relevant portions are the two equalization
6 accounts that they are referring to, the LOB and
7 capital outlay portions?

8 A. In my opinion, they were capital outlay
9 and LOB, yes, sir.

10 Q. Okay. And it's your understanding they
11 used the term obvious, so for me that implies in
12 layman's terms a no-brainer; that if we complied
13 with those two pots of money within the current
14 block grant system, that that would comply. Did
15 you read that statement those two pots and obvious
16 being a no-brainer.

17 A. I don't know about the no-brainer, sir,
18 but I think those are the two programs that we are
19 referring to.

20 CHAIRMAN MASTERSON: Thank you.

21 CHAIRMAN RYCKMAN: Representative Henry?

22 REP. HENRY: Thank you, Mr. Chairman.

23 QUESTIONS BY REP. HENRY:

24 Q. Mr. Dennis, we had a little discussion
25 about the equalization, the 81.2, it wasn't 75,



1 and I know probably when we move from 75 to 81
 2 there will be discussion, but let's talk about to
 3 move it from 81.2. Have you been involved with
 4 any legislative committee or has there been a
 5 study done to move away from that? Has there been
 6 any legislative votes to move away from that? Is
 7 there anything concrete that you can suggest that
 8 any legislature has done to move away from that?

9 A. Well, I never say ever, but most of the
 10 plans we have before us now are based on the 81.2
 11 and the capital outlay, as the senator mentioned,
 12 is the law prior to 14-15.

13 Q. We've had no testimonies from the public
 14 or any type of information brought to legislature,
 15 no votes to move away from the 81.2 percent?

16 A. Not that I'm aware of this year.

17 REP. HENRY: Thank you.

18 CHAIRMAN RYCKMAN: Senator Masterson.

19 CHAIRMAN MASTERSON: Thank you, Mr.

20 Chairman.

21 QUESTIONS BY CHAIRMAN MASTERSON:

22 Q. Lots of discussion about equalization and
 23 you hear in our debates about educational finance
 24 taking from one and giving to another or robbing
 25 Peter to pay Paul. Is that not a definition or by



1 **definition equalization? Leveling out between the**
2 **rich and the poor would require shifting resources**
3 **between the rich and the poor?**

4 A. That's what it amounts to in a sense, but
5 if you do it too much I think there will be
6 challenges.

7 **Q. I'm not sure I'm following that answer,**
8 **but equalization is, by definition, taking from**
9 **some and giving to another?**

10 A. Well, in a sense, yes, but what the
11 legislature has done in the past, take a look at
12 it, what they have done, they've tried to raise
13 state aid enough so they didn't have to do a lot
14 of that. They did some, but not a lot.

15 **Q. But even that, by definition, by right**
16 **you would be taking from the taxpayer to give to,**
17 **from one district to give to another district?**

18 A. We had -- but if you go back a few years,
19 remember the 20 mill raised more in the budget?
20 They submitted the difference and from two or
21 three to four or five districts whose 20 mills was
22 greater in the budget and they had the honor of
23 submitting that's the difference. They only had
24 four.

25 **Q. I have one more question as it pertains**



1 to timing simply just on a factual basis to have
2 in the record the difficulties sometimes this
3 branch of government has in determining this.

4 You recall the debates we had in, I may not
5 get my timing right, 2015 over the legislature's
6 -- in the spring of 2015 we received, we the
7 legislature, received a run, if you will, from the
8 department as to what those law changes would be
9 moving into a block grant, the 130,000,000, if you
10 will, in additional money to the legislature.
11 When you calculated that from the department, what
12 date in time was the data derived for the AVPP you
13 used to determine that for us? What -- there is
14 two variables, property value, which is assessed
15 on a particular day, and then the denominator, the
16 students, could you give me the dates of when
17 those data points --

18 A. We requested to use the prior year. The
19 request of the bill asked we use the prior year
20 data, which we did.

21 Q. So that would be the 2014 date?

22 A. Yes, sir.

23 Q. In 2015 you would be using values
24 determined in 2014. And then what enrollment
25 number, did you use the prior year, as well, the



1 **2014 enrollment numbers?**

2 A. That would be true. Mr. Chairman,
3 enrollment don't change very much in our state on
4 a statewide basis, it might individually but not
5 on a statewide base, a half percent, but the 81st
6 percentile can change substantially. For example,
7 this year the 81st percentile dropped \$4,000, and
8 in that year it went up a little bit more than
9 that. So, yes, it goes -- the 81st percentile
10 goes up and down based on our assessed value. And
11 in time, in all likelihood, it will come back up,
12 too, as oil comes up.

13 **Q. I think you're helping me express the**
14 **difficulties we had. So the legislature, in that**
15 **year, then passed a bill with that fiscal data.**
16 **Was the same AVPP dates used when calculated later**
17 **that summer for the school districts or did that**
18 **move to the 2015 year?**

19 A. We completed all the audits and that
20 moved to the next year.

21 **Q. So there was a different AVPP formula**
22 **used as it was presented to the legislature for**
23 **them to make a voting decision in the session than**
24 **was given to the school districts two months later**
25 **in the summer?**



1 A. Well, that's when they completed the
2 audits and the data become available, you're
3 correct.

4 Q. So you have the potential for those to
5 have radical changes around that number. For
6 example, you could have a small district with high
7 valuation in one formula become perceptively -- so
8 perceptively rich that a large district with high
9 wealth, like a Blue Valley, for example, could
10 become comparatively poor and cause massive shifts
11 between what the legislature believed they had
12 voted on versus what was actually then prescribed
13 by the formula?

14 A. You talked about wealth and we measure
15 wealth in the formulas in the assessed valuation
16 per pupil. So when you take a look, you mentioned
17 Blue Valley, you also have to consider the number
18 of students they have and that makes a difference.
19 And you're going to get some pops in valuation,
20 there are no doubt about that. Good one we've got
21 right now is the one we talked about the other
22 day, Altoona-Midway. If you look, their valuation
23 jumped 50 percent. Why? It's because the
24 pipeline went across. The county appraisers say
25 that's good for one year. So you will get pops



1 like that, and oil I think even surprised some
2 folks in the last year, too.

3 **Q. So that's a great example. So you have**
4 **one instance like that pop a district up above the**
5 **line and they lose their LOB, and comparatively**
6 **you could have, well, for example, the richest**
7 **district by total value, Shawnee Mission, for**
8 **example, or Blue Valley in Johnson County, that**
9 **can raise some millions of a mill be perceptively**
10 **poor and begin to receive poverty aid?**

11 A. Well, it's kind of in the eyes of the
12 beholder perceptively poor because they would be
13 around the 81st or just below the 81st percentile.

14 **Q. We'll call it in the eyes of a formula.**

15 A. I think if you talk to them, they
16 wouldn't agree to that probably. But if they are
17 in the 77th, 78th percentile --

18 **Q. In the eyes of the formula, they would be**
19 **poor?**

20 A. They would be below the 81st percentile.
21 They would still be in the upper 30 percent.

22 CHAIRMAN MASTERSON: Thank you, Dale.

23 CHAIRMAN RYCKMAN: Representative Henry.

24 REP. HENRY: Thank you, Mr. Chairman.

25 QUESTIONS BY REP. HENRY:



1 Q. Mr. Dennis, just using the words in the
2 context that we've heard here today, there is --
3 you hear about rich versus poor. And some of the
4 testimony we've heard this session we've had some
5 talk about a rich district could be rich as -- as
6 determined by Alvarez and Marsal by the fact of
7 school board management. We heard that in the
8 house education budget. Is that true, Mr. Dennis?

9 A. Well, in our law, and we have been to
10 court on this, whatever you use to measure wealth
11 you have to give access to levy. There is some
12 history that I could share with you if you want to
13 know about that, but the bottom line is that
14 whatever you use to measure wealth, you have to
15 give the taxing unit the authority to levy the
16 tax.

17 Q. But from my understanding, I'm -- I have
18 not completely read House Bill 512 -- or Senate
19 Bill 512, but it talks about taking money from
20 school boards that have, in the words of Alvarez
21 and Marsal, a lot of money. But a lot of that, as
22 we heard in testimony, is because of the school
23 board management in the way of why they have
24 ending balances. But my question here
25 essentially, though, let me go back to 512 talks



1 about an equalization by taking from other school
2 districts to another. Have we had -- has that
3 ever been done in the past in that type of
4 fashion?

5 A. I don't recall doing it uniformly. We've
6 had some winners and some losers, but I don't
7 recall doing it uniformly for all general state
8 aid before.

9 Q. So this would be something that has the
10 state board, your department or any department you
11 know of done a study as to whether that's a proper
12 way to do equalization?

13 A. No, not a study, but I just don't recall
14 ever doing -- we've been taking money away from
15 people and give it to others and all that, we
16 talked about that, but doing uniformly cut like
17 this to fund another piece of it, I don't recall
18 that.

19 Q. So that's not an established formula that
20 we've ever talked about?

21 A. Not that I recall, sir.

22 Q. Okay. So truthfully, what you're saying
23 is probably the public hasn't had a great amount
24 of interaction on how to use this formula that's
25 in 412?



1 A. Not, well, since it hadn't passed yet.

2 REP. HENRY: Thank you, Mr. Dennis.

3 CHAIRMAN RYCKMAN: Just to clarify, SB --
4 or, excuse me, SB 512 did not adjust cash
5 balances. Representative -- excuse me, Senator
6 Denning.

7 SENATOR DENNING: Thank you, Mr.
8 Chairman. Most of us are house trained here, so I
9 see the confusion.

10 QUESTIONS BY SENATOR DENNING:

11 **Q. Dale, back on the conversation about the**
12 **supplemental aid at 81.2 percent, the discussion**
13 **about there has not been any legislation to change**
14 **it or so forth. Senate Bill 7 with the 5**
15 **quintiles, I thought, was the legislation to**
16 **change that?**

17 A. What they did -- you can -- you can make
18 that case. You've got a good point, but what they
19 did there you put it in quintiles and the poorer
20 districts got 97 percent of that entitlement and
21 the next got 95 and it scaled down. So that would
22 be the case for this year, but evidently the Court
23 didn't think that was the right way to do it.

24 **Q. It appears so. The -- the 75 percent,**
25 **when the legislators did the first ruler up the**



1 page and stopped at 75 percent, how was it
2 equalized before that and do you have any idea why
3 they stopped at 75 percent?

4 A. What I recall is they wanted to increase
5 equalization and they wanted lower property taxes.
6 That's the two things I remember most about that.
7 At that time property tax was extremely sensitive
8 and they wanted to lower them and raise
9 equalization, and that's what they chose to do.

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

12 CHAIRMAN RYCKMAN: Any other questions
13 for Mr. Dennis? Thank you for being here. Mr.
14 Crouse.

15 MR. CROUSE: Thank you, Mr. Chairman. I
16 think I'd like to talk to Mr. Trabert at the
17 moment so we can get him in and out. I appreciate
18 you coming.

19 MR. TRABERT: Happy to be here.

20 EXAMINATION OF DAVE TRABERT

21 QUESTIONS BY MR. CROUSE:

22 Q. Mr. Trabert, I saw you testify in both
23 the House bill and Senate bill and I don't believe
24 you stood for any questions, so today would be
25 your opportunity. Well, you stood for questions,



1 you just didn't have any propounded to you.

2 Please introduce yourself to the committee
3 and for the record your name, employer, title?

4 A. My name is Dave Trabert. I'm president
5 of Kansas Policy Institute. I've been with KPI
6 since 2009. I have been the lead researcher on
7 school funding during that period. I've also
8 authored several papers on school finance for
9 Kansas Policy Institute. I was also a member of
10 the K-12 Commission on School Efficiency and
11 Student Achievement in 2014 and have served the
12 American Legislative Exchange Council as one of
13 the co-chairs of the education finance joint
14 working group.

15 Q. And so how long have you been involved in
16 Kansas public education?

17 A. Since 2009.

18 Q. One of the purposes of this hearing today
19 is to both formalize and memorialize the testimony
20 that has been previously provided for the two
21 bills that we talked about, as well as some of my
22 fact finding. And I've gone out and talked to
23 folks, including you, so as you will see we've got
24 a transcriptionist here and we are trying to put -
25 - make a record of all of those discussions for



1 the benefit of the legislature to help it decide
2 how best to comply with the Gannon II decision.
3 And so part of what I'm wanting to do is, first, I
4 appreciate your willingness to come talk to the
5 committee today, as well as to share some of the
6 ideas that you have with regard to potential
7 solutions to the Gannon decision so that the
8 legislature can make an appropriate response.

9 You are familiar with Gannon II, are you not?

10 A. I am.

11 Q. And does your organization study it or
12 publish any papers in response to it?

13 A. We've done several articles in -- when
14 the decisions first came out and subsequent as
15 legislative issues come up, such as SB 512 and so
16 forth and how that might relate to Gannon.

17 Q. Would it be fair to say that you have
18 studied the issue both to familiarize your
19 understanding of it, as well as to inform
20 policymakers and promote your policy ideas to the
21 legislators?

22 A. Yes.

23 Q. And so what I want to do is I want to
24 narrow our discussion, if I can, just a little
25 bit. The Gannon II decision, while I and II



1 recognize Article 6 of the Kansas Constitution
2 have two aspects, that being adequacy and equity,
3 the legislature's current primary focus is on
4 equity. So I'd like to focus primarily on equity,
5 if we can.

6 My understanding, however, is that your
7 entity is more concerned with adequacy, and so
8 I'll probably bring concepts like that in to help
9 you educate the legislature because while the
10 Court said focus on adequacy -- or on equity, I'm
11 sorry, don't forget about adequacy. So that's
12 kind of where I'm going with our discussion today.

13 First, we'll talk a little bit about both of
14 the two bills. I notice that you, like I think
15 everyone else that testified, were neutral. In
16 fact, there wasn't a single supporter of either
17 bill. Can you tell me why your organization,
18 briefly, because I think many of the members have
19 heard your testimony before, but for the record
20 could you indicate to us why you appear neutral
21 and not in support of any particular bill?

22 A. We appear neutral because there are
23 multiple ways that the legislature could respond,
24 as we understand, to meet the Court's demand on
25 equity without spending more money. And so at



1 that point it becomes an appropriations matter,
2 and whether they should spend the same or a little
3 more or a little less is a matter of legislative
4 prerogative. And so we testified neutral, liking
5 the fact that they did respond or make an attempt
6 to respond in both bills. But because there are
7 multiple ways to do it, in addition to the ways in
8 both of those bills, there are other ways they
9 could do it, such as we referenced last year there
10 was a Senate Bill 71 that had a different method
11 of calculating equalization. And so we testified
12 neutral because there was just multiple ways to do
13 it without spending more or much more money.

14 **Q. Would it be fair to say that your**
15 **organization's position is, with regard to those**
16 **two bills, yeah, we think your equalization**
17 **formula is acceptable, however we think there are**
18 **other ways you could do it, as well as we don't**
19 **believe there should be as much or you shouldn't**
20 **add anymore money to the equalization formula.**
21 **Would that be fair?**

22 A. Well, except that we weren't, in our
23 testimony in choosing to be neutral, we weren't
24 casting judgment on whether that was an
25 appropriate method of equalization using the



1 average valuation per pupil and the 81.2, we
2 weren't addressing that, but we were saying that
3 we did feel that either way would, as we
4 understood it, would satisfy the Court.

5 **Q. Okay. And my recollection of your**
6 **testimony, as well as the others, is you would**
7 **suggest that enough money is going in you should**
8 **focus on efficiency, whereas others would say,**
9 **yeah, the formulaic equalization structure you**
10 **have is appropriate, however we think more money**
11 **needs to be inputted into the process. Is that a**
12 **fair characterization of your position and the**
13 **position that you heard at those two hearings?**

14 **A.** I think so. You know, as we look at it,
15 as we look at school districts own practices, both
16 in terms of how they spend and how they operate,
17 how they don't spend in some cases the money that
18 they've gotten in the past, we don't believe that
19 more money is necessary from an adequacy
20 standpoint, certainly not from a needs standpoint.
21 And so that's why we said to try to find a way to
22 resolve equity without spending more money because
23 we didn't see that it was needed.

24 **Q. And would you agree with me that the**
25 **testimony at both of those hearings failed to**



1 bring about any public support for either of those
2 two bills?

3 A. It was -- yes, it was somewhat
4 surprising, let's say, that particularly school
5 districts that were getting more money, maybe not
6 as much as they wanted, but they were getting more
7 money and still didn't testify in support.

8 Q. And my understanding is Senate Bill 512
9 has a similar equalization structure. Is that
10 your understanding, as well?

11 A. Yes, it is.

12 Q. And likewise, there was no public support
13 for that version, either the Senate or the House
14 version, correct?

15 A. There was no support.

16 Q. And what was your reaction or do you
17 recall the votes of the committees with regard to
18 both of those bills?

19 A. The -- I wasn't present when the
20 committee worked the bills.

21 Q. Okay. And my recollection of Gannon,
22 tell me if it's yours, is that if some other plan
23 is being pursued by the legislature, it needs two
24 things: First demonstrated capable of meeting
25 equity; and second, not running afoul of adequacy.



1 Is that your understanding, as well?

2 A. Yes, that is.

3 Q. Let's talk about those two concepts, if
4 you would. Do you understand or can you remind me
5 how many equalization strategies you are aware of
6 in the education funding?

7 A. There is three that are in use. One is
8 for the -- it's called the capital improvement or
9 bond and interest, one is -- the second one is for
10 the capital outlay, and the third is for the local
11 option budget, which is also called supplemental
12 general state aid.

13 Q. And are you aware of any educational
14 policy basis for those differentiating formulas?

15 A. By -- if by policy basis you mean data-
16 driven analysis that arrived at this is the way it
17 should be done, no, I'm not aware of anything.

18 Q. What is your understanding of the basis
19 for those differentiating equalization formulas?

20 A. I've inquired over the years of several
21 legislators because I wasn't here when they were
22 developed, but the anecdotal is that it was simply
23 a matter of what we could get votes for. It was
24 not driven, none of them were driven by data. It
25 was with regard to the -- the biggest piece, the



1 local option budget, I have been told that it was
2 simply a matter of we had this much money we
3 wanted to spend and so we drew the line there, and
4 these are inherently political decisions.

5 **Q. Let's move next to the adequacy portion.**
6 **The Supreme Court said if you choose a different**
7 **option for equalization, don't offend adequacy.**
8 **Are you aware of any measurable metric for**
9 **measuring adequacy across the school districts?**

10 A. Well, the Court said in Gannon, in March
11 of 2014, that the first measure is whether
12 students are meeting or exceeding the Rose
13 capacities. And as we testified, school districts
14 and the Department of Education are on record in
15 testimony coming before the legislature and coming
16 before the K-12 Commission that I sat on in saying
17 that they don't know how to define and measure the
18 Rose capacities. In fact, they recommended that
19 the K-12 Commission recommend to the legislature
20 that they help them determine it.

21 So looking at the fact that the Court says
22 the first measure is are they achieving this? And
23 when school districts say we don't know how to
24 define or measure this, it seems to me to say they
25 don't have a basis for saying they don't have



1 enough money or that they are inadequately funded.

2 Q. And my understanding, as well, is that
3 K.S.A. 72-1127 reflects some of those similar
4 goals that are set forth in the Rose standard,
5 correct?

6 A. Yes.

7 Q. And let me first ask, the committee that
8 you mentioned that you looked at for I think it
9 was educational efficiency, was that committee
10 able to come to a definition of adequacy?

11 A. No, we didn't -- well, we didn't -- it's
12 not that we didn't come to it, we didn't look at
13 it.

14 Q. Okay. I'm sorry. Okay. So with regard
15 to both the Rose and the statutory standards, are
16 you aware of any school district in the State of
17 Kansas that has fallen below the standard and been
18 decertified or any similar indication that they
19 failed to satisfy the adequacy?

20 A. In terms of losing accreditation for Rose
21 capacities, no, I'm not aware of any.

22 Q. Tell me -- my recollection, however, is
23 and I talked to Mr. Tallman, and we'll talk to him
24 later, my recollection is that your contention is
25 that Kansas children aren't learning, however.



1 **Tell me how -- those seem to be inconsistent to**
2 **me, so help me understand what that inconsistency**
3 **is?**

4 A. Well, we've looked at and in fact the
5 Department of Education, it was in 2014, I believe
6 it was November of 2014, that we had some
7 discussions in an interim committee or maybe it
8 was -- it may have been the following legislative
9 session, but I was -- I testified before a joint
10 committee of House and Senate education, so that
11 probably would have been in 2014. But where then
12 Commissioner of Education Diane DeBacker
13 acknowledged that the achievement gaps between low
14 income and not low income kids have actually been
15 getting wider. There was a point in time when the
16 achievement gaps could be, in terms of closing the
17 gaps, could be measured in terms of decades, which
18 was the amount of time it would take at the
19 current pace for the kids who are low income to
20 get to the same achievement level on the National
21 Assessment of Educational Progress as the kids who
22 were not low income. That has now become a
23 measure of centuries because the gaps have
24 actually gotten wider. And so for some districts
25 or for some categories, such as we are looking at



1 fourth grade and eighth grade reading and math,
2 some of those gaps it would take centuries to
3 close at the current tenure base. Others would
4 never close because there has been no progress.
5 And so -- and we've also looked at -- part of the
6 rationale for that, we think, is that a lot of the
7 money the legislature has allocated, specifically
8 for its called at-risk funding, the Kansas Policy
9 Institute did a study last year looking at how the
10 at-risk money was actually being spent and found,
11 according to school district documents and
12 according to how we see their spending, that much
13 of it is not being used for the direct benefit of
14 the low income kids who are generating that aid.
15 It's being -- it's being used in accordance with
16 how they are allowed to do it, but they are not
17 required to use it for the direct benefit of the
18 low income kids. And so even though the funding
19 has increased quite dramatically, the legislature
20 increased -- I think the last time we looked at
21 this from between 2005 and 2015, there was about a
22 seven-fold increase in the amount of money that
23 was allocated to at-risk funding, and yet we
24 didn't see hardly any change in the National
25 Assessment of Educational Progress and scores.



1 Q. Well, what I'm wondering is if the
2 achievement is so low, wouldn't that suggest that
3 the funding is inadequate, that the education is
4 inadequate and more money should be --

5 A. You know, there are some people who
6 contend that, and yet we find no correlation
7 whatsoever between the amount of money spent and
8 the outcomes that have been achieved. Not only in
9 Kansas, but across the country.

10 Q. What do you mean you find no -- I don't
11 follow you.

12 A. No correlation? There is a -- there are
13 some people who believe that if you spend more
14 that you will then improve outcomes. Many
15 researchers across the country -- and there are a
16 few who say that they believe there is a
17 correlation, but not causation. Even the people
18 who believe there is a correlation between
19 spending more and achieving, having better
20 achievement, even those people admit that spending
21 more does not cause outcomes to improve. They
22 even -- they go so far to say, with which we
23 agree, it's not the amount of money that you
24 spend, it's how you spend the money, which gets
25 back to is the money being spent for the direct



1 benefit of students? Is it being spent in
 2 classrooms or is it being spent elsewhere? And so
 3 there is -- we've looked at -- we've provided much
 4 testimony to House and Senate committees showing
 5 that many states can achieve better results with
 6 less money, or you can look at a specific
 7 achievement level and find, for example, a
 8 percentage of students who are proficient, say, in
 9 fourth grade reading, the same students low income
 10 or not low income, and you can see a tremendous
 11 difference in the amount of per pupil spent.
 12 There simply is no relationship, data-driven
 13 relationship between the amount of money that is
 14 spent and the achievement of the students in that
 15 state or district.

16 **Q. One final question for you to consider,**
 17 **and I apologize, I don't believe I asked you this**
 18 **before, so I'm going to put you on the spot here.**

19 **Would you believe or have any of your studies**
 20 **suggested that changing the equalization structure**
 21 **for capital outlay and LOB, would that affect the**
 22 **adequacy, in your opinion, for the education**
 23 **that's offered the students?**

24 **A.** If I'm understanding your question, if --
 25 if by, for example, Senate Bill 512 where it would



1 slightly reduce the block grant funding in order
2 to meet the equalization provisions, no, we don't
3 believe that that would have any legal basis of
4 adequacy issues for a number of reasons. First of
5 all, we go back to districts can't identify, they
6 can't measure and define the Rose capacities,
7 which on its face should indicate that they don't
8 have any legal basis for saying they don't have
9 enough money to meet adequacy.

10 But beyond that, we found that districts
11 aren't even spending all the money that they have
12 been given over the last 10 years. And we looked
13 at that by -- by studying their carryover cash
14 reserves. So you have in 2005, July 1 of 2005,
15 districts had collectively \$468,000,000 in
16 operating reserves. That's not counting capital
17 outlay or any bond indebtedness reserves, these
18 are just operating funds. Over the next 10 years,
19 by July 1 of 2015, those balances had gone to
20 \$853,000,000. So there's a -- the difference
21 represents \$385,000,000 of money that was given to
22 schools to operate and for whatever reason they
23 didn't spend it. They put it -- they used it to
24 increase their cash reserves.

25 So again, if you're not getting all the money



1 you have been given, it seems hard to make a case
2 that you don't have enough money when you aren't
3 even spending everything that you are getting.

4 There is other indications. We've seen in
5 testimony in committees -- I heard testimony
6 before the K-12 Commission on efficiency and in
7 our own studies in looking at payroll registers
8 and check books that districts choose to spend
9 more money than is necessary.

10 One of the metrics that we look at is how
11 much money goes into instruction, which is a --
12 and instruction is defined by the state's
13 accounting manual, the Department of Education's
14 accounting manual. And while funding has gone up
15 quite significantly over the last 10 years, almost
16 \$2,000,000,000, the percentage of money allocated
17 to instruction has actually declined a little bit.
18 If you -- we don't count any of the capital outlay
19 in that measurement because capital can change and
20 districts are allowed to allocate some of their
21 capital to their current operating expenses.
22 Factoring that out and just looking at what they
23 are spending on current operating, the percentage
24 allocated to instruction actually dipped below 53
25 percent last year. I think it was 52.91 percent.



1 And so we are looking at choices that districts
2 are making where they are choosing, and
3 admittedly, choosing to spend more money than is
4 necessary to provide the same or better quality
5 service which would then make the savings
6 available for instruction which seems to be the
7 whole purpose of having a school finance formula
8 is to educate kids and improve outcomes.

9 We see the practices with cash. We see the
10 practices with choosing to spend more than is
11 necessary. We see the fact that they can't define
12 and measure the goal line. And so we collectively
13 we look at that and think there is a very strong
14 case that even if you were to spend down a little
15 bit of block grant money as proposed in Senate
16 Bill 512, it should not create an adequacy issue.

17 MR. CROUSE: Thank you, Mr. Trabert. I
18 appreciate your willingness to be here. I will
19 turn it over to the chairman.

20 CHAIRMAN RYCKMAN: Any questions from the
21 committee? Representative Henry.

22 REP. HENRY: Thank you, Mr. Chairman.
23 Mr. Chairman, I have a comment and I will have
24 some questions, but I find it interesting that we
25 are spending a lot of time on evidence-based



1 finding here. Mr. Chairman, did 2731 pass out
2 House Appropriations Committee?

3 CHAIRMAN RYCKMAN: No.

4 REP. HENRY: No, did not pass. Did you
5 take a vote, Mr. Chairman?

6 CHAIRMAN RYCKMAN: No, the bill -- we did
7 not take a vote, but we still are working.

8 REP. HENRY: So we're -- 2731, 512
9 neither one of those bills have passed either body
10 at this point, but we are doing a tremendous
11 amount of work on that issue, so I find that kind
12 of interesting.

13 QUESTIONS BY REP. HENRY:

14 **Q. But your question -- and, Mr. Trabert, I**
15 **sit on the House Education Budget Committee and I**
16 **will say I've missed some meetings. Have you been**
17 **to a number of our House Education Budget**
18 **Committee meetings this year?**

19 A. No, I have not.

20 **Q. Okay, thank you. In committee, Mr.**
21 **Chairman, we hear a tremendous amount of testimony**
22 **about increase in enrollment, increase of at-risk**
23 **students, cost of operations are increasing, labor**
24 **costs, increase in general supplies, health**
25 **insurance, property and casualty insurance,**



1 workers' comp, et cetera, et cetera. Mr. Trabert,
2 have you ever done an in-depth study and could you
3 identify any type of school district where the
4 school board has said that they are experiencing a
5 reduction in total operating costs? Do you have
6 any school boards that have gave you testimony or
7 any information about that they are experiencing a
8 reduction in operating costs?

9 A. That their costs are going down?

10 Q. Yes. Do you have any evidence of that
11 anywhere?

12 A. Oh, no, because districts spend more
13 money. I can tell you, though, that districts
14 decline opportunities to save money. For example,
15 when you referenced insurance going up, we know
16 that there are districts that are spending more
17 money than is necessary to provide insurance. So
18 rather than just say, well, the cost is going up,
19 the position that seems to come forward from
20 districts a lot is we can't help any of this, and
21 that's just not true. Because having done those
22 things for private companies for decades, I can
23 assure you that there are many options, whether
24 that be looking at how much we are charging
25 employees, are we charging at the national average



1 or the state average for employees' contribution?
2 What kind of insurance costs -- insurance are we
3 buying? Are we taking advantage of pooling
4 opportunities? Same thing with casualty. All of
5 these things have options.

6 We've heard districts choose to spend more
7 money. We've heard districts, we've heard school
8 board associations testify against proposals on
9 procurement, for example, where they could spend
10 less money and get the same or better quality
11 product which would make more money available,
12 they don't want that because they want to be able
13 to spend inefficiently if they so choose.

14 We've seen districts testify that they don't
15 want to have services provided from regional
16 service centers, outside the classroom things like
17 transportation and maintenance and food service
18 and accounting and payroll, so many things that
19 could be provided regionally at lower prices.
20 They don't want to do that. So they have many,
21 many options.

22 By the way, I should mention that while the
23 school districts oppose these things, Kansans
24 overwhelmingly support and expect school districts
25 to make efficient use of taxpayer money, including



1 using -- using these regional service centers that
2 are school districts, by the way, to provide
3 services at better costs so that more money is
4 available for teacher pay, for instruction and so
5 forth.

6 Q. In truth, I've read a lot of your stuff,
7 so I do -- I want to say I've read everything.
8 But I go to a lot of school board hearings and
9 have you ever done a model of what a school board
10 -- how a school should be operated? I know you
11 have done some models of other things, but the
12 last thing I hear from school boards is we don't
13 want a template from Topeka on how to operate
14 schools. Have you ever done a template or do you
15 -- could you do a template how -- have you ever
16 seen -- have you ever had a school board -- have
17 you ever been to a school board that has said,
18 hey, we are getting a lot more money than we need
19 and we probably are rich and our costs are going
20 down?

21 A. Well, no, they won't say that, but that
22 does not mean -- but that does not mean that they
23 -- just because they are choosing to operate the
24 way they are choosing, that they have to do that.
25 I'll give you a great example. We've talked a



1 little bit here about carryover cash. We find
2 many districts, dozens of districts that have
3 historically operated with very low carryover
4 ratios, and that's a -- that's a measurement of a
5 district's operating reserves at the beginning of
6 the year as a percentage of that district's
7 operating spending.

8 Now, there are -- first of all, let me back
9 up. No one really had an issue with any kind of
10 cash reserve matters until we discovered, until
11 Kansas Policy Institute covered in 2010 that there
12 was about \$700,000,000 at that point in reserve,
13 and that prompted -- and since then there have
14 been a lot of districts say, well, we just don't
15 have enough. Interestingly, there is no
16 legislative record of districts prior to that
17 saying we don't have enough in cash reserves. But
18 at that point that \$700,000,000, that was already
19 200,000,000, maybe \$250,000,000 more than what it
20 was just in 2005. What we have -- we've looked at
21 every district's carryover ratio back in 2005, and
22 we find that there are dozens of districts
23 operating with less than 10 percent reserves
24 consistently.

25 Now, other districts say we don't have



1 enough, we couldn't possibly do it, but here is
2 documented evidence from school districts that are
3 actually doing it on a consistent basis. It comes
4 down to how you choose to operate your district,
5 how you choose to manage cash. Every district
6 gets their funding, different amounts, certainly,
7 but they get it at the same time. They operate
8 generally the same way. They pay their bills at
9 generally the same time. The mere fact that some
10 districts can do it and manage their cash so much
11 more efficiently than others is another piece of
12 circumstantial evidence, at least circumstantial,
13 that others can do it as well. These are choices.

14 So while the fact that they are spending more
15 money doesn't mean anything other than they are
16 choosing to spend more money than they need to to
17 provide the same or better quality. This isn't
18 about cutting a service or cutting a program, it's
19 about making common sense efficient decisions with
20 other people's money of how to provide that same
21 or better quality service so they have more money
22 available. Don't spend extra on administration or
23 maintenance or transportation, do it more
24 efficiently so you have more money to educate
25 kids.



1 REP. HENRY: Mr. Chairman, my last
2 comment and I appreciate the time.

3 BY REP. HENRY:

4 Q. In the House Education Budget Committee,
5 we talked about kind of in-depth about how we had
6 some school districts that you walk through and
7 they are beautiful and they have all the latest
8 technology and they have a lot of bond
9 indebtedness. And you go to some of our rural
10 areas and the schools are so-so, little
11 technology, but the school board has made a
12 considered point to go out and accumulate cash
13 because they don't like to do bonding, they don't
14 like to fix things with bonds, they want to do it
15 as they go. And so there is a huge difference in
16 how we -- how different school districts manage
17 their daily operations. So, you know, again, I
18 think we've heard this over and over, so you can't
19 just come in and say, hey, here is some schools,
20 do this and that differently because these schools
21 are not given a template and they don't want a
22 template from Topeka on how to operate schools.

23 A. If I could, Representative, I'd have to
24 beg to differ with that statement. First, yes,
25 some districts do accumulate money in their



1 capital outlay fund rather than do bond and
2 interest. We don't count that. All the
3 measurements that we are doing looking at how they
4 are spending money and how they are managing their
5 cash are of their operating reserves. We are not
6 looking at all at what's in their capital outlay.
7 Okay? So, yes, there are some that do it, but
8 that's an irrelevant point, with all due respect.

9 Now, they don't want a template from Topeka,
10 and I get that. Nobody wants to be -- I worked in
11 the corporate world and I didn't want -- but here
12 is the difference: These districts are not just --
13 -- they can have all the local control they want if
14 it was all their money. If all the money for
15 their district was being raised by the citizens of
16 that district, well, then, I suppose you should be
17 entitled to have all the local control you want,
18 but this is other people's money. I mean, think
19 about it. We have districts, on the topic of
20 equalization here, we have citizens in tiny
21 districts where a mill raises less than \$50,000 or
22 less than 100,000. There is dozens of districts
23 like that where they really don't have much
24 property value and they don't qualify for
25 equalization, but some of their sales taxes and



1 some of their income tax is going to the wealthy
2 districts in Johnson County, in Sedgwick County.
3 They are supporting -- their money is going over
4 here to support them. You know, it's just the
5 whole equalization system -- in fact, there is a
6 lot of people who don't understand that it's done
7 on a per pupil valuation. They think -- in fact,
8 I've heard it explained in legislative hearings
9 that the purpose of equalization is to provide
10 more money to the districts that have low property
11 values. And what I've told them, for example,
12 this was - I just made this note this morning -
13 this was from the block grant spreadsheet, 2016
14 supplemental general aid distribution, this was
15 the estimate. Out of \$448,000,000 in equalization
16 aid, Sedgwick County had the most. They got 20
17 percent. The second highest amount went to
18 Johnson County at 11 percent. The third highest
19 went to Wyandotte County at 10 percent, and then
20 Shawnee County at 6 percent. Four counties, four
21 large urban counties accounted for 47 percent of
22 the equalization money that's supposed to help
23 poor districts.

24 CHAIRMAN RYCKMAN: Any other questions
25 for Mr. Trabert? Thank you for being here. Mr.



1 Crouse.

2 MR. CROUSE: Mr. Chairman, I've asked Dr.
3 Jim Hinson from the Shawnee Mission School
4 District to appear, as well.

5 DR. HINSON: Good morning.

6 EXAMINATION OF DR. JIM HINSON

7 QUESTIONS BY MR. CROUSE:

8 **Q. Good morning, Dr. Hinson. Thank you for**
9 **coming over here. I know you weren't in school**
10 **this morning and were at PromptCare. I'm deeply**
11 **appreciative. Thank you very much.**

12 **Will you remind the committee your name and**
13 **employer and title, your history with public**
14 **education funding, Kansas in particular, please?**

15 A. Jim Hinson, Superintendent of the Shawnee
16 Mission School District. This is my third
17 year --

18 **Q. Hold on. I'm sorry, your court reporter**
19 **is going to kill me, so if I could ask you to slow**
20 **down just a tad, please.**

21 A. Sorry, I'm trying to prepare my budget
22 for next year and I'm not sure how to do that, so
23 sorry --

24 **Q. No, that's fine.**

25 A. Jim Hinson, Superintendent of Shawnee



1 Mission School District. This is my third year as
2 Superintendent of the Shawnee Mission School
3 District, third year in the State of Kansas.
4 Previously, I worked in the State of Missouri. I
5 taught sixth grade for six years. I was an
6 elementary principal for six years and a
7 superintendent of schools there for 18 years prior
8 to coming to Kansas. Interesting to note, I'm
9 superintendent of school districts from 600
10 students to 15,000 students, a wide range of
11 demographics in those school districts in that
12 state, and I think currently I'm under my sixth
13 school finance formula as a superintendent. So
14 I've been through this experience just a few
15 times.

16 **Q. Thank you very much, Dr. Hinson. One of**
17 **the reasons why I asked you to come over is**
18 **because you are one of the individuals who**
19 **testified for House Bill 2731, and I thought some**
20 **of your comments were quite enlightening and so I**
21 **wanted to talk to you about that. While you**
22 **presented testimony to the committee, there was**
23 **no, what I will call, a record of that testimony**
24 **and so, therefore, I thought the legislative body**
25 **would benefit both from a recitation, so to speak,**



1 of your prior testimony, as well as you were kind
2 enough to make time for me on St. Patrick's Day, I
3 believe, in your office to talk about some of the
4 ideas that you had with regard to not only
5 resolving equity as it currently faces the
6 legislature, but also how that may or may not
7 impact adequacy as well as this annual ritual of
8 school funding and what that does to a school
9 district such as yours, as well as the other
10 school districts in the State of Kansas. So what
11 I would like to do is kind of lead you through
12 that discussion that you had first with the
13 committee, as well as the one that you had
14 privately with me, so that I can help the
15 legislature put their arms around a small issue
16 that we currently have, as well as the big issues
17 going forward and what I found were some
18 enlightening thoughts that you may have. So
19 that's kind of my goal behind this and I do
20 greatly appreciate it.

21 Let's start first with regard to your
22 testimony in House Bill 2731. As I -- as I
23 mentioned, you appeared before the committee to
24 discuss some of the -- your reactions to that bill
25 and what it would do, both acutely to your



1 district, as well as throughout the state. And my
2 recollection is you appeared neutral and said it
3 was, quote, the least detrimental solution that
4 had been offered. Talk to me a little bit about
5 why you thought that.

6 A. I did appear as neutral in relation to
7 House Bill 2731. We did appreciate that House
8 bill had been filed in relation to trying to
9 address the issue that is before us. So our
10 position, or my position as a superintendent, we
11 are now in mid, maybe late March - there is
12 certainly madness in March - and I am trying to
13 prepare a budget of well over \$300,000,000 that
14 starts July 1, and I don't really know how to
15 prepare that budget to any type of predictability.
16 Really, on two fronts for us. One is in relation
17 to if the legislature tries to have some type of
18 remedy to meet the demand of the Court, will there
19 be a cost to the Shawnee Mission School District
20 and what will that cost really be? That's one
21 question we really don't know the answer,
22 obviously.

23 The second component that I think all school
24 districts are facing right now is in relation to
25 our state budget will I have allotments in May and



1 June, how much will those allotments really mean
2 to us fiscally? And that's something that is
3 looming in front of all of us that are school
4 district superintendents as we try to prepare for
5 the future.

6 So in looking at the House bill that we
7 appear neutral on, one of the things it allows us
8 to do, if there is a shift in relation to the LOB
9 equalization, then I can plan for that this next
10 year in relation to my board of education will
11 have an opportunity, if they so desire, to
12 increase the local mill levy to offset the loss in
13 relation to LOB equalization. I think we are
14 probably clear you've had testimony a lot of that
15 is shifting under the tax burden from one school
16 district to another school district. So we appear
17 neutral. We appreciate the discussion in relation
18 to this House bill will have implication on us.
19 It does put my board of education, if that type of
20 a concept would pass, in the same position that
21 you truly understand. They would have to decide
22 will they try to recoup that amount of money? If
23 they try to recoup it, it is a mill levy for each
24 tax increase at the local levy -- local level.

25 **Q. And my understanding is that you are**



1 comfortable with the equalization strategy, but
2 you do not appreciate the impact that it will have
3 on your budget. Is that a fair summary of
4 -- and again, your analysis of how the
5 equalization strategies may look in Kansas, is
6 that a fair overview of your view?

7 A. I don't know if I would describe it as
8 comfortable, but I understand the situation that
9 we are all in. And if it is -- if this is the
10 remedy in order to try to meet the demand of the
11 Court because like we are all hearing right now,
12 will my school still be open July 1? And so if it
13 takes this type of a shift in order for us to meet
14 the demand of the Court, then I think that in the
15 art of negotiation, everybody has to compromise.
16 And if that's what is needed to get us a short-
17 term fix so we can develop a long-term solution,
18 then we are willing to be at the table to say we
19 are willing to take that reduction or cut, if you
20 will.

21 Q. And I appreciate that. I think that's
22 the position of the legislator -- or legislature
23 is we are seeking an opportunity to satisfy the
24 Supreme Court's command so that the school bells
25 ring come fall of 2016, so that's why I personally



1 appreciate your thoughts as to this process. One
2 thing that I picked up out of your testimony, or
3 at least your written testimony, is the concept of
4 a hold harmless provision. Remind me again what
5 that process is and your position with regard to
6 whether it is necessary or not as to any
7 legislative solution the legislature may consider?

8 A. Certainly our preference is a hold
9 harmless solution. A hold harmless solution, in
10 essence, means there aren't winners or losers. It
11 means that no one is actually going to lose
12 through the process.

13 You know, my belief is if you're going to
14 have a hold harmless provision, you have to find
15 some way to increase revenue or you are going to
16 have to find some other place to take it from.
17 But as we move forward in a new formula, one of
18 the key components for a new formula is a hold
19 harmless provision. And I believe if we can find
20 a short-term fix that is hold harmless as well, I
21 think that's very important in this process and it
22 would be the ideal solution.

23 Q. In other words, it would aid your
24 district, as well as others, who may lose funding
25 under the re-implementation of the formula to what



1 I will call smooth out the budgetary process on a
2 short-term basis, that being the school year for
3 2016-17?

4 A. The answer is yes. The last run I saw
5 there were about 79 school districts that would
6 lose, if you will. You've heard testimony this
7 morning in relation to fund balances, but please
8 keep in mind I'm not sure that any of us are aware
9 of what's going to happen in May or June. So I'm
10 sitting there with about 11 percent fund balance
11 in the Shawnee Mission School District. That's
12 not a lot of money. Am I comfortable with the 11
13 percent normally? Absolutely yes. Right now, I
14 don't know. I don't know the answer to that
15 question. So the hold harmless remedy I think is
16 ideal, especially with the understanding we don't
17 know in K-12 if we are going to have allotments in
18 May or June and the amount of money that that
19 would really equate.

20 Q. I'm going to challenge you just a little
21 bit because the Court has said equalize. I want
22 to know do you think that a hold harmless
23 provision would equalize or would it alter the
24 equipoise of the school district? And if it does
25 alter that, does the legislature have a rational



1 **basis for believing that the hold harmless**
2 **provision is necessary for the operation of the**
3 **schools, if you could talk about that.**

4 A. From my perspective, the equalization is
5 almost like, I'll use the expression of chasing
6 your tail. You've heard testimony it changes
7 every single year. And so the question becomes
8 once you equalize, then immediately do you have
9 inequity through that process? I don't see any
10 scenario by holding harmless where you create
11 additional inequity, and I'll give you an example:
12 The block grant formula. The block grant formula
13 held harmless school districts that were declining
14 in enrollment. I think it worked really well; it
15 was the right thing to do. And so we have
16 precedent where we've held school districts
17 harmless in that regard, and I think ideally that
18 would occur again at this time. So, no, I do not
19 believe that it would create additional inequity.

20 **Q. And if the legislature chose to hold**
21 **certain school districts harmless, you would see**
22 **that as something consistent with the**
23 **normalization and normal operations of the school**
24 **district. Is that right?**

25 A. Yes.



1 Q. You mentioned a couple of times about
2 certainty, and one of the things that really
3 caught my attention with your prior testimony is
4 the certainty that would be provided to school
5 districts by the block grant. I read
6 contemporaneous press clippings to suggest the
7 block grant was bad for education. I believe you
8 have a different view and that it actually was
9 good for education. Can you remind me why that
10 is, please?

11 A. As you may or may not be aware, Shawnee
12 Mission School District we supported the block
13 grant for really a couple of reasons. One,
14 without the intervention of the Court, and we are
15 not a part of the Schools for Fair Funding in the
16 Shawnee Mission School District, but without the
17 Schools for Fair Funding litigation and the
18 Court's intervention, I would have known how to
19 budget for two years. Now, save allotments, I
20 don't know what's going to happen there, but we
21 have lobbied for a two-year budget cycle and
22 that's what was granted through the block grant
23 process so I would know how to budget. Now I'm in
24 a situation because of the Court's demand,
25 depending on how the legislature responds, I am



1 uncertain on really how to budget.

2 So we are in a process right now where
3 normally, save for negotiations with employees, my
4 budget is done for next year. Right now there is
5 so much uncertainty, and this again is why we
6 advocated for the block grant so we would have
7 some certainty in relation to budgeting.

8 **Q. Would it also be beneficial from a block**
9 **grant two-year budgeting cycle to help find what I**
10 **will call an ultimate solution to school funding,**
11 **for example, as opposed to reacting to remedial**
12 **orders such as the like? Could you talk about**
13 **that?**

14 A. I mentioned to you I've been through
15 several formulas in my career. They were always
16 challenging and they are always contentious, they
17 always are. One of the goals from my perspective
18 of the block grant was to say here is where we are
19 going to be for two years, you know how to budget,
20 so we'll lock that in. And at the same time it
21 would give the legislature an opportunity to
22 engage everyone in the process to thoughtfully
23 create a new school finance formula going forward.
24 It would give us the time in order for that to
25 happen.



1 In looking at the I'm going to call it the
2 old formula from 1992, Shawnee Mission School
3 District has never supported that formula.
4 Looking back at some information from a
5 legislative research document that was presented
6 on July 15th of 2015, the history of the current
7 or the previous school finance formula, it was put
8 in place in '92. We waited until '93 before we
9 started amending that formula. The history of
10 amending that formula, I'm going to call it
11 bizarre because that has happened over and over
12 and over again. Any time you have a formula that
13 you continue to I'm going to call it tweak
14 continually and add weightings continually, that's
15 where you create inequity.

16 And so as we look back at the history of the
17 formula, and I'll give you the exact date again
18 because I brought it with me today, so July 15th
19 of 2015, and so I'm going to give you an example.
20 This is in relation to, and please give me some
21 patience here, the at-risk pupil weighting, and
22 this is from Kansas Legislative Research
23 Department School Finance History July 15 of 2015,
24 this is in relation to at-risk pupil weighting. A
25 1997 amendment increased the at-risk pupil



1 weighting from .05 to .065 commencing with 97-98.
2 A 1998 amendment increased the weighting to .08
3 commencing with the 98-99 school year. A 1999
4 amendment increased the weighting to .09
5 commencing with 99-2000. And a 2001 amendment
6 increased the weighting to .10 in '12 and
7 thereafter. Sorry, I'm talking a little fast
8 again. And then '06 -- and you can read it for
9 yourself. We go back and so there is a history
10 from 1992 where it was 5.0 to where it was in '08
11 and '09 at 45.6. So any school finance formula,
12 when you continually tweak and you continually add
13 weightings, the best thing to do is for the block
14 grant in place, call a time out and then go back
15 and develop a comprehensive, very thoughtful new
16 school finance formula.

17 **Q. Do I understand you that the repeated**
18 **tweaking, as you say, of the school finance**
19 **formulas undermines your ability to deliver**
20 **education to students?**

21 A. The continual tweaking does a couple of
22 things: One, it provides a moving target for you.
23 It's a moving target from a budgetary fashion
24 standpoint. It's a moving target for a school
25 district, as well. And so in order for us to



1 develop our five-year budget, try to predict
2 what's going to happen in the future, one,
3 certainly we like the certainty of a budget cycle
4 revenues are going to come in for the next X
5 numbers of years. But at the same time in order
6 for us to accurately and efficiently budget our
7 tax dollars to have a continual tweaks, weightings
8 or add or changes, it is very difficult for us to
9 appropriately budget.

10 **Q. And I'm going to ask you a question that**
11 **just popped in my head as you are talking. Do you**
12 **have any equalization strategies that you would**
13 **recommend to the legislature for a remedial fix**
14 **for this cycle that's different from, for example,**
15 **the House bill you testified on and Senate Bill**
16 **512? And if you don't, that's fine. It popped**
17 **into my head as you were talking and I wanted to**
18 **get it out.**

19 A. Answering the question about what is
20 equalization and if you try to create equity are
21 you really creating inequity? It's a very
22 difficult question to answer, but I'll try to
23 answer it in this regard, and this was a question
24 that was asked by representative Henry.

25 So in the Shawnee Mission School District, if



1 I move my salary schedule, if I -- that's not
2 increasing my base, you work another year, you
3 move a column, you go from a Bachelor's degree to
4 a Master's degree, you move that step. And what I
5 think is going to happen in health insurance, and
6 we can talk about that, as well, because it was
7 testified about today, that takes \$4,000,000 for
8 me just to do that in the Shawnee Mission School
9 District. Kansas City Power & Light increased
10 their rates. That's \$750,000 for me in that rate
11 hike increase, and certainly we are working to be
12 more efficient through that process, but I already
13 have a \$750,000 deficit in that regard. We
14 contract for transportation. They are at a 27
15 percent rate hike increase right now, their
16 request, and our answer is no. And then the
17 question becomes what happens if they walk away?

18 So absolutely our costs are increasing
19 significantly. That is why if we could hold
20 harmless now where everybody create a new formula
21 through a very intricately-designed process, I
22 think that benefits education, certainly, in the
23 state and all of us in this process.

24 **Q. So would it be fair to say then that you,**
25 **and I don't mean this in a you don't have an**



1 answer sort of way, but you're not here promoting
2 a different equalization strategy other than the
3 ones that are before the legislature currently.
4 Is that correct?

5 A. That is correct. I don't know if there
6 is a right answer.

7 Q. Let me get back onto, I guess, my train
8 of thought. Tell me a little bit about, in your
9 testimony, with regard to shifting the tax burden.
10 It requires members in your district to pay more,
11 may require others to pay less. Tell me about
12 your concerns with regard to adequacy, help me
13 understand that, please.

14 A. As we get into the conversation of
15 adequacy in the new formula, it is a difficult
16 question to answer. I have not advocated for the
17 Rose standards that were created in the 1980s in
18 the state of Kentucky. I don't believe that is
19 what is the very best for every student in the
20 state of Kansas. If we want to lower our
21 standards, from my perspective, to the 1980
22 standards from Kentucky, I think that would be
23 highly inappropriate. We have to determine, we
24 have to determine what is the very best for every
25 student that walks through the doors of any school



1 in the state of Kansas.

2 The adequacy question, you're going to have
3 probably a lot of testimony about that in the
4 future, but what is really adequate? There has to
5 be a threshold of which you cannot provide an
6 adequate education below this level. There is a
7 threshold. Now, certainly we can argue if you
8 continue to add money beyond that threshold, what
9 is the return on your investment? And those
10 arguments will probably occur. But there has to
11 be a threshold. So a new school finance formula
12 should have a threshold, this is the adequacy
13 threshold. We can have other discussions what's
14 beyond that, and I think those will be robust in
15 that conversation, but I think that number can
16 certainly be attained through adequacy.

17 But I want to make sure that in our race for
18 equity, we don't harm the adequacy discussion.
19 So, I'll use this example: So, in the Shawnee
20 Mission School District we have the largest total
21 assessed valuation. There are 14 cities in the
22 Shawnee Mission School District. Our demographics
23 in the Shawnee Mission School District, they are
24 changing, but out of the general fund, operating
25 fund, if you will, everything except for capital



1 outlay and bond and interest, prior to the block
2 grant, out of the 286 school districts, our
3 spending per pupil in Shawnee Mission was 268, 286
4 being the last. That's because of two reasons:
5 One, is a spending authority cap, the other is the
6 formula and all the weightings in the formula.

7 And, so, when we talk about adequacy, is it
8 equitable or is it adequate for us in Shawnee
9 Mission to be 268 out of 286? So, what I would
10 challenge is that all interested parties we have
11 to have the conversation about adequacy and if we
12 can please have a very defined plan going forward
13 how we have those discussions. I'm going to get -
14 - I'm getting off on a rant now, and I apologize
15 for that, but we're all invested in this. We
16 collectively have to have those conversations.

17 **Q. And I appreciate that. What I'm trying**
18 **to get at is tell me what your thoughts are with**
19 **regard to my understanding is if you are a what**
20 **has been referred to in the testimony before a**
21 **loser as a result of the formula, in other words,**
22 **you lose money, my understanding is you have the**
23 **options of cutting services, raising your mill**
24 **levy or not performing those services -- or, I**
25 **think, you had three options in your testimony,**



1 and one of the concerns that I heard in your
2 testimony was that your taxpayers in your district
3 were expected to bear more of a burden than
4 others, and I wondered if you could comment as to
5 the equity of that from your perspective, please?

6 A. The shifting of the tax burden, if you
7 will, so my board will have to say we're going to
8 cut certain services, depending on the solution or
9 resolution, we're going to increase the mill level
10 locally or we're going to try to eat away at some
11 of those fund balances. Do we have the ability to
12 eat away at fund balances? The answer is yes.
13 However, I'm going to take you back to the
14 argument in relation to allotments. I don't know
15 what's going to happen in May and June. I'll stop
16 there in relation to allotments.

17 But, I think, it's fair for me to say this,
18 as well: The discussion for Shawnee Mission, one
19 of the 79, honestly, it might be a little easier
20 on how we're going to meet the shift than some of
21 the other really small school districts in the
22 state. And, so, as we look at the 79, honestly, I
23 can find a way to do it. I might not like it, I
24 don't like the shifting of the tax burden, I can
25 find a way to do it within reason. A lot of those



1 other 78 school district in the state it's really
2 going to be a challenge for them, and that's the
3 part of this equity conversation in relation to
4 the constant shifting of the tax burden which does
5 impact adequacy.

6 **Q. What is that shifted tax burden? Can you**
7 **explain that to me?**

8 A. So, the shifting of the tax burden is
9 really the LOB equalization. So, the question is
10 who is going to pay for the cost, whether it's
11 going to be the local taxpayers or whether it's
12 going to be the state. That's as simple as I can
13 make it in that process.

14 **Q. Your mention of certainty for budgeting**
15 **in favor of the predictability, is there an**
16 **organization that you can tell the committee**
17 **about, I think it's USAA, that may not support**
18 **block grants but also recognizes the benefits of**
19 **certainty to school districts? Does that ring a**
20 **bell with our discussion?**

21 A. I'm not actively involved in that. I'm
22 not involved with that organization.

23 **Q. Okay.**

24 A. And so occasionally I'll read some
25 information they'll present, but I'm not actively



1 -- I'm not involved at all with their discussions.

2 **Q. Okay. But my recollection is, even they**
3 **recognize, to operate a school district or a**
4 **school organization, you need certainty in funding**
5 **on a longer term basis as opposed to a three-month**
6 **budgeting process or a 12-month budgeting process?**

7 A. Yes, sir. As school administrators of
8 the state and certainly school boards, as well,
9 we've advocated for a two-year budget cycle so we
10 would have certainty and know how to predict the
11 future.

12 **Q. Without, I assume, interventions of any**
13 **government bodies?**

14 A. That's, again, why we lobbied for the
15 block grant bill, that certainty, in very tenuous
16 financial times that we could try to have that
17 certainty in our process. So for me, I have 4,000
18 employees. Their livelihood depends on how we
19 make decisions in relation to our budget, not
20 being able to predict what we can do for them. We
21 are having all kinds of discussions right now, and
22 I have some of my finance team here as well, all
23 kinds of worst case scenarios. I don't like any
24 of those scenarios. Some of those impact
25 employees and they impact the lives of people in



1 the state, and that's why I really think when
2 there is certainty with a hold harmless provision,
3 it allows us to clear this hurdle and then really
4 have those conversations that will allow us to
5 have a new school finance formula in place which I
6 believe needs to occur.

7 **Q. One thing I wanted to talk to you about**
8 **is, and I'll do it briefly, is the variety of**
9 **equalization strategies that are out there for**
10 **capital outlay, LOB, as well as bond and interest.**
11 **My recollection is you're unaware as to what, if**
12 **any, educational policy would support the**
13 **differing equalization strategies for the**
14 **differing concepts. Is that right?**

15 A. That's correct.

16 **Q. And would you favor a single unified**
17 **strategy and why?**

18 A. Let me try to give you an example. In
19 Shawnee Mission we're at eight mills, so we're at
20 the ceiling. We don't receive any equalization
21 for capital outlay. We have a significant debt in
22 bond and interest. No equalization from the state
23 for bond and interest. But we received
24 equalization for LOB because we fell in that great
25 category of the 81.2. Honestly, I'm not sure how



1 that makes sense. We love the state relief, but
2 does it really make sense. I don't know that
3 that's equitable in the process because the
4 formulas are different. And, so, we need a
5 concept, we need an understanding in the state of
6 what does equalization mean, not only for bond and
7 interest and for capital outlay.

8 So, my eight mills in capital outlay, I can
9 issue bonds through capital outlay for school
10 construction; we're doing that. Other districts
11 could also, if they were -- if they wanted to,
12 they could issue bonds through capital outlay and
13 receive state equalization, but a part of that
14 expenditure could be through bond and interest and
15 receive state equalization, as well. So, in
16 essence, you could be paid twice for the same
17 overall project. You would have to break down
18 your bonds for maybe just your facility, your
19 capital outlay for just your furnishings, but
20 there is a way to do it. That doesn't make any
21 sense. So, we have to determine educationally
22 what is the appropriate equalization for those
23 categories or reduce the equalization and there'd
24 be fewer categories.

25 **Q. Just a few final questions, and I will**



1 warn you in advance so you can get ready, we
2 didn't talk about this. These questions are
3 coming from some readings that I did this weekend,
4 so I just wanted to run the ideas by you and have
5 you comment on them.

6 What if, for example, the legislature
7 considered changing the mandatory 20 mill rate and
8 suggested that we're going to raise the mill rate
9 and you are going to have to ask your constituents
10 to support equalization for capital outlay or LOB
11 in other districts, how would that go over in your
12 school district?

13 A. I don't think it would go over very well.
14 Our constituents have been great about raising
15 their mill levy to fund what goes on in their
16 neighborhood and their school district, but to
17 intentionally to increase that to equalizing other
18 places, I think, there would be some consternation
19 about that issue.

20 Q. Consternation is probably a good word for
21 it.

22 Tell me, is there a way and would you support
23 taking all of the mill and local option that you
24 give and send it into the state and then have them
25 equalize it from there? And, I think, that's kind



1 of a similar concept to what I just mentioned, but
2 I assume your reaction is the same?

3 A. It goes back to the discussion, I'm going
4 to call it local authority, which you can get into
5 eventually the equity and adequacy conversation
6 about what does local authority really mean. The
7 mind-set that -- I'll try to simplify it -- the
8 more money that comes into the state, the state
9 probably is going to have the feeling that they
10 should have more control over how that money is
11 spent; that would be reasonable. The more money
12 that's raised locally where you have locally
13 elected officials and how those monies are spent,
14 I think you have more local authority, but you
15 also have greater accountability at the local
16 level, as well.

17 So, I would certainly advocate -- I don't
18 disagree with the 20 mills, but if we're going to
19 have additional revenue, I think locally we have
20 to have investment buy-in ownership in that
21 process.

22 Q. One of the things I talked to Mr. Dennis
23 about was Supreme Court seemed to suggest that it
24 wants a reasonably similar educational
25 opportunity. And as I mentioned to him, my wife



1 went to your school district, I went to U.S.D.
2 419. I asked him whether he has any metric to
3 measure whether my educational opportunity was
4 similar to my wife's. His answer, I think, was
5 no, and my recollection is your answer was
6 similarly there is no way you can measure it?

7 A. That is correct.

8 MR. CROUSE: Doctor Hinson, you have been
9 amazing with your time. I can't tell you how much
10 I appreciate it. Thank you.

11 CHAIRMAN RYCKMAN: Does the committee
12 have questions of Doctor Hinson? Senator
13 Masterson.

14 CHAIRMAN MASTERSON: Thank you, Mr.
15 Chairman.

16 QUESTIONS BY CHAIRMAN MASTERSON:

17 Q. I actually find it refreshing somebody
18 inside the system, if you will, creates that
19 stability the way we do for those of us who
20 produce the budget on an annual basis, just having
21 that predictability is such a huge factor in that
22 and I appreciate your comments on that.

23 As it comes to hold harmless that we are
24 calling it, do you -- do you believe there should
25 be some look at or correlation with the local



1 effort? I am and you ask this of you because you
2 are in one of the largest districts by population,
3 clearly are the wealthiest by property value and
4 so you have an effect, so obviously you would be
5 someone that has a role in that. As it strikes
6 me, even in Johnson County, as I look through even
7 like the Olathe district, for example, has a
8 significantly higher total mill, but when it comes
9 down to like LOB, capital outlay, there is subsets
10 of mills, let me formulate a question. Do you
11 think there should be a correlation between a hold
12 harmless on a local effort, i.e., if the formula
13 said to hold you harmless it was X amount of money
14 and your district is taxing your population higher
15 than the average district is taxing, you would be
16 due the hold harmless. But if you were in a
17 district where you do a hold harmless through
18 whatever formula but your district is taxing lower
19 than that state average, because there has been a
20 lot of comments about equal taxing effort, then
21 your local district would have to come up in some
22 level to that average local effort before a hold
23 harmless would kick in. I would be interested in
24 your comments on that.

25 A. I think the question or the premise has



1 merit, but without looking at runs on how that
2 would really impact, I would really like to see
3 those. The equity of taxation -- I'm not quite
4 sure I totally understand the equity of taxation.
5 So, I live in the city of -- my wife and I live
6 in the city of Shawnee, and so the home in which
7 we live -- and our assessed valuation on our home
8 jumped five percent for this next year. I'm not
9 sure that the home that we live in now in Johnson
10 County that if I lived in Wyandotte County, which
11 is a few miles away from me, that the home would
12 be assessed at the same value. So if it were not
13 assessed at the same value even though it's the
14 same home, depending on the zip code in which I
15 live, then, we look at the mill levy or property
16 rates, I'm a little confused on how you can
17 measure those two. So, I think that becomes real
18 complicated.

19 So, to answer your question, I think that
20 premise has merit, but I'd really like to see the
21 runs on that.

22 CHAIRMAN MASTERSON: Just a follow up.
23 Obviously, as you understood there are subsets of
24 the mill, do you think it would be most
25 appropriate to correlate to the overall number or



1 just simply to those buckets, if you will, that
2 receive a mill of capital outlay and LOB as they
3 relate to the others and that gets you the total,
4 or should you look at those equalized pots of
5 money, if you will, how the mill is assessed at
6 the value?

7 A. That's a great question. So, we're
8 across the street, you mentioned, from Olathe.
9 So, Olathe is not at eight mills. Because they
10 receive equalization, they don't have to be at
11 eight mills. We're at eight mills because I don't
12 receive any equalization. So looking at the
13 disparity of equalization, if you take out -- I
14 think you take out capital outlay, I think you
15 take out bond and interest.

16 CHAIRMAN MASTERSON: Thank you.

17 CHAIRMAN RYCKMAN: Representative Kleeb.

18 MR. KLEEB: Thank you, Mr. Chairman.

19 QUESTIONS BY REP. KLEEB:

20 **Q. This whole discussion of what is equity**
21 **and equitable and everything, it gets kind of**
22 **interesting. But in the last seven, eight years,**
23 **since 2008 or so, have you had -- has Shawnee**
24 **Mission had to close schools?**

25 A. Yes.



1 **Q. Has that been due to funding or**
2 **efficiencies or --**

3 A. It was due to two factors: One, the
4 primary was in relation to funding. Again, this
5 was prior to my tenure, but funding and then was
6 at that time declining enrollment. Now that trend
7 has reversed, now we are increasing enrollment,
8 but significant financial issues due to funding.

9 **Q. And, even with the funding aspect, do**
10 **your citizens, if they could have, would they have**
11 **supported higher levies to keep their schools**
12 **open?**

13 A. I believe the answer is absolutely yes,
14 and I'll give you an example. So we had a mail-in
15 ballot in January of a year ago, so January of
16 '15. Over 80 percent of our voters said yes, we
17 want to pay for that in relation to some school
18 construction. So the level of support is
19 phenomenal, but obviously it's capped on the
20 operation of our general funds, so they did not
21 have the opportunity for that to occur.

22 **Q. And yet, you said your spending per**
23 **student is at the lower end of the scale?**

24 A. Yes.

25 **Q. What was it again?**



1 A. So we were 268 out of 286. So there are
2 districts in the state that are spending more than
3 twice, more than double the amount per pupil out
4 of the general fund than what we are allowed to
5 spend in Shawnee Mission.

6 **Q. So that would seem not particularly**
7 **equitable?**

8 A. I think it's inequitable.

9 MR. KLEEB: Thank you, Mr. Chairman.

10 CHAIRMAN RYCKMAN: Any others?

11 Representative Henry.

12 REP. HENRY: Thank you, Mr. Chairman.

13 QUESTIONS BY REP. HENRY:

14 **Q. Mr. Hinson, I really appreciate you**
15 **coming today and you have been in front of**
16 **Appropriations and I really do respect that you**
17 **have taken the time to do this because I know it's**
18 **very difficult. And we talked about Senate Bill**
19 **512. Are you real familiar with that yet?**

20 A. Yes.

21 **Q. I think it calls for 1.45 percent across**
22 **the board allotment. You call that allotment?**

23 A. We are just going to call that a cut.
24 With Governor allotments, we'll just take that as
25 a cut.



1 Q. Very good. I appreciate that. That's
2 exactly how I would say that. So it's a 1.45
3 percent across the board cut for every school
4 district, and do you become a winner or loser in
5 512?

6 A. We're a loser.

7 Q. Loser? And I'm going to ask these
8 questions, and I've had some frustration when we
9 debated the House Bill 2731. How long do you
10 think you could go with this block grant program?

11 A. I think the block grant is scheduled to
12 expire at the end of next year.

13 Q. I know there is a sunset.

14 A. We would totally expect to have a new
15 formula by the end of the next legislative
16 session.

17 Q. Okay. So, I mean, I've expressed this
18 frustration in Appropriations last week in that
19 are you seeing any type of start of a new formula
20 discussion? Are you a part of that? Have you
21 seen -- is there anybody that you can concretely
22 say started the process of a discussion of a new
23 school funding formula?

24 A. I'm aware that I think there is at least
25 one representative and one senator that are



1 putting together the formulas, but if I might
2 answer your question with a little longer answer,
3 here is what I'm really going to advocate that
4 occurs. And I've said this before publicly. All
5 of us, I'm guilty in education, I think we're all
6 in the same boat, we've become so polarized in
7 this conversation, it has become so political,
8 and, again, we're all at fault. We in leadership
9 have to all get in the same room and we have to
10 put aside our differences and we have to solve in
11 what's in the best interest for all of our
12 children in the state of Kansas, and we need that
13 in a very defined time frame and plan. I am not
14 aware that that exists.

15 And, so, from my perspective, that plan needs
16 to be rolled out. We need to involve all of the
17 stakeholders, whether we agree with each other or
18 not. This is really out on the limb, but my
19 concern is the message that we're sending, because
20 I represent children, the message we're sending to
21 our children is inappropriate. We as adults, we
22 have to get in this room together, hash out our
23 differences and make sense of this and move
24 forward collectively as a state. I am not aware
25 that that plan exists, and I would strongly



1 advocate that that plan needs to exist very
2 quickly.

3 REP. HENRY: Thank you very much for your
4 time. I do appreciate you coming here and doing
5 this. I know it's very difficult. Thank you.

6 CHAIRMAN RYCKMAN: Any questions for
7 Doctor Hinson? I'll just make a comment that --
8 the same comments that Representative Henry and I
9 had in the Appropriations, is that we were moving
10 towards a full finance solution and then the Court
11 decision that threatened to make it so schools
12 couldn't open put a halt to that and we shifted
13 our focus to equity. And, again, I appreciate you
14 being here and a chance to clarifying that. Mr.
15 Crouse.

16 MR. CROUSE: Thank you, Mr. Chairman,
17 it's 11:45. Mr. Tallman has graciously awaited
18 us. I think I'm ready for him, but I believe he
19 has an engagement and we are getting close to the
20 noon hour and I'm happy to --

21 MR. TALLMAN: I can go till 12:15.

22 CHAIRMAN RYCKMAN: Let's proceed, if
23 that's okay.

24 MR. CROUSE: Thank you, Mr. Chairman.

25 EXAMINATION OF MARK TALLMAN



1 QUESTIONS BY MR. CROUSE:

2 Q. Good morning, Mr. Tallman. Thank you
3 again for coming here today.

4 A. You're welcome.

5 Q. As I have done with the others as you
6 have listened to, would you briefly provide your
7 name, employer, title, those you represent, your
8 involvement with Kansas school education funding?

9 A. Mark Tallman. I am the Associate
10 Executive Director for the Kansas Association of
11 School Boards, which I guess essentially means I'm
12 the chief lobbyist. And so for the past 25 years
13 I have worked on behalf of school districts here
14 in the legislature. We are a membership
15 organization of the school districts. Currently,
16 all but two of the school districts are members of
17 our association, and so my job is to try to
18 collectively represent their interests and
19 concerns.

20 Q. Okay. And just -- I wasn't aware that
21 there were two that were missing. I'm curious
22 which of those two that are not within your
23 organization?

24 A. DeSoto and Hamilton.

25 Q. Okay. I learned something new today.



1 Thank you.

2 And you are -- and I'll go through, the
3 purpose is I'm new to the education funding world.
4 I heard your testimony on I believe it was the
5 15th and 16th. I was intrigued by some of your
6 comments, some of your ideas. You were kind
7 enough to meet with me privately, as well, to talk
8 about some of those as potential solutions to the
9 equalization matter that we have currently before
10 us, as well as the larger picture going forward.
11 And, so, I would let the committee know Mr.
12 Tallman was unbelievably gracious again with his
13 time, just like everyone has been, and I
14 appreciate you coming forward.

15 So, kind of what I'm doing today is to
16 briefly summarize your prior testimony that you
17 provided in both 2731, as well as House Bill 512,
18 I think it is, as well as some of the ideas and
19 concepts that you and I discussed so that the
20 legislature has a more full picture of potential
21 options and solutions from, I think it was Doctor
22 Hinson had just mentioned that all of the
23 stakeholders. That was part of my goal was to get
24 all of the stakeholders. And one of the things
25 that I appreciated about your position is I



1 **figured you and Mr. Trabert would be different,**
2 **you are, yet you have some similarities. And so**
3 **part of what I'd like to do is for the benefit of**
4 **the legislature is to draw some of those out and**
5 **talk about those concepts. And there is a**
6 **transcriptionist, so the body in this building**
7 **will have it, as well as the one across the**
8 **street. So that's kind of the concept.**

9 **Remind me again, has your organization**
10 **responded to and analyzed the Gannon II decision?**

11 A. Well, I have certainly studied it and
12 members of our legal staff have looked at it and
13 reported on it. I don't know as we prepared a
14 formal legal brief for it, but.

15 Q. But you put together some testimony that
16 was the basis of your testimony to on both of the
17 bills. It was the Gannon decision and your
18 thoughts as to how or how the bills did not comply
19 with the Gannon II equity decision, correct?

20 A. Yes.

21 Q. Okay. And, so, that's what I'd like to
22 do today is I'd like to talk to you briefly about
23 those discussions, your thoughts and input on them
24 and to help the legislature form new ideas.

25 First of all, with regard to House Bill 2731,



1 my recollection is that you and your organization
2 supported equity and the equitable strategies that
3 House Bill 2731 employed. Your concern, however,
4 was that it may not provide enough money to the
5 school districts. And, so, with that
6 characterization, I'll let you respond, if you
7 would, for the record?

8 A. Certainly. Well, I think our position
9 was the Court itself had indicated that going back
10 to those formulas would satisfy, at least, the
11 indication was for next year that that was one
12 route the schools could take or that the
13 legislature could take to do that. But we were
14 concerned about the part of the decision that
15 cautioned against doing something that would
16 jeopardize the adequacy portion. And because of
17 our kind of larger concerns about adequacy, we
18 brought that to the attention of the legislature.

19 Q. And, so, would it be fair to say that you
20 were supportive of the formulas cautioning the
21 legislature about anything that may or may not
22 affect adequacy?

23 A. Yes, sir.

24 Q. And my recollection of your testimony to
25 the both bodies was that you had no metric for



1 measuring adequacy, although you felt the schools
2 were satisfying the educational needs of the
3 students. Is that fair?

4 A. I think I just would want that a little
5 bit differently and take a little different
6 response. Certainly as to your earlier testimony
7 from Mr. Trabert, because he and I appeared on a
8 number of forums together and can perhaps draw
9 those distinctions.

10 Q. And that's what I'm trying to get to is
11 the different concepts. So if you'll -- you can
12 address Mr. Trabert, as well as my clients as
13 well. Thank you.

14 A. Here's where I think we acknowledge that
15 the Gannon decision regarding the Rose standards
16 have said that's what the legislature should look
17 at. And we have further said and testified that
18 we don't think we fully understand how to measure
19 those. There is not a -- the legislature has not
20 come in and specifically said or the State Board
21 or the Court, here are those seven standards, here
22 is exactly what it would take to look at it. But
23 we do think that in those seven standards there
24 are several things that stand out. One is clearly
25 a mastery of basic skills, particularly



1 communication skills. We test that by both state
2 standards and NAEP standards.

3 **Q. I'm sorry --**

4 A. Slow --

5 **Q. Slow down. State standards and NAEP?**

6 A. I'm sorry, the National Assessment of
7 Educational Progress is a national test that we
8 sample.

9 **Q. Thank you.**

10 A. I'll go slower. Certainly, the
11 implication of being prepared beyond high school
12 looks at things like graduation rates, test
13 scores, college completion, some of those issues.
14 We believe that those are relevant things to look
15 at, and in our opinion that is a way of measuring
16 how close we are to compliance.

17 In our view, we are not where we need to be.
18 We don't believe we are fully satisfying those
19 standards. And our analysis is that if you both
20 look at previous cost studies, if you look at the
21 experience of other states, and I think we would
22 even say if you look at things like common sense,
23 it will indicate that resources are a part of
24 that. And so that's why in -- while we would say
25 we don't fully know how to define those, we



1 believe there is enough there to say we are not
2 meeting the expectations that we set for ourselves
3 or certainly the legislature has set, and we do
4 think that resources are a part of that, funding
5 is a part of that.

6 **Q. And would you respond to Mr. Trabert's**
7 **distinction between correlation and causation,**
8 **because I suspect I know you have different views,**
9 **so please share with the legislature, please.**

10 A. What we have said is we believe there is
11 a correlation. We acknowledge it is -- I guess
12 what I would say it is almost impossible in a
13 social science setting to prove causation. So we
14 believe the correlation is strong enough that we
15 believe there is a causation, we believe there is
16 a causal link, we would simply acknowledge we
17 can't prove that. You can't really do an
18 experiment to prove that. But to us, if you look
19 at, for example, the states that consistently
20 outperform Kansas are states which consistently
21 provide more resources than Kansas.

22 **Q. And, you mentioned that the metrics that**
23 **you would measure student success are not at the**
24 **level that you would hope for. Are there any**
25 **particular districts, whether within your**



1 organization or the other two, that the
2 legislature should focus upon or I will say back a
3 formula into direct more funds, you know,
4 particularly with regard to -- I think that's
5 what, at the end of the day, I think we are
6 wanting education to be the primary focus. So are
7 there school districts that you have recognized
8 that are failing to meet that, but the legislature
9 should look at as to how to fund, if you believe
10 funding is the right metric?

11 A. I would say that in two ways. The
12 legislature itself has responded to gaps in
13 performance. I would not say so much by district,
14 but by the students you serve and has tried to
15 address that by weighting is the primary way we do
16 it in Kansas, either specific weightings like at-
17 risk, providing dollars for special education, et
18 cetera. You know, because our belief that
19 generally speaking a district -- how successful a
20 district is and how much it costs, is tremendously
21 influenced by the student population that they
22 have to educate.

23 The differences in spending that Dr. Hinson
24 talked about, you know, are partly reflective of
25 studies that have shown the difference it costs to



1 operate in smaller schools, the difference it
2 costs to have kids with a lot of poverty, special
3 education, English language learners, all of those
4 things. But, I think, what we have seen is we
5 know that's a part of it. If we try to take that
6 a step farther and say if in general across the
7 state we are going to get more kids college ready
8 or we're going to raise the graduation rate, in
9 general, in our view we can both look at models
10 of, again, other states where there tend to be
11 more resources provided and then ask ourselves how
12 do you help students succeed. I think the
13 experience, again from other states and ourselves,
14 is you do that by bringing more resources to bear:
15 Special programs, smaller class sizes, more
16 individualized programs to help students that tend
17 to have higher costs.

18 **Q. Is it your belief or does your research**
19 **support that the -- there may not be a school**
20 **district that is failing to meet the standards you**
21 **would like, but there is a segment of the student**
22 **population, such as ESL, low income and things**
23 **like that, and so I guess the nut of my question**
24 **is, are we looking at the wrong thing for**
25 **equalization? Should we, instead of looking on a**



1 **by district basis, should we be looking at a type**
2 **of student basis? Please discuss.**

3 A. Well, that's -- I hadn't thought of it
4 exactly that way, but I guess I would say we
5 essentially equalize by students through
6 weightings. We equalize on the differences of
7 ability to raise revenue where you give choices by
8 equalization. The legislature has made the
9 decision to say the bulk of the dollars that go to
10 education are directly controlled and appropriated
11 by the state prior to the block grants. Of
12 course, that's what went into them on a per pupil
13 amount adjusted by weights. The local option
14 budget and capital outlay are, as you've heard,
15 and bond and interest are local choices. Now,
16 many districts would say no one is operating
17 without I think at least 20 percent LOB or more.
18 They would argue that a lot of local option budget
19 really is isn't an option any more. There are
20 districts that have no capital outlay. Again, all
21 kinds of reasons why.

22 But, I think, the point is, we've used
23 weightings to try to say for all kids and those
24 groups of kids, we equalize that way and then we
25 give districts choices. And what the Court has



1 said, Kansas Supreme Court has said repeatedly, is
2 it is acceptable to give choices. But if you do,
3 then you have to give districts the ability to
4 raise a comparable amount of money with a
5 comparable tax effort.

6 **Q. And, so, I guess what I'm getting at then**
7 **is the difference on the polls. Is there a metric**
8 **by which of the school districts, I understand the**
9 **financial difference, is there a difference of**
10 **results that you are able to either causally or**
11 **correlatively connect?**

12 A. I think that is very difficult now
13 because we've reached a point in Kansas where so
14 many of our districts are so close to their
15 optional spending in the LOB that it's very hard
16 to kind of pull back and make that distinction.
17 We don't have a range of some districts are
18 spending 30 percent more than others, yet we
19 basically have a range from again the low to mid
20 20s to 33 percent.

21 And, I think, that many districts would say
22 when you look at capital outlay and you look at
23 the bond side of things, your needs there are
24 going to be more determined by other factors, like
25 the age of the building, are you growing in



1 enrollment. And, so, it's, again, harder there to
2 say you're not being -- you know, to draw results
3 out of that, but I certainly think our members
4 would say that at some point the inability to pay
5 for facilities, to have adequate equipment, those
6 sorts of things, would be affected if you have
7 wide disparities in how much you have to raise
8 locally to do that. Disparities would range, you
9 know, by a factor of 10, I think is what -- with
10 no equalization, that's the difference it really
11 takes to fund comparable amounts of dollars.
12 Now, no one's talking about that now, but I think
13 what the Court has been sensitive to is what is
14 enough to narrow those polls. We don't do it
15 completely. What is allowable? That's really the
16 question they presented.

17 **Q. And questions are presented, but admit no**
18 **easy answers. So that's what I'm getting at. The**
19 **different -- the metrics of educational**
20 **opportunities, which I think you then talked about**
21 **results, that's on the weighting side in the**
22 **general state aid and it doesn't necessarily**
23 **transfer to the equalization for capital outlay**
24 **and LOB. Isn't that right?**

25 A. Yeah, I would say LOB is different



1 because we've really, we believe, folded LOB into
2 general operations. We don't -- I don't think any
3 district would really say the local option budget
4 is now just used for extras. And, so, in that
5 sense, what we -- what we really have is every
6 district has to levy 20 mills, and, then, every
7 district has to levy some other mill rate to fund
8 that 25 to 30 percent of their budget. So, the
9 problem with equalization on the LOB side is if we
10 are looking to LOB to be whatever that math is, a
11 substantial part of that operating budget, then,
12 why do we allow or how much variation can we
13 allow. The reason I'm not sure we at this time
14 can talk too much about the result difference is
15 because up until this point, you know, we have
16 done a pretty good job equalizing those points.

17 **Q. And, so, is a potential solution not**
18 **necessarily the formulaic exercise, but more a**
19 **better definition as to what those funds could be**
20 **attributable for? Or I'm sorry, expended for?**

21 A. But, I think, that could be part of it.
22 I would just say, as we may have discussed, I
23 think, one of the challenges we see is that the
24 more local funding you allow, the greater your
25 challenge is to equalize it because there is such



1 a range of local sources.

2 **Q. So, would your organization support**
3 **removing the option to raise funds locally?**

4 A. No. We have always had a position and
5 continue to do so that there should be some local,
6 local choices, local flexibility. I think, what
7 we would hope is we could get to a point where
8 sort of that base state commitment, what you might
9 call the fully equalized side, would be a larger
10 part of the budget.

11 **Q. So, on the LOB and capital outlay and a**
12 **broader definition of what those funds could be**
13 **used for?**

14 A. Well, you're asking me some things I'm
15 trying to be very thoughtful on just because there
16 is some nuances to the question that my
17 association hasn't necessarily talked about.

18 **Q. And I'll just be fair to you and the**
19 **committee, you and I didn't talk about this before**
20 **and I don't have it in my outline of questions to**
21 **ask you. Your responses are interesting and I'm**
22 **trying to follow-up and I want to be sensitive to**
23 **your time.**

24 A. One of the challenges, I think, maybe
25 challenge is isn't the right word, the history is



1 such that in 1992 when the main new formula was
2 put into effect, at that time the legislature
3 felt, in response to the Court's response, that
4 they needed to equalize bond and interest aid. As
5 you may remember, it wasn't until the mid 2000s,
6 after more litigation, that the Court said you
7 also have to equalize capital outlay. We've kind
8 of allowed capital outlay to just kind of sit over
9 here separately for a long time, and now we're
10 dealing with that. And one of the differences is
11 that the legislature caps the amount of LOB you
12 can spend. But with capital outlay, the spending
13 isn't capped, the mill levy is capped. You can't
14 go below eight mills, but there are some very
15 wealthy districts who can raise a tremendous
16 amount of money with eight mills. They're not
17 limited in what they can spend there.

18 So, you have been talking this morning about
19 the distinction between those two buckets of
20 money. There is a distinction in how they're
21 equalized, there is a distinction in how you can
22 use the money and then there is a distinction
23 really in how they are capped, if you will, what
24 limitations are put on them.

25 **Q. Would you sup -- or would your**



1 organization then suggest then instead of capping
2 at a particular mill rate, it would be capped at a
3 mill rate and, then, not to exceed per a dollar
4 value? Would that help in the equalization
5 formula?

6 A. It would help the equalization, but just
7 like everything else we've talked about, that
8 would be a cut to some districts that are enjoying
9 that. They want to be held harmless, and we
10 understand that.

11 So, I mean, one way you might be able to look
12 at that would be to try and find a way to perhaps
13 better equalize a portion of dollars within the
14 general operating that could be used for these
15 purposes and then continue to allow some local
16 options outside of that.

17 Q. Which would go more to the general state
18 aid and the weightings on a per pupil basis?

19 A. At least, I guess, I'm just saying if go
20 back to '92, and really even before that, the
21 state -- the pre 1992 law, the state was really
22 mostly concerned about equalizing the operating
23 side and not really worried about the capital
24 side. But, I think, school districts could
25 certainly say that those capital costs are a part



1 of delivering education, and that's what the Court
2 said when it's made these decisions.

3 MR. CROUSE: And, again, I'm going to be
4 sensitive, you have six minutes, so we may carry
5 over, if that's okay, Mr. Chairman, or --

6 CHAIRMAN RYCKMAN: When would you be able
7 to return?

8 MR. TALLMAN: 2:00. I think you were
9 coming back at 2:00. I'll be back at 2:00, no
10 problem.

11 MR. CROUSE: You tell me. I'll do
12 whatever.

13 CHAIRMAN RYCKMAN: Let's go up until the
14 time that Mr. Tallman has available.

15 BY MR. CROUSE:

16 **Q. All right. And, so, once you equalize**
17 **under that question, part of the thing that's**
18 **interesting to me is once you equalize, I think**
19 **you were asked a question from a representative on**
20 **your right, then, the school board raises the**
21 **local mill levy, that throws the equalization off**
22 **after the legislature's equalization activity.**
23 **And, so, I guess, A, isn't that right? And, B,**
24 **how is that fair?**

25 A. Well, I guess, I don't understand that



1 that is the way it happens. The problem with
2 analyzing is because we are sort of setting
3 valuation off an old, you know, a year-long, the -
4 - that means you never in the actual year have
5 full equalization, but the next year those changes
6 are corrected. And, so, while it's true that
7 every year you then probably have to make
8 adjustments, I guess, I wouldn't see that that
9 makes it unequal because those changes do catch
10 up. So, I think, in my view, at least, I think my
11 association's view, if you -- if you were to fully
12 fund these for a year, while you won't have
13 complete purity within that given year, that is
14 -- that has been the -- you know, that's been the
15 way we've done it since 1992, '93 when it was
16 implemented, and that issue has never raised
17 concerns.

18 **Q. And, I think, the point of the question**
19 **was once the equalization happens at the state**
20 **level, then the budgets may be set by the local**
21 **school districts and then, hey, we are going to be**
22 **short of money, let's raise a little more money in**
23 **local options and so --**

24 A. I see.

25 **Q. -- so that's the inequity that I'm trying**



1 to help the legislature understand. And I don't
2 know if you agree or disagree with that comment.
3 That's kind of what I was trying to --

4 A. Well, I guess, I'll respond in two ways.
5 Some, I think, the discussions of school leaders
6 is they have a -- they do have an understanding of
7 the legislature's desire for more certainty of
8 planning. And, so, one -- some options to this
9 could be to have some limits or notice or
10 something like that as to how districts might make
11 those local choices. I think, that's something
12 districts might consider. But, as I said in one
13 of the committees, maybe both, the schools would
14 also note that there are things that they can't
15 get certainty on. And, so, while understanding
16 the legislature's desire when you go back to the
17 issue of block grants, if a block grant could have
18 frozen everyone's enrollment, frozen everyone's
19 student population they have to serve and frozen
20 everyone's assessed valuation, then I don't think
21 schools would be concerned about it. I think
22 their concern was it does provide legislative
23 certainty to a greater degree, but there is still
24 uncertainty that districts have to respond to.

25 Q. And the last question before I let you



1 go. Your commentary, like Dr. Hinson's, was that
2 the block grants provide appropriate certainty,
3 and which is beneficial to your constituents, but
4 the problem that you had with it is that it didn't
5 cap LOB, as well? Is that fair or --

6 A. No. Our concern about the block grants,
7 I think, comes down to there are certainly some of
8 our members that benefitted and would say they
9 would benefit if your enrollment is stable or your
10 enrollment is going down, but I think the concern
11 that we've heard from members is a greater fear
12 that you'll be on the other side of the situation;
13 that you'll have more students to educate with no
14 resources; that your valuation will drop and you
15 will have to raise your mill levy to make it up.

16 The block grant very clearly it's impact,
17 just in terms of the immediacy, vary by district.
18 And for districts that were -- felt, at least,
19 they were in a position to benefit from that
20 stability, certainly did.

21 MR. CROUSE: And, Mr. Chairman, if it's
22 okay, I'd like Mr. Tallman to be able to make his
23 next meeting and I'll follow-up with him when he's
24 done, if that's okay.

25 CHAIRMAN RYCKMAN: That would be great.



1 Mr. Tallman, thanks for being here. Committee, we
2 have, I think, a few more folks to hear from and
3 we do need to vacate this room at one o'clock for
4 a Ways and Means meeting, so if we could go a
5 little longer or we could come back at 2:00,
6 what's the deal? I'd ask Mr. Crouse, as well.

7 MR. CROUSE: I serve at your pleasure. I
8 was going to talk to Mr. Tallman, Mr. Watson, who
9 I see is here, and I don't know if he's ready to
10 go now or if he may want to be the last person --
11 or I don't know what his schedule is. And I think
12 Mr. O'Neal was going to speak, as well. So, I'm
13 okay, I'll do whatever you ask.

14 CHAIRMAN RYCKMAN: Then please continue.

15 MR. CROUSE: Mr. Watson or Mr. O'Neal, go
16 ahead.

17 EXAMINATION OF RANDALL WATSON

18 QUESTIONS BY MR. CROUSE:

19 Q. Mr. Watson, thank you again for coming.
20 You walked in in the middle of this, and so this
21 whole room and the process may be unfamiliar. So,
22 what I'd like to do now is give you a preview of
23 what I have been doing this morning and I would
24 like to ask of you.

25 As I mentioned to you when we met last



1 Friday, I have been hired as legislative counsel
2 to create, I hope, a legislative record that will
3 support whatever decision the legislature chooses
4 to respond to the Supreme Court and hopefully have
5 some evidence of it, and so that's why the
6 transcriptionist is here. And it's my desire to
7 ask you the questions and talk about the concepts
8 that you and I shared privately for the
9 legislature's benefit, both this committee as well
10 as the body as a whole. So, I think I'm going to
11 ask you much of the same questions that we talked
12 about in your office.

13 Before I do so, I will again tell the
14 committee that Mr. Watson was unbelievably
15 gracious with his time, very friendly and very
16 helpful.

17 So, with that, I'll ask you to kind of make a
18 record of your name, your employer, your title and
19 briefly tell me about your involvement with the
20 Kansas public education system?

21 A. Randy Watson, Kansas Commissioner of
22 Education. I held that position since July 1 of
23 '16. Prior to that, I served school districts in
24 Kansas in a multitude of ways.

25 Q. And tell me some of those school



1 **districts that you served and whether you have**
2 **been an educator or just an administrator, as**
3 **well?**

4 A. I served as a teacher/coach, assistant
5 principal, principal, assistant superintendent,
6 superintendent. Most recently superintendent to
7 McPherson, Kansas, for the last decade. I've been
8 in McPherson or was in McPherson since 1993.
9 Prior to that, I was a high school principal in
10 Kansas. Prior to that, assistant
11 principal/athletic director, and, then, I was a
12 teacher, high school teacher and a coach prior to
13 that. All in Kansas.

14 **Q. And, I believe, you said you're the**
15 **Commissioner of the Department of Education?**

16 A. That is correct.

17 **Q. I didn't write it down. I want to make**
18 **sure I got that.**

19 **So, Dr. Watson, one of the things I want to**
20 **talk to you about today is the Gannon II equity**
21 **decision and helping to advise the legislature as**
22 **to how best to respond. I suspect you are**
23 **familiar that the Kansas Supreme Court has**
24 **indicated Article 6 has two components, one being**
25 **adequacy, the other being equity. I will**



1 primarily be focused on equity, without losing
2 sight of the adequacy comment. So that's kind of
3 where I'm going to direct our conversation, as
4 much as we did last week.

5 Plans for equalization. I think at the time
6 you and I spoke there had been House Bill 2731 and
7 Senate Bill 512. I get my numbers mixed up, which
8 is why I had to look there. So I want to talk to
9 you a little bit about those. My recollection,
10 and for the committee's benefit, is you are
11 familiar with both of those legislative options,
12 are you not?

13 A. Generally, that's correct.

14 Q. Okay. And, as to the formula and the
15 equalization strategy that both of them employ, my
16 recollection is you agree that both of them, from
17 a formulaic perspective, seem to satisfy what the
18 Supreme Court was requesting of the legislature.
19 Is that fair?

20 A. I believe that's fair.

21 Q. Okay. And my recollection is that your
22 concern was with the amount of money and whether
23 or not that would be adequate to support the
24 education. Is that correct?

25 A. Yes.



1 Q. Okay. And so there are two, my
2 recollection is, you have two financial concerns I
3 think, at least one. One of them being a hold
4 harmless provision and you may have also mentioned
5 the emergency funds as well, I'll call them. So,
6 if you could tell the committee what your concerns
7 are in that regard?

8 A. I'd be happy to. I think whenever I
9 remember looking at the adjustment in school
10 finance, it's generally met with two things.
11 There is generally an increase in funds, and the
12 reason for that is because you're shifting funds
13 and any formula when you do it, generally those
14 funds sometimes will go -- there is extra funds
15 that are going to the formula, but there is also
16 usually funds to hold people harmless in that
17 transition so there may be winners but there is
18 not really losers. There is kind of a balance in
19 that.

20 And, so, one of my concerns would be,
21 especially with the Senate bill, that -- well,
22 with both, that there doesn't seem to be finances
23 there to hold that harmless. It's really shifting
24 that to accomplish the equity piece. So while I
25 do think it may solve the equity piece, it's going



1 to do so at creating winners and losers. And
2 typically, I don't know if anything is typical in
3 the last 20 years, but there has been some
4 additional resources put in generally when there
5 has been a change to hold that harmless.

6 **Q. And let me break that down just a little**
7 **bit if I can. So my understanding is that your**
8 **position as to the formulaic issues of the House**
9 **and Senate version, as a matter of formula, they**
10 **are sufficient. As a matter of funding, the**
11 **adequacy piece you would favor the House aspect**
12 **over the Senate, and then your consistent**
13 **criticism of both is that neither have hold**
14 **harmless provisions?**

15 A. I don't think I would use the word
16 sufficient. I think that's, I think what we
17 talked about is it equitable. Those are two
18 different terms. And as I look at both versions,
19 I think that they are trying to achieve equity. I
20 think both are in good faith are trying to achieve
21 equity. And, you know, there is many factors to
22 that. You were discussing with Mr. Tallman, you
23 know, it seems it's volatile from one year to the
24 other. I think -- I think that the legislature is
25 very concerned about that, how do you, how do you



1 get some idea of what we allocate in the spring
2 becomes a true allocation in the fall and with all
3 the factors that take place.

4 So there are ways to do that, but it would
5 seem to me that while it may be equal, those --
6 both bills may be equal, that they're going to
7 create some real hardships with the number of
8 districts that will lose funding, especially in
9 the Senate bill.

10 **Q. And, so, as the Commissioner of the**
11 **Kansas Department of Education and in your**
12 **historical administrative and educational role in**
13 **the state of Kansas, you would therefore suggest**
14 **that on top of that amount there would be**
15 **additional hold harmless funds?**

16 **A. Yes, that is correct.**

17 **Q. If I'm doing the math, and I'm -- I don't**
18 **want to get into much like Mr. Dennis today**
19 **indicated, I don't want to get into politics, but**
20 **if I'm doing the math, that looks like I think the**
21 **House bill would add 40,000,000, and I think you**
22 **and I talked about you may need 12 to 15**
23 **additional million in hold harmless funds. Do you**
24 **get the sense that there is a political appetite**
25 **for the financial wherewithal for the state to get**



1 **there? And I'm not asking you to comment as to**
2 **the wisdom of the politics, I'm asking you to get**
3 **to -- do you get the sense that this body can get**
4 **to that point?**

5 A. That's a real difficult question to ask
6 me. I guess it's difficult to ask of these people
7 too, just watching this legislative session. I do
8 believe if there is a will that there could be a
9 way. Is that collectively the will right now? I
10 don't know. I think they would have to answer
11 that. It -- if we looked in a normal year, again,
12 I don't know what normal is, but if you look back,
13 you would say 12 to \$15,000,000 isn't a very big
14 amount. In this legislative session it probably
15 is a big amount. So, when you look at just
16 historically that's a minor adjustment that we
17 probably could make to hold people harmless. If
18 that indeed is the dollar amount, and I'm not an
19 expert in the dollar amounts, I'm giving you some
20 broad numbers.

21 I couldn't answer the question whether there
22 is a political will to do that or not. I -- I'm
23 trying to give you an answer of what I think would
24 solve the equity portion of the Court case and
25 also what has tended to be done historically to



1 make sure that school districts do not lose money
2 in any transition when the legislature's responded
3 to a Court decision.

4 **Q. And you may or may not have been here**
5 **when Dr. Hinson was testifying about the impact**
6 **that a hold harmless would have upon the budgeting**
7 **process, but if you could just briefly reiterate**
8 **your experience with why a hold harmless would be**
9 **supportive or helpful to a school district**
10 **operating on, you know, going forward basis.**

11 A. Well, you have staff -- you're
12 determining all of your requirements for next
13 year. You've been working on that this spring.
14 So, you've got to set schedules and you've got --
15 you're predicting enrollment, you're trying to
16 hire staff and get all that ready and you don't
17 know what your budget is going to be because it
18 has to be decided. And if it's going to be less
19 and your enrollment is increasing, you've got a
20 real dilemma there. So by holding -- again, in
21 any transition if you hold people harmless, while
22 there still may be winners, you're, at least, not
23 losing any money over what you had last year and
24 there is a little bit of stability to that versus
25 I've got to go into next year with less money than



1 I have this year and I'm not going to find that
2 out until April or May and I've got to set a
3 budget by July 1. And I will applaud the
4 legislature and the Governor, they've tried to
5 establish a two-year budget to get through that
6 and to give some of that, but this is putting us
7 right back in that uncertainty. That's why -- one
8 of the reasons why I think that hold harmless
9 makes a lot of sense if you can do it -- if you
10 can do it politically.

11 **Q. And, so, maybe the hold harmless and the**
12 **two-year budgeting cycle are two sides of the same**
13 **coin. They both promote the certainty of school**
14 **districts.**

15 A. Correct. The difficulty, if I may, in
16 2014, when the Court ruled and the legislature
17 responded, that was -- and the school districts
18 set their budget. What happened in the fall is,
19 as they know, that dollar amount moved for the
20 factors I think you have been discussing today.
21 And so, therefore, budgets have to be readjusted.
22 That's terribly hard on school districts. And, I
23 think, we got into semantics about whether it was
24 a raise or a raise is a raise. But from a school
25 district standpoint, you set a budget and now



1 you're altering that budget after you set that,
2 and that's extremely difficult, especially because
3 -- I know there is lots of conversations about
4 cash balances at times, but we have a lot of
5 school districts that have no cash balance. I
6 mean, so, when you alter that in midstream or you
7 lower that with a short turnaround time and no
8 opportunity to adjust that, you create really
9 undue hardships on school districts in trying to
10 make arrangements for that next school year or in
11 some cases you are already into the school year.

12 **Q. Something you said triggered a question,**
13 **which is my warning for I'm going to ask you a**
14 **question I have not previously asked you so you**
15 **can start thinking about how you're going to**
16 **deftly answer this.**

17 I'm new to the process of education funding
18 and I keep repeatedly hearing the legislature does
19 something in the spring, the school districts do
20 something in May, and, then, something happens in
21 July. Would your organization be a better
22 solution organization than the legislature for how
23 to distribute funds or equal -- I'm just -- I'm
24 struggling. I'm hearing the timing never works
25 out.



1 A. Well, we are the distribution of funds.
2 The legislature appropriates the funds and we
3 distribute those funds based upon the formula that
4 the legislature has approved. I think, there is
5 an easier solution to that and --

6 **Q. Talk about that. Talk about that, if you**
7 **will.**

8 A. And that is, I think, you can set those
9 to be a look-back a year in arrears so that you
10 always know what's going to happen the following
11 year. So, you could say I'm going to appropriate
12 the money and we are going to base it upon that
13 year's area assessed value, whatever we're looking
14 at, and that then becomes what happens for that
15 year. And, then, as things adjust the next year
16 basing the finances, you're predicating on the
17 upcoming year, so you don't get the surprise from
18 spring to fall. You would see it from spring to
19 spring, but you wouldn't see it from spring to
20 fall. And, there's some examples that we use now.
21 We use like a three-year average or, you know, you
22 can use this year for the previous year or the
23 three-year average, and that's done on an
24 enrollment basis to try to buffer those up and
25 downs and give some stability.



1 You could look at something like that, I
2 think, in this equity area that maybe would be
3 better to do from a monetary standpoint. It's
4 still would come down to each spring, though, if
5 more money was required to equalize, that there is
6 going to have to be more money allocated to
7 equalize. Or what happens is, my opinion, you end
8 up in a litigation cycle again, not a
9 distribution. It's not a distribution issue at
10 that point. So, did that answer your question.

11 **Q. Well, kind of. What -- I read an article**
12 **this weekend about a concept and then your**
13 **question, so I'm trying to marry them together,**
14 **and that being is the legislature the proper body**
15 **to set educational policies or would your**
16 **organization be better suited, given your**
17 **educational background, annual staff? It would**
18 **seem that your organization may be an option to**
19 **move the legislature or to move the educational**
20 **policy choices and --**

21 A. Well, I think, there are certain items
22 outside of funding that we definitely would agree
23 with that on; that we think that certainly Article
24 6 gives the State Board of Education general
25 oversight of schools, and the two primary



1 oversights would be the accreditation of schools,
2 the standards that kids learn by and licensure of
3 teachers.

4 I've not, in the short time that I have been
5 at the department, I have not had any
6 conversations relative to what you're discussing,
7 so it would be speculative on my part. It's an
8 intriguing conversation, I think. I would
9 certainly have to study whether or not that would
10 require additional staff to do that, you know,
11 other than just distribution of --

12 **Q. What are you doing on nights and weekend?**

13 A. Yeah.

14 **Q. No, I'm kidding. Those jokes never**
15 **translate very well on a recorder, so I have to**
16 **mention that I was joking.**

17 **Okay. I'm sorry, I got off track there. I**
18 **think we have talked about that you and I agree**
19 **that the proposed formulas for equalization for**
20 **all three buckets of funds appear to be equal.**
21 **The question is whether or not the output is**
22 **sufficient funding, in your opinion, for the**
23 **operation of schools. Is that fair?**

24 A. Yes.

25 **Q. Doctor Hinson seemed to think that**



1 applying a single equalization strategy for all
2 three buckets would be preferable. Do you agree
3 or disagree with him?

4 A. Philosophically, you may say that is --
5 that is easier, but, I think, adequate in terms of
6 dollars, and politically it may be more difficult,
7 because of the difference between LOB and capital
8 outlay equalization. You have your cap at eight
9 mills in capital outlay and you're capped at a
10 percent in LOB. In many cases your mill levy for
11 LOB is 20 mills or greater and you're capped at
12 eight mills. So, if you go to equalize those the
13 same, you're going to have some huge gaps. If you
14 don't hold people harmless, you're going to have
15 some huge dollar amount swing in that scenario.

16 Q. Another one of the things that we talked
17 about is using different metrics to equalize. And
18 what if, for example, instead of property value
19 you look at the number of students, you looked at
20 the number of teachers. What if you distributed
21 funds based upon some mix of student to teacher
22 ratio? Are there ways that the legislature could
23 -- and I'll back up. I'm trying to explore
24 thoughts and ideas with thought leaders like
25 yourself so the legislature can find ways to



1 equalize as they choose. So, I guess, I'm
2 wondering what would be your thoughts as to
3 spreading out any funding gaps based upon a per
4 teacher or per pupil basis among the various
5 districts in Kansas?

6 A. Well, in general, state aid you have that
7 now. In the special education formula you have
8 that now. So, you generate categorically, which
9 is by teacher on the special ed side, and you're
10 generating base state aid, is the old term, by the
11 number of students. So, you're allocating those
12 terms. I hadn't given much thought to that as a
13 concept. We hadn't discussed that.

14 You know, sometimes when you're looking at a
15 formula, in essence, until the block grant, that's
16 20 years old, you start to operate as that's the
17 way that operates. So, I had not -- I have not
18 given that much thought as to whether or not that
19 could be done or what the issues would be with
20 that.

21 Q. So, what I want to tie it to is our
22 discussion. What if, for example, you would
23 prefer a hold harmless method that would only be
24 given to the losers. What if those hold harmless
25 funds were divided among all of the school



1 **district on a per teacher basis, how would your**
2 **thoughts as to the equalization of funds that way**
3 **be?**

4 A. So, the hold harmless, instead of going
5 to the school district, would go directly to
6 teachers?

7 **Q. Yeah. And, just to jog your memory, you**
8 **mentioned that there may be some managerial --**

9 A. Well, there is -- I can -- yeah, that's
10 an easy answer. I'm trying to think of the
11 broader answer to that in terms of other
12 operations that has an impact on, specifically
13 within capital outlay and how LOB.

14 You know, LOB originally -- and I apologize,
15 I haven't been here all day, you know, it's intent
16 was for those extras, but I think everyone has
17 probably testified it's used for base state aid.
18 So, there maybe some issues with that I'm just not
19 thinking of right now if you move it to the
20 teacher side. My understanding the way that that
21 was originally proposed, and I may be wrong so I
22 apologize if I am, was if you go just to classroom
23 teachers you're foregoing groups of people that
24 work in schools that have direct access to
25 students in a support -- maybe direct and



1 supportive role: Librarians, counselors, reading
2 specialists, audiologists, we could go on and on
3 that seem to not be a part of that. So that's, to
4 me, your question that's an issue, but that's a
5 minor issue if you think about it as a
6 superintendent. I don't want to -- I say it's a
7 minor issue in comparison to the bigger issue of
8 what that may do to your budget and where you may
9 need to allocate resources. So, it would create
10 you some problems in distribution automatically
11 within your negotiated agreement, but you may have
12 larger problems, and this is an if, I don't know,
13 if that causes -- where you're spending that money
14 currently causes that shift and then you don't
15 have any other resources to move toward it.

16 **Q. Okay. Assuming that you're not going to**
17 **allocate the money to the teacher and then take**
18 **away the same amount of money and move it over to**
19 **some other budget. That's an assumption I make.**
20 **I guess, what if the, instead of by way of a hold**
21 **harmless amount to the school for -- you received**
22 **this last year so you're going to receive it**
23 **again, is it true this school looks at that, what**
24 **if the funds were distributed to the school**
25 **district on a per capita teacher basis?**



1 A. Again, I hadn't thought about that.
2 That's something I have to study. We have
3 generally been, you know, very supportive in
4 allowing local school boards to make decisions on
5 where to place the funds, and, then, having those
6 local school boards be -- have to be responsible
7 to local taxpayers for how that money is spent.
8 And, it seems that we like to swing that pendulum
9 back and forth of local control, let's spend it,
10 and I think Mr. O'Neal, when he was Speaker, gave
11 more flexibility to do that. And this, of course,
12 would swing it a little bit the other way: You
13 have to spend these funds for this specific
14 purpose.

15 **Q. I have looked at a variety of**
16 **distribution options and equalization options. Do**
17 **you believe that it will be advisable or**
18 **permissible from the perspective of the Department**
19 **of Education or in your former role as a**
20 **superintendent to have all the districts send**
21 **their local money into the state, Department of**
22 **Education, and have the state redistribute all of**
23 **that wealth or you're shaking your head?**

24 A. No.

25 **Q. Tell me -- tell me why.**



1 A. I think that would be less efficient than
2 the way it's done now.

3 **Q. Less efficient for school operations**
4 **or --**

5 A. Yes, for school operations. I'm talking
6 more now as a former superintendent and looking at
7 the budget that way.

8 **Q. Assuming it's less efficient for a local**
9 **school operation, would it help the legislature to**
10 **satisfy its obligation to equalize funds across**
11 **the state with varying student rates and locations**
12 **and their relations to the varying property**
13 **values?**

14 A. Well, I think, the answer to that is what
15 happens to it when it comes to Topeka? Because
16 oftentimes it just doesn't come here and get
17 redistributed the same way. Oftentimes it gets
18 changed. So, I think, the answer to that is what
19 would be the -- what would be the change that
20 would happen once it came to Topeka and was
21 redistributed, and, then, the Court would have to
22 look at that. So I don't know if that's an easy
23 answer yes or no.

24 **Q. So, would it be fair to say that you**
25 **would not support the remittance of local funds to**



1 the state for state distribution?

2 A. It would not be my preference.

3 Q. Okay. And, what about completely
4 eliminating local options to raise funds? In
5 other words, forcing a statewide mill levy,
6 sending it back to Topeka again and, then, to be
7 distributed?

8 A. I think, I think in a pure world that's
9 really nice, but I don't think that will ever --
10 that would ever be -- that would ever work in the
11 real world. So, I certainly like raising the base
12 state aid that goes out and possibly lowering that
13 LOB. I would be in favor of looking at that.
14 Because I think if you look, and I don't know the
15 numbers, I'm sure other people study those numbers
16 more than I do in terms of how many are at the
17 maximum of 30 to 33 percent, but the vast majority
18 are. And, so, lowering that amount, you know, and
19 taking on a state role, I think, you has some
20 appeal. I don't think, though, that it ever would
21 be practical to not have some way to raise money
22 locally.

23 Q. Why is that?

24 A. Well, because some school districts may
25 want to have certain programming that would be



1 above and beyond the things called for in the Rose
2 capacity. That's what the original intent of the
3 LOB was. I don't know the state would want to
4 deny them that opportunity.

5 However, that being said, I think the Court's
6 been pretty consistent of saying if you're going
7 to do that, you have to have some equalization as
8 that goes forward based upon the wealth of
9 district. But, I don't think -- I would be in
10 favor of moving more to base state aid and
11 lowering that amount that everyone's paying
12 because that's generated a lot of local property
13 tax locally, but I don't think you should do away
14 with the bill. We need to raise some amount of
15 funds. What that is I think that would be
16 legislative locally because I think there is just
17 too much of a difference of what, you know,
18 Concordia, Kansas, may want to offer their
19 students that would be above and beyond, say, to
20 Cherryvale. And, I think -- I think that would be
21 good to have some ability to do that locally.

22 **Q. And, the cost of giving that local option**
23 **is that you're going to have inequities, both in**
24 **students having access to them based upon where**
25 **they happen to live, as well as the property**



1 values in which the folks are able to fund at the
2 varying rates?

3 A. Yes. And, again, if we go back to the
4 92-93 law, and you could go back into the start of
5 school finance litigation, as I'm sure you've
6 looked at. Everything at some point comes down to
7 whatever the formula was at the time wasn't funded
8 because of whatever reason, a recession or, you
9 know, a lowering of taxes or choices or a variety
10 of things and, then, ends up in litigation at some
11 point and there is a new formula that comes about.

12 So, lowering, if you go back again previous
13 to '92, most school districts saw a lowering of
14 their mill levy, not all. I remember when that
15 happened, those -- you know, Southwest Kansas was
16 going to secede from the state because their mill
17 levies were going to go up. So, but, the overall
18 mill levies went down significantly. So, I think,
19 there is some appeal in lowering that LOB amount
20 and putting it in the general state aid. I still
21 think there ought to be some ability to raise that
22 locally, especially if the legislature said we
23 have no money this year to keep up with that
24 formula, otherwise you're going to be back in
25 litigation probably very quickly on the base state



1 aid.

2 Q. And I would assume that your position is
3 that litigation is not conducive to furthering
4 education?

5 A. No. I think, we all would agree with
6 that.

7 Q. One of the questions that I have is what
8 the Supreme Court meant by substantially similar
9 access to or reasonable educational opportunities
10 or substantially similar educational
11 opportunities, and I've asked the folks that have
12 talked before us today how would the legislature
13 measure substantially similar educational
14 opportunities? And, I think, I gave Dr. Hinson,
15 I'm not sure if you were aware, a McPherson County
16 versus Johnson County example. Are you aware of a
17 metric by which we could measure a substantially
18 similar educational opportunity across the 105
19 counties, whatever they may be?

20 A. No, not a specific metric on that. You
21 know, it wasn't until the late eighties, early
22 nineties that we even asked schools to kind of
23 look at a measure of what you're producing, and
24 that was revolutionary when we went through that.
25 And, so, what we are trying to measure at the



1 state level now are the outcomes by which we see
2 some correlation, at least, to future success of
3 students. And, we're trying to move -- the
4 Board's vision is trying to move then of holding
5 schools accountable through an accreditation model
6 of very broad outcomes that we think, at least,
7 the best research state lead to that success when
8 people graduate high school and college. But, I
9 don't know of any metrics that would say let's
10 measure McPherson County, Johnson County as to the
11 adequacy, I guess, of equalization of programming
12 or offerings.

13 **Q. And, so, I'm looking at for one maybe**
14 **like advanced placement or things like that. We**
15 **certainly didn't have that in McPherson County,**
16 **or, at least, at my small school. You guys**
17 **probably had it.**

18 **A. We did. We would have welcomed you over**
19 **there.**

20 **Q. I wouldn't have qualified for it. Okay.**
21 **And, then, I touched briefly on this, and I don't**
22 **think you seemed overly enthused about it, but is**
23 **taking the role of equalization in-house, removing**
24 **it from the legislature, is that something you**
25 **would want to do or would you have the capacity to**



1 do it?

2 A. I would say we have not studied that, to
3 my knowledge. And Dale may know in previous
4 years. In the short time that I've been there, I
5 have not been a part of any conversations about
6 that. So, I could not give an opinion one way or
7 the other on that.

8 MR. CROUSE: Dr. Watson, I appreciate
9 your time. I thank you very much. Again, you
10 were great on Friday and I appreciate your
11 McPherson county thoughts. Thank you very much.

12 CHAIRMAN RYCKMAN: Thank you for being
13 here, Mr. Watson. Questions from Senator
14 Masterson.

15 CHAIRMAN MASTERSON: Thank you, Mr.
16 Chair.

17 I have some follow-up on some of the
18 questions that he asked because I think there is
19 some general population confusion.

20 QUESTIONS BY CHAIRMAN MASTERSON:

21 Q. You, as the Commissioner of Education,
22 answer to the State School Board, correct?

23 A. That is correct.

24 Q. Which is a separate Constitutional entity
25 elected by the population of Kansas?



1 A. That is correct.

2 Q. With the sole function of interest in
3 education?

4 A. That is correct.

5 Q. So, following up to a very interesting
6 line of thought, the Constitution gives the
7 legislature the task of a suitable provision for
8 finance. There is all these questions and then
9 the case law has determined that that has two
10 aspects, adequacy and equity. With the vast
11 experience and expertise of your organization, Mr.
12 Dennis being an example of the years he has been
13 there participated in that, would you not be a
14 better entity to determine -- to be arbiter of
15 distribution, i.e. the equalization side of things
16 as it pertains to the districts versus the
17 legislature?

18 A. And, again, Senator, I appreciate that
19 question. I just haven't looked at it before that
20 question came up today, so I really couldn't give
21 you an answer without studying it.

22 Certainly, we take our role, the education
23 role very seriously as it relates to the
24 operations that we do now. So, I would just have
25 to look at it and say, first of all, to say is



1 that -- is that a better choice? And if it is, do
2 we have the capacity with the existing staff to do
3 that? I just don't have an answer for you today.

4 **Q. I'm not asking you necessarily in the**
5 **sense of capacity versus expertise because we're**
6 **being asked to develop a formula, quote-unquote**
7 **formula which we may not have the expertise to**
8 **develop that formula internally and here is where**
9 **I'm getting at. It seems to me that during the**
10 **decades of litigation Kansas has undertaken to**
11 **make the question of distribution potentially more**
12 **of an administrative function or appeal, if you**
13 **will, to the State School Board through your**
14 **organization, i.e. we're leaving adequacy with the**
15 **legislature but if a local district believes**
16 **they're not getting an equitable portion, that**
17 **would be a more administrative function within**
18 **your organization because you are a year-round**
19 **entity versus a citizen legislature that meets 90**
20 **days, give or take, in a given year. It seems you**
21 **would be more nimble and responsive to the**
22 **districts. Your thoughts.**

23 **A. I think the word we would be nimble and**
24 **quick to respond, so I appreciate that. I think**
25 **-- I think that's worth looking at, but I want to**



1 come back to that even the cases of equitable
2 distribution can come into the term adequacy. If
3 the funds haven't been allocated to equally
4 distribute whatever the formula is, then it
5 doesn't matter who does the distribution.

6 And I will go back to '14. The Court found
7 -- the Court gave away control and said that the
8 legislature had met its mandate to be equitable;
9 we distributed that. So, given today, we can
10 distribute that. But if the Court would say it's
11 still not equitable because there has been money
12 that's been taken from that equality, so I think
13 they are tied. And, so, I don't think that we
14 just get by the Court of saying who distributes it
15 or who would be better to distribute it, we may or
16 may not. We certainly have some expertise to do
17 that. But, if the -- if the dollar amount changes
18 or the formula changes or whatever happens is
19 certainly within the legislative control, we can
20 distribute that and still may not, in my opinion,
21 still may not meet the Court's intent.

22 **Q. I may have found a disconnect in the**
23 **logic. Do you see adequacy as an aggregate**
24 **number, the billions taken from the taxpayers of**
25 **Kansas for this purpose, do you see adequacy as at**



1 **some level that aggregate amount or are you seeing**
2 **that as an individual, constantly fluid number to**
3 **each district?**

4 A. That's a good question. I was looking at
5 the equity only, thinking of that and saying,
6 okay, when there was a formula for equity and the
7 Court said it had not been funded in '14, the
8 Court said that the legislature met that mandate.
9 And, then, the Court now is saying but in the
10 intervening years it has not met that. So, have
11 -- had the block grant not gone into effect in
12 terms of a distribute -- that's the money that was
13 to be distributed, we distributed that money based
14 upon the block grant. Had that -- had the old
15 formula stayed in effect and the way that it was
16 funded in 2014 went forward and we distributed it,
17 I think we would be okay. The problem was it
18 changed, and so the amount of money put into that
19 equity part changed. And I think that's not a
20 distribution issue, it's an adequacy not overall
21 within the equity part of it.

22 Q. **I'm not so sure -- I think going back, is**
23 **there an overall number, whatever billions that**
24 **is, that you think you could be deemed adequate to**
25 **fund the educational system of Kansas, or is that**



1 a constantly by-district fluid number? That's a
2 by-district fluid number to me is 100 percent
3 equity, where adequacy is 100 percent how much do
4 you draw in total volume from your taxpayers for
5 this purpose. Would you disagree with that?

6 A. I think it is going to be different. The
7 kids in Bird City, with the cost of doing that, is
8 going to be different than the cost of doing
9 business in Wichita for a variety of reasons.

10 Q. They're not equity.

11 A. That is both, adequacy and equity. It's
12 both, because in some cases it may take more money
13 to educate a kid in certain parts of the state.
14 And, then, where equity comes in is when you look
15 at the -- the assessed value, the current way we
16 look at it, of that district to provide those
17 resources. So, it's a combination of both.

18 Q. I think I need to be back into my
19 question.

20 A. I'm sorry.

21 Q. Assuming, then, I give -- I, the
22 legislature, appropriates. Assuming the district
23 receives adequate and equitable funding and I add
24 those numbers up to 286 districts and I have this
25 number. That could be deemed adequate funding for



1 the system, that single number could be an
2 adequate draw from the population for the system
3 because every district, there is some number at
4 which it's adequate at the total aggregate?

5 A. I think that that would be correct for
6 that year and then does that change in the future.

7 **Q. I understand that. Thank you.**

8 A. I think. I think we got close on the
9 same page. Thank you.

10 CHAIRMAN RYCKMAN: Any further questions
11 or omissions again, Mr. -- Dr. Watson? Thank you
12 so much for being here and answering questions
13 today. The committee will take a recess until two
14 o'clock.

15 (THEREUPON, a recess was taken.)

16 CHAIRMAN RYCKMAN: We will reconvene.
17 It's a little after two o'clock. I believe we had
18 some follow-up questions for Mr. Tallman.

19 CONTINUED EXAMINATION OF MARK TALLMAN

20 QUESTIONS BY MR. CROUSE:

21 **Q. All right. Thank you, Mr. Tallman. We**
22 **will continue the discussion we were having. I**
23 **was about getting ready to ask you a question with**
24 **regard to Senate Bill 512 and the testimony that**
25 **you previously provided to the committee. Much**



1 like the House bill we previously discussed, my
2 notes reflect that you again supported equity but
3 had concerns for adequacy. Is that fair?

4 A. Yes.

5 Q. And I have in my notes is, this may or
6 may not be a direct quote, but I have quotes
7 around we don't have a metric to measure
8 educational opportunity and also the question is,
9 quote, much more complex than dollars per pupil.
10 Is that a fair assessment of your testimony?

11 A. Well, I don't think my written testimony
12 would have included the part about the metrics. I
13 don't think that's in there. I think in the
14 discussion I certainly may have acknowledged that
15 we don't have a completely agreed-upon definition.
16 And I think the other thing that makes that very
17 complicated in my time here is a lot of people
18 tend to view education, what we are doing, in two
19 ways: One, is outcomes, which has been the
20 movement we have been trying to get to. And the
21 other is inputs. So you then sometimes get the
22 discussion, well, is it an equal educational
23 opportunity if you don't have the range of
24 curriculum or you don't have the services?

25 The second way of looking at it is, you know,



1 are kids graduating? Are they prepared for
2 college careers? Those kinds of things, and I
3 think what I would say is we have some measures,
4 but I don't think we have complete agreement on
5 what they are or should be going forward.

6 **Q. And so two points on that. One, is my**
7 **next note from the testimony is that you mentioned**
8 **even within the members within your delegation,**
9 **you have varying views on what are educational**
10 **opportunities throughout the district, I think is**
11 **one point that you would agree with?**

12 A. I think that's probably true because I
13 think within, and I think it's fair to say that
14 within school districts across Kansas, you
15 probably have a mixture of those who are pretty
16 comfortable with where they are, strong public
17 support, that sort of thing, field days where they
18 maybe gone to excellence and what they are most
19 worried about is losing it, and I think you have
20 another set of districts that basically feel their
21 challenges are such that they really feel they are
22 not where they need to be. And, of course, the
23 challenge then is how do you come up with a
24 formula.

25 Dr. Hinson talked about kind of getting



1 everyone together in the room. I think we all
2 agree with that, it's just the challenge of doing
3 that when you have such different perspectives of
4 even where you are at a given point.

5 **Q. And so you mentioned something else just**
6 **moments ago, and I'm sorry I met you in the**
7 **hallway and I'm sorry I'm springing things on you,**
8 **but you said some things which caused me to react**
9 **and I've thought some more on this continuum of**
10 **education here.**

11 **You mentioned that I think your organization**
12 **is trying to get more to an output based metric**
13 **system instead of input based metric system. Is**
14 **that fair?**

15 **A. Yes, I -- we, as an association, have**
16 **specifically adopted the Rose standards as, as the**
17 **goals. And perhaps to reflect a little bit on**
18 **what Dr. Hinson said, certainly we have had even**
19 **discussions internally. These are 1980s. I think**
20 **our view is the next step is defining so what**
21 **does, and I'm trying off the top of my head,**
22 **sufficient communication skills or sufficient**
23 **preparation for further study. Those things have**
24 **certainly changed, but that idea that students**
25 **should have kind of a basic foundation, be able to**



1 function as a citizen, be reasonably healthy, be
2 able to function in a democracy and in an economy
3 and then be prepared for life after high school,
4 that's really what they are. Because I think what
5 we are all saying, yes, that's what we need to
6 aspire to to every child. Where there is still
7 some disagreement is how, in 2016 and beyond, do
8 we measure what that would look like.

9 **Q. And I may have asked you or one of the**
10 **other witnesses we've talked to today, do you have**
11 **particular school districts that are failing to**
12 **meet those standards today?**

13 A. Well, I think that, yes, I think we would
14 say that without -- and you'll pardon me if I
15 don't identify my members specifically, but to
16 simply say I think if we look at the collective
17 results of the state -- again, I would put it this
18 way, and you again in your conversation with Mr.
19 Trabert today which talked about, well, are we
20 doing good? Are we doing bad? You know, a phrase
21 that is often used is only, say, 30-some percent
22 of Kansas students are ready for college. Well,
23 you know, we would point out by all measures
24 that's higher than it's ever been. It's basically
25 where the adult population is today. So on the



1 one hand we can say, oh, we have come a long way
2 and we are good. Statistics would tell us that
3 probably 40 to 50 percent of kids, though, in
4 future jobs will need an academic background
5 beyond high school. So we are not there.

6 So I think, in our view, is more we've made a
7 lot of progress; we are not satisfied with where
8 we are going. We don't think the legislature is
9 either. On the other hand, we -- we do believe
10 that over the past 25 or so years we have made
11 great strides with the resources that have been
12 provided.

13 **Q. Well, and for the committee's benefit,**
14 **that's why I think -- or I found your testimony**
15 **and Mr. Trabert's testimony, one would**
16 **automatically assume may be diametrically**
17 **opposite, I think you guys have common ground**
18 **among you and can enunciate that and that's why I**
19 **think it's helpful for the committee to hear.**

20 **One other thing or a couple other things that**
21 **we discussed, and I suspect that this was in our**
22 **private discussion when I met with you, just about**
23 **ideas as to how we -- what resolutions can we**
24 **find. Tell me a little bit about the hold**
25 **harmless and your perspective as to hold harmless,**



1 **how it may impact equalization or how it may**
2 **impact the administration of schools?**

3 A. Well, I think I will start by saying that
4 our association has always had a position
5 supporting the concept of hold harmless, the idea
6 that you don't want to go in and remove resources.
7 And as I listened to discussion this morning, I
8 think the one point I would say is if we had been
9 able to hold people harmless over the last several
10 years we probably wouldn't be here. I mean, it
11 has been the fact that we weren't able to meet the
12 budget set in 2015 that kind of -- the legislature
13 reacted, ultimately we did the block grants. I
14 think at the time our position was we don't want
15 to see districts lose dollars. Now we are just
16 kind of a different set.

17 So philosophically we think it's an important
18 idea, but I think we have to acknowledge that
19 perpetual hold harmless then you don't -- again,
20 you don't respond over the long term to perhaps to
21 changes in the district's situations that you need
22 to do. So, for example, if we are going to say
23 that there is a rational reason for what a
24 district gets for its kids, if you simply say
25 forever you're going to get the same amount of



1 money no matter what happens, I think you at some
2 point get to a situation where I think the Court
3 would look -- would look afoul of that. But at
4 least historically I think the idea of saying we
5 are not going to have to take away while we try to
6 help a different set, at least I'm not aware of
7 any time in Kansas where the courts have found a
8 problem with that.

9 **Q. Okay. Would it, and again this is I**
10 **guess on-the-fly thinking outside the box**
11 **scenarios, would it be more beneficial for the**
12 **legislature to say here is your box of funds,**
13 **Department of Education, I think that's what we**
14 **talked about before lunch, here is your box of**
15 **funds, you figure out how to spend it. Is that a**
16 **concept or a model that makes sense if the -- in**
17 **other words, what I'm wondering is does their**
18 **year-round staff and educational background**
19 **suggest they would be a better body in which to**
20 **make those educational decisions or would you**
21 **prefer they remain with the legislature?**

22 **A.** You know, honestly, that's not something
23 that we've talked about within our association. I
24 think there is a great deal of trust in the
25 department and how they do administer the programs



1 that they are given.

2 It's still going to come down to, number one,
3 what are the dollars available to make that
4 distribution? And I suspect that no matter who
5 makes the decision, whoever is perceived to be
6 disadvantaged by it will probably be no happier if
7 the State Board has done it than if the
8 legislature has. But if the idea is that you can
9 somehow bring a -- a -- I hate to use the term
10 political, it's a political environment, but just
11 a more rational reason for those decisions.

12 **Q. Well, that's what I'm wondering is, is**
13 **there a way in which the legislature can say, and**
14 **I'll just pick \$100 for education, but here is**
15 **\$100, you figure out how to divide it up. Then it**
16 **would seem that the Department of Education may be**
17 **more responsive to or cognizant of the emergent**
18 **needs. And then we can argue about whether the**
19 **\$100 allocation was appropriate. You know, and I**
20 **realize that tug-of-war is always going to be**
21 **there, and so I come at this, as we talked about**
22 **in an ideal world, all politics would be removed.**
23 **And I realize that's an imperfect world that would**
24 **never be there, but I wonder if that would get**
25 **closer to that purity of example that we**



1 **discussed?**

2 A. Well, I guess I would just say that I
3 think the politics would be removed until the next
4 session. Because every change that has been made
5 in the formula has been a political decision that
6 the legislature has made because some legislators
7 felt that the formula wasn't working right and
8 were able to convince enough of their colleagues
9 and a Governor to make that change.

10 **Q. Do you think that that would be more or**
11 **less if that decision was moved to the Department**
12 **of Education, for example?**

13 A. It's hard -- again, it's a little hard
14 for me to see it in the long run that it would
15 make a vast difference. It might be a better
16 starting point, but I think from the State Board's
17 viewpoint, you know, it's the amount of money to
18 work with would then have been a political
19 decision and then how you would allocate that will
20 probably create a set of political reactions.

21 **Q. And I appreciate that. I'm just trying**
22 **to get our discussion going.**

23 A. Sure.

24 **Q. Excuse me. Another concept that we had**
25 **talked about that came up in a committee hearing**



1 was eligibility for equalization aid, and I think
2 you and I talked about, for example, if my home
3 school district were to receive aid and made the
4 decision to increase or decrease their mill levy,
5 should -- should educational policy require them
6 to max out, so to speak, in their mill levy before
7 they are entitled to any equalization funds? I
8 was looking at it in a is that a good policy? And
9 I think you may or may not have espoused, A,
10 whether it was a good policy, but, B, you found
11 some problems with that. Could you tell the
12 committee what your thoughts were as to the
13 eligibility issue that we talked about?

14 A. Well, I think one thing you would
15 certainly do is incentivize more spending. I
16 mean, I think historically that has somewhat been
17 the case that if you -- if you have to spend to a
18 certain level to get more, you have created an
19 incentive to do that. As I understand the, the
20 LOB formula, and remember what the formula does is
21 say what share of whatever budget amount you're
22 doing, the state is allowing you to achieve that
23 level of spending at a comparable tax rate to
24 everyone below the 89.2 percent. What you
25 basically do in that case is say, okay, if we



1 think we can be more efficient and be relatively
2 low spending, then, yes, we are relatively low
3 taxing, but we are also not taking as much from
4 the state as we could.

5 And so while on the other hand I do
6 understand the frustration, I think in some
7 quarters they are saying, well, we are taxing
8 ourselves to the max and if you're not yet, it
9 must not be as -- to me, that is a political
10 argument. But under the way the LOB system really
11 works, it seems to me you still create an
12 incentive for districts to be efficient if they
13 want to be because they do have that control over
14 their mill levy still.

15 **Q. But then if they choose not to go to the**
16 **top rate, I understand that some of them may still**
17 **receive equalization funds and so --**

18 A. But only, but only proportionate. So if
19 you're saying instead of being a 25 percent LOB
20 I'm going to be a 20 percent LOB, if you are to
21 throw more percentages around, if you're a
22 district where 30 percent of your LOB is funded by
23 the state, you're only going to get 30 percent of
24 whatever you choose to set your LOB at and you
25 choose to participate. So a district that is not



1 fully using its LOB authority and is not fully
2 taxing itself is also saving the state money.

3 **Q. Which is the point I was trying to -- I**
4 **know we had talked about that you think it would**
5 **both encourage more spending, as well as encourage**
6 **everyone to go to the top, so to speak?**

7 A. Well, the example I think we did talk
8 about was in the -- the old formula had a feature
9 that to get, and the legislators will remember new
10 facilities weighting, you had to be at 25 percent
11 LOB. And I know because I lived in a community
12 where part of the discussion was, you know, to get
13 more state aid, we need to raise our LOB to 25
14 percent because then the taxpayers are saying,
15 well, yeah, we are going to put in another mill or
16 two effort, we'll bring more state money in. Now,
17 that additional state dollars is also more
18 spending. It wasn't, though, by doing that they
19 would then turn around and lower their property
20 taxes, but it did mean that they would bring more
21 resources to the district to help open new
22 schools. And I'm just saying I think you always
23 have to be -- there will always be an unintended
24 consequence to anything you do.

25 **Q. And I can appreciate that. One of the**



1 things I talked to someone, and I don't remember
2 who it was so I'm not going to attribute it to
3 them because I raised the same question with them,
4 and their suspicion was that, you know, in the
5 communities in which they weren't already at the
6 max, that it would be politically unpopular
7 locally to ask for even more. And so I wonder,
8 again, I don't want to assert that -- attribute it
9 to somebody, but in your experience working with a
10 variety of school districts across the state, can
11 you see that?

12 A. I, I absolutely can, and it may well be
13 that those districts are so sensitive to the
14 property tax for whatever reason, that even in
15 this case they wouldn't do it. But I'm only
16 saying that there would be an additional fact now
17 for those voters in that community to consider.

18 Q. Talk to me a little bit about the LOB
19 budget, now 81.2 percent. I think I talked to Mr.
20 Dennis earlier today about that going from 75 to
21 81.2 percent, and my understanding from him and
22 others is that there is no basis in educational
23 policy, but rather that was a property tax value.
24 Is that consistent with your opinion?

25 A. That is my -- consistent with my memory



1 of that special session.

2 **Q. So the other thing that I thought was**
3 **interesting in your discussion at one of the**
4 **hearings, and I forget which one, is that you also**
5 **were supportive of the block grant concept. I**
6 **believe it was either you or Dr. Hinson mentioned**
7 **the word pause button so we could take a look at**
8 **how to solve this educational problem. A, did I**
9 **correctly capture? And, B, would you like to talk**
10 **about it?**

11 A. You did not. We are not supportive of
12 that. Now, I think we did say we understood the
13 growing legislative frustration with the system,
14 and we're certainly not advocating that there
15 should be no changes or study to the system. I
16 think the choice was only do you potentially look
17 at developing a new system? Do you pause while
18 doing it, is that more helpful, or could you start
19 working on a new formula without that? That was
20 our major point of the debate.

21 **Q. And so your, your organization's position**
22 **would be not to do a block grant but to work in**
23 **two tracks, so to speak?**

24 A. Well, I think that's the position we
25 have. I mean, I don't really -- now I think we



1 have -- I wouldn't say we've learned to love the
2 block grant, but I think we basically accepted
3 it's going to be there and so let's, let's work
4 toward whatever the better next step would be.

5 **Q. You can see the benefit to pausing so**
6 **that the legislature's position isn't reacting to**
7 **remedial orders, it's looking progressively at new**
8 **ideas, I assume?**

9 A. I can, although I think in reality the
10 way it has turned out is it didn't work precisely
11 because, since the block grant wasn't acceptable
12 to the Court, you know, that didn't happen. And I
13 guess my argument is, just as I think I said this
14 morning or just another time repeating myself, is
15 that I think perhaps maybe the Court would look at
16 it in the same way we did if you could truly
17 freeze everything, then it might make sense. I
18 think the frustration of our members who were not
19 supportive and I think, not, I'm no attorney,
20 obviously, that part of what the Court reacted to
21 is that you were freezing the state side, you
22 weren't freezing the local side. And, you know,
23 in my testimony to both committees, I presented a
24 study that we did which kind of showed those very
25 differing impact on mill levies across different



1 districts. And I think that was some of what the
2 Court was saying that part of the situation was
3 frozen, but part of it wasn't.

4 **Q. And so that's what I was trying to get**
5 **with you this morning about. My recollection is**
6 **that it was you thought the freezing aspect of**
7 **part of it on the state level was fine, you were**
8 **concerned about the local issues and it was the**
9 **mill levy. In other words, it may have been on a**
10 **more palatable option if the legislature had said**
11 **we will freeze your mill levy rates, is that --**

12 **A.** I think it would have been more popular.
13 I also want to indicate that, you know, at least
14 for some of our members that where they are
15 particularly sensitive to, you know, special needs
16 kids, for example, they also have those same kind
17 of concerns. If you have a significant increase
18 in your at-risk population or bilingual or
19 something like that. Now, I think as Mr. Dennis
20 indicated, enrollment and student characteristics
21 don't change as fast as mill levies sometimes do,
22 but I would not want to say that there weren't
23 also concerns relative to the block grant about
24 the changes in student population.

25 **Q. So that was my next question is, if you**



1 could cap that, you still have to deal with the
2 emergent needs of the student population?

3 A. And in fairness to the legislature, I
4 think that was the point of the extraordinary
5 needs fund. I think there is certainly a debate
6 among our members about whether that was adequate,
7 but we would certainly acknowledge that's what its
8 point was.

9 Q. I think one of the final things that you
10 and I talked about in -- is potential other
11 equalization strategy solutions. Part of my role,
12 I think, is to share with the committee what I
13 have found in my fact-finding of potential
14 solutions, so I would invite you to share other
15 potential solutions that either you have worked
16 with some legislators on or you would propose that
17 the legislature consider and talk about them and
18 you'll probably get asked questions about them.

19 A. Well, I was going to say, unless I told
20 you something the other day, I don't know as I or
21 we have any. I think we understand what the Court
22 has said that there may be other ways to do it.
23 And I will tell you that over the summer and fall,
24 as part of our research, we've started looking at
25 other states to try to see whether we could find



1 other good ideas. We certainly didn't get to
2 anything definitive before the session started and
3 we kind of put those, those things on pause.

4 As I've said, one of the things I think is an
5 issue is, in general, the more -- the more local
6 you are the more challenges you have in
7 equalizing. And yet, as we know, as I tried to
8 talk about with legislatures, Kansas is a
9 relatively high state proportion within our
10 system. So, you know, I don't know what other
11 states and their courts -- I mean, equalization,
12 of course, you know has been the principle in
13 school finance litigation since the '70s, so
14 clearly many states have done this. I don't know
15 how -- my sense is from some states is that they
16 find a way to have a -- a perhaps less range of
17 budget. And whether that is done by having larger
18 minimum requirements, I mean, whatever their
19 equivalent to 20 mills would be higher, I don't
20 know, but --

21 **Q. So in other words, you mentioned that**
22 **Kansas was high in something and so I want to make**
23 **sure that you inform the committee what high in**
24 **regard to?**

25 A. We, as a share of total funding by



1 revenue source, we are higher than average, higher
2 than many states in terms of the share that is
3 directly appropriated by the state.

4 **Q. In other words, the state money is a**
5 **higher proportion of public education spending**
6 **than other states?**

7 A. The state paid -- the state
8 appropriations pay a bigger percentage of the bill
9 than local or federal, whereas in other states,
10 regardless of whether they spend more or less than
11 Kansas, the average is that local resources play a
12 larger role than state and federal also than
13 Kansas. But what I don't know is the various
14 makeup or structure that might affect that. I did
15 a project for one legislator that came to no
16 conclusions whatsoever that I could tell about how
17 states -- how they do it, you know. I think that
18 will take more research and we are certainly
19 interested in trying to do that if we can.

20 **Q. One of the things that I'm interested in**
21 **is does -- are there other metrics or variables**
22 **that this legislature should consider that may**
23 **reduce the polarization of rich to poor, high**
24 **income to low income, such as number of teachers,**
25 **number of schools, number of -- is there another**



1 metric that we could use besides such varying
2 property? And so I don't know if you tax just
3 something else other than property because it
4 seems -- that seems to be the real problem is the
5 property valuations are so greatly in divergence.

6 A. That is correct. Now, and I guess what
7 the principal has always been that you -- you
8 should only measure for wealth for -- for local
9 option what the district can access. And since
10 the only thing the district can tax is property,
11 at least under the system, then it seems
12 appropriate to use that as the measure. And I
13 don't know, I've not been able to locate any state
14 which would -- which doesn't have either some kind
15 of per pupil or per capita or some measure of
16 dividing wealth by the number of people you have
17 to serve. So that's why I think it's difficult to
18 come up with a different concept, unless we
19 perhaps looked at some other things, as well.

20 MR. CROUSE: Mr. Tallman, you were
21 unbelievably patient with me throughout this whole
22 process. I appreciate it. I'm sorry we had to
23 split your lunch hour. I can't thank you enough
24 for the help you provided. Thank you.

25 CHAIRMAN RYCKMAN: Representative Henry.



1 QUESTIONS BY REP. HENRY:

2 Q. You talked about student achievement and
3 funding. Have you done some look at student
4 achievement in learning compared to other states?
5 What we do really well? Are we not teaching
6 children better in this state than many other
7 states? What have you found out on that?

8 A. Well, we believe we are. And to shadow
9 debate with Mr. Trabert, because I know what he'll
10 say and I understand where he comes from, KPI
11 really tends to focus pretty exclusively on NAEP
12 scores. And I understand that that is one uniform
13 measure, although it is only a sampling of
14 students.

15 When we have talked about achievement, we
16 also look at graduation rates. We look at things
17 like ACT, SAT scores. We look at percent of the
18 population with advanced degrees. We try to look
19 at multiple, multiple metrics, freely
20 acknowledging there are problems with any one of
21 them. I don't want to speak for KPI. I think
22 their views. They kind of settle on one that
23 perhaps they think is the best. We tend to think
24 that because there are limitations in all of them,
25 the more you look at the better. And I will tell



1 you, because I just -- in fact, it may have been
2 attached to one of my testimonies but you probably
3 all didn't get to it because it was on page 20 or
4 something like that, that if you really rank
5 ironically we probably do worse on fourth grade
6 NAEP reading. I mean, we are right about in the
7 middle of the country there. Other NAEP scores,
8 other rates, we tend to do better. If you average
9 them all out, we tend to come somewhere in the top
10 10 of all states.

11 And one thing about that that I find
12 interesting is we tend to be higher if you average
13 everything than if you look at anything
14 individually because for some reason we do pretty
15 well on almost everything, where there are some
16 states that maybe they've got great graduation
17 results, but not very good NAEP scores, or really
18 good NAEP scores but not many kids go on to
19 college, you know, factors like that. And so
20 while we are not spectacular on anything, when you
21 average them all together, we tend to run very
22 high. So in terms of those comparisons, that's
23 how we justify when we say we think we are a
24 pretty high-achieving state.

25 And I will say one other thing, and I'll



1 give, I'll give my friend Dave Trabert credit for
2 making us look at this. You know, we don't just
3 look, where possible, at overall scores. We
4 include how do we do with free lunch kids and how
5 do we do with non free lunch kids. So we try to,
6 where we can, even out some of those differences
7 in student populations.

8 **Q. Have you been involved at all in**
9 **discussions in development of a new school funding**
10 **formula? You or your organization have been**
11 **approached by the legislature to start the process**
12 **of developing a new school funding formula?**

13 A. We, well, trying to be proactive. We
14 have had some meetings and done some research that
15 we have invited legislators to, and we have had
16 some comments, some conversations simply on
17 individual bases with some legislators. I, at
18 least, have not been kind of privy to any planning
19 of a comprehensive plan.

20 We have worked some with the group, the
21 United School Administrators and Superintendents
22 Association, they have put together a group where
23 they are kind of trying to get into more of the
24 details, and we've kind of taken the position we
25 try to give them research and support. But



1 because they are really the practitioners, we have
2 not yet weighed in on what they have done. We are
3 trying to support that and we've just tried to
4 share information with legislators.

5 MR. HENRY: Thank you.

6 QUESTIONS BY CHAIRMAN RYCKMAN:

7 Q. I'd like to follow up on that. I'm not
8 sure if you can answer this, but I'm speaking for
9 myself personally and for you. How many times do
10 you think we've talked about this subject since
11 the passing of the block grant, either on a one-
12 on-one meeting or a small group meeting or in a
13 forum you sponsored?

14 A. A number, many.

15 CHAIRMAN RYCKMAN: Okay, thank you.
16 Senator Masterson.

17 QUESTIONS BY SENATOR MASTERSON:

18 Q. I echo that same question to you. I
19 believe that every formula that I have been
20 involved with or opinion has in some way involved
21 discussions with you or around your material.
22 Would you agree with that?

23 A. Yes. I think you and the legislature
24 have been very good to listen. We haven't always
25 agreed, but we understand that.



1 Q. Fair. My question, what do you think is
2 -- your comments about NAEP scores being utilized
3 by KPI, what do you think the best indicator is?
4 Is it the state assessments that would indicate
5 that a school is meeting the Rose standards or
6 providing a suitable access to an educational
7 opportunity? What do you think our best
8 measurement is?

9 A. Well, there are two ways of looking at
10 that. Probably the best measures are, I think the
11 things the K-12 interim committee kind of
12 identified: State assessments, because they
13 really look at every child; graduation rates, some
14 type of college participation rate. I would say I
15 think it's fair to look at remediation rates, but
16 I think there has to be a big caveat because we
17 don't require -- to graduate from high school, you
18 don't you have to take a college prep curriculum,
19 and I've always thought it was unfair to sort of
20 blame schools of kids that graduate and chose not
21 to take college prep courses and then decide to go
22 to college, and you wouldn't expect them to be
23 prepared.

24 And then I think we need to look for ways
25 where perhaps those could be supplemented somewhat



1 for other NAEP factors, but I think what the State
2 Board said and our members tend to say is things
3 like citizenship and some of those issues would
4 best -- may best be done just by letting the local
5 boards figure out a measure that the state would
6 approve so there were some parameters around that.
7 Those would be harder to be uniform. That's what
8 I think you can look at as sort of a state and
9 kind of a baseline.

10 Then on the -- on -- if you are looking to
11 compare Kansas, because I think context is always
12 important, while there are problems with NAEP,
13 we've used NAEP when Kansas looked really good and
14 we are still using NAEP when we don't look as
15 good. But we would add there are probably three
16 different recognized national graduation rates.
17 We include all those in our rankings. We look at
18 ACT and SATs, knowing you have to make some
19 adjustments because different states use them
20 differently. And we look at things like the
21 percent -- census data that looks at the percent
22 of kids that have either gone -- have any type of
23 post secondary experience, have they completed a
24 one or two-year degree? Have they completed a
25 four-year degree? Those are all things that there



1 is comparable national data around, as well as
2 Kansas, and we think those -- you know, that fills
3 a fair amount of what we think you would need to
4 look at the Rose standards, but it certainly
5 doesn't do everything.

6 **Q. And my second question was I think you**
7 **had an earlier statement that the Supreme Court**
8 **had not accepted the block grant with the -- I**
9 **read the quote from their opinion earlier that one**
10 **obvious way the legislature could comply with**
11 **Article 6 would be to revive the relevant portions**
12 **of the previous school funding system and fully**
13 **fund that within the current block grant system.**
14 **That would indicate to me, would you agree, that**
15 **it was the freezing of those two relevant portions**
16 **that was the disagreement with the system, not the**
17 **system in and of itself?**

18 **A. I would say, based on their ruling to**
19 **this point, absolutely. And if I misspoke, I**
20 **don't think the Court has opined on the whole**
21 **system.**

22 **Q. I just wanted to -- I think I agree. I**
23 **just wanted to make sure I didn't misunderstand**
24 **your characterization.**

25 **And then the final comment I want to make**



1 sure I understand is you made the statement if we
2 would have held harmless prior to now, we probably
3 wouldn't be here, something like that. And I'd
4 like you to -- I'm not sure what you mean by that
5 in the context of -- in my tenure here since the
6 collapse of '08, the national collapse of '08 and
7 the 20 percent into the state's funds and under
8 Governor Parkinson there was adjustments there, as
9 well. But there has not been a year in which we
10 didn't appropriate additional money every single
11 year consecutively, so I just want to make sure I
12 understand what you mean by loss of money. Are we
13 in the realm of disagreeing on the rate of the
14 increase? Is it a reduction in the increase of
15 loss? Is that what you are talking about here?
16 What do you mean
17 by --

18 A. Well, Senator, I want you to know that
19 your comments are ever in my mind when I talk to
20 my members about how they need to characterize
21 these issues and explain to them that, in fact,
22 that you are correct. The fateful year of, I
23 guess it was 2014-15, that from the state's
24 perspective the dollars appropriated in LOB
25 capital outlay and other things were higher than



1 the year before and remain so.

2 From the school district perspective, the
3 budgets that were adopted based on the formulas
4 were not funded. And so just as we may now be
5 talking about the educational consequences of next
6 year, if there is winners and losers, in that year
7 we had people that lost from what they were
8 expecting to spend, and then those things again
9 kind of froze in place for the next two years. I
10 don't know how the Court necessarily would agree.
11 I guess I'm trying to make the point that this --
12 now looking at hold harmless, which again we
13 support, we're just trying to make a point we have
14 -- we have had years where individual districts
15 may have lost or just under the working of the
16 81.2, there are districts every year that may lose
17 state aid that they have -- that's been common,
18 but it's just this year there are 79 of them and
19 it's very clear that a single state action of
20 whether you fund this formula or not will have
21 consequences.

22 **Q. So you just reminded me of one final. On**
23 **the hold harmless, which I agree with, your**
24 **comments on whether or not that hold harmless**
25 **should have some factor as it pertains to local**



1 participation, I don't know if you were here when
2 I asked that question earlier, if we decided to
3 hold harmless the amount was X, you would look at
4 the local district and look at their local
5 participation and make some calculation by which
6 you would require at least an average local effort
7 before harmless was put in place?

8 A. Well, I think the discussion I had with
9 that, and may not have been clear, just to say,
10 one, we really haven't discussed that. So I don't
11 know as I can give you a KASB position on that.

12 What I can say, though, is I think at least
13 the caution is if you do that, you really are, I
14 think, kind of creating an incentive for those
15 districts to -- to spend more because, and I want
16 to make sure I understand you and we are on the
17 same page. I think there is something I think you
18 or some of the others may have talked about this
19 morning is should equalization or equity take into
20 account local efforts or local mill rates? And
21 when you -- what I thought of I think the answer
22 to that is equal mill rates should be the
23 consequence of equalization. I mean, and that's
24 where I go back to saying we have long said
25 districts don't all have to spend at the same



1 level. The idea is to say whatever level you
2 choose to spend, we are going to give you the same
3 -- the same share or the -- you know, so the
4 policy has always been you don't have to maximize
5 your spending to get something, we'll participate
6 with you at whatever level it is. So what you're
7 talking about I think would be a pretty big change
8 in policy.

9 Q. I think you might be going beyond what
10 I'm referring to and I'm not sure we are on the
11 same page. My example is if we are doing a
12 stopgap, if you will, this one year and so as you
13 equalize, equalization by definition, has winners
14 and losers or givers and receivers, or however you
15 characterize this or shifts. So for those who
16 would be receiving less, the loser, if you will,
17 would be due -- the way I envision after the
18 stopgap maybe X amount of dollars to fill that
19 gap. That would be a hold harmless so they didn't
20 have a reduction. All I'm saying is if that
21 number was calculated, whether you were in a
22 district, for example, that was taxing
23 significantly under the average, they would have
24 an opportunity to bring that up to average,
25 compared to this hold harmless. So it would be



1 doing exactly what you're characterizing,
2 compressing the poles. So those that are -- those
3 that were above would get the hold harmless and
4 reduce and those below would have to come up to
5 some level before the hold harmless came into
6 effect so if it would be bringing those equal
7 taxations closer together.

8 A. I hate to quote someone from earlier this
9 morning and say I would want to see a run. I'm
10 not -- again, I think what you're asking I'm a
11 little reluctant to weigh on too much because I'm
12 not sure I completely understand, and I'm pretty
13 sure my membership does not fully understand it
14 yet. But if you propose it, we will share the
15 information.

16 CHAIRMAN RYCKMAN: Anyone else have
17 questions for Mr. Trabert?

18 MR. TALLMAN: Morphing together.

19 CHAIRMAN RYCKMAN: For the record, Mr.
20 Tallman. Mr. Crouse.

21 MR. CROUSE: Thank you, Mr. Speaker. I
22 think the final person that we have is former
23 Speaker O'Neal. I called you, Mr. Speaker, so I
24 apologize. It's been a long day.

25 EXAMINATION OF MIKE O'NEAL



1 QUESTIONS BY MR. CROUSE:

2 Q. Good morning -- or good afternoon. I'm
3 ready to give up and go home.

4 I'm sorry. Mr. O'Neal, everyone in the room
5 knows who you are and your relationship, but just
6 so we can have a record would you please state
7 your name, your kind of background and your unique
8 relationship and perspective with regard to the
9 school financing in Kansas?

10 A. Very well. My name is Mike O'Neal.
11 Currently I serve as the President and CEO of the
12 Kansas Chamber. But probably for purposes of
13 relevance to this particular hearing, I served in
14 the legislature for 28 years, retiring in 2012. I
15 did serve as Chairman of the Education Committee
16 approximately 20 years ago. I served as judiciary
17 chairman for 16 years and I did serve as Speaker
18 for two terms. I did serve on the Special
19 Committee on School Finance back in the Montoy
20 2005 special session year. And most recently,
21 have served on the K-12 efficiency special
22 committee that met in the summer. And even more
23 recently than that, have been somebody who has
24 opined and done responses to the most recent
25 Gannon decision on equity and have offered a



1 handful of suggestions.

2 Q. Well, it seems to me we should have had
3 you in here earlier and you could have solved this
4 for us. That's kind, that's kind of what I'm
5 looking for. What types of solutions have you
6 seen the legislature consider over your tenure and
7 what, aside from the equalization plans that are
8 in the two current bills, what are the
9 equalization strategies that you would suggest
10 considering or resolving this current issue?

11 A. Well, I'll try to answer that this way in
12 terms of just what I have witnessed. Keep in mind
13 that I was here during the time that we were still
14 operating under the SDEA, the School District
15 Equalization Act, which was repealed in favor of
16 the QPA School Finance Act, the QPA Act in 1992.

17 I would confirm what Dr. Hinson has indicated
18 and what the Kansas Legislative Research
19 Department can confirm is that every year
20 subsequent to the passage of a school finance
21 formula we've had a new formula or an amendment to
22 -- and as you know, when you amend an Act, you
23 repeal the prior Act and you have a new Act even
24 though it's maybe a minor amendment. So we've had
25 amendments ever since.



1 Some of those have addressed overall funding.
2 Some of them have addressed weightings. Some of
3 them have addressed, if you will, equalization.
4 And I think you have already heard some testimony
5 today about the old 75 percent, the 82.1 percent.
6 So there have been a variety of efforts to, to
7 address equity over the years, but those have --
8 and I would -- again I would agree with Assistant
9 Commissioner Dennis that in large part decisions
10 like hold harmless from year to year and changes
11 from year to year have been uniquely political.
12 And I don't mean that in the term of -- I mean
13 that in the literal term of the politics that
14 creates legislation. It's the give and take
15 between and among members of the legislature that
16 arrives at a solution and passes the House and
17 Senate and is signed by the Governor.

18 So inherently over the last 30 years, the
19 exercise of creating a mechanism by which we
20 finance -- creating a measure of finance for the
21 educational interest of the state has been
22 inherently a political process that literally
23 changes from year to year based upon circumstances
24 that are brought to the attention of the
25 legislature.



1 You've asked -- I think the second part of
2 your question was what recommendations I may have
3 on equity. I have obviously opined about the
4 Court's involvement in school finance litigation,
5 but the new normal, the reality of it is, is the
6 Court is very much involved in school finance, and
7 that is something that we need to respect. Some
8 states the courts will determine that because it's
9 so inherently a part of the political process they
10 will decline jurisdiction on a political question
11 doctrine. This Court, and a number of other
12 states, have found that this question is
13 justiciable and they will hear school finance
14 cases in which equity and/or adequacy are
15 involved.

16 It has come to -- I have come to the
17 realization, I guess is what I'm trying to say,
18 that in view of that, in view of the fact that the
19 Court will continue to look at this as a
20 justiciable issue, that perhaps we are not doing
21 ourselves or the districts any favors by
22 continuing to try to operate in a political
23 environment, knowing that the Court is not going
24 to look at it as a political decision; they are
25 going to look at it as a legal decision.



1 My experience over those years, and I think
2 staff would agree, is that when you have a school
3 finance question asked in the -- under this dome,
4 if staff does not have an immediate off-the-top-
5 of-their-head answer, and many times they will
6 because they are that experienced, the next phone
7 call goes to the Kansas State Department of
8 Education because that's where the expertise
9 resides in terms of doing the necessary
10 calculations and knowing what those specific
11 districts are doing, whether they have a bond
12 issue that they are -- that they are about to
13 propose or they are in the middle of, of what
14 their enrollments are, of what their at-risk, of
15 what their -- population is, what their free and
16 reduced lunch populations are. Those are not
17 questions or answers that the legislators have,
18 those are answers that are uniquely within the
19 purview of the Kansas State Department of
20 Education.

21 One of the questions I find ironic that has
22 not been asked, the Court has indicated, based
23 upon their limited understanding of school finance
24 law, a preference for a particular way of
25 addressing equity. The legislature has had a



1 variety of different ways of addressing equity.
2 No one has ever asked the Department of Education
3 whether they think that that is the correct way of
4 doing equity or questioned if the Court is asking
5 us to reinstate the old formula, is this something
6 that if the legislature were asked the Department
7 of Education to do, would the Edu -- would the
8 Department of Education come up with that formula
9 on their own? Would that be the way they would do
10 it, understanding the 286 school districts better
11 than us. Maybe, maybe not. But perhaps the best
12 answer would indeed come from those who know the
13 286 school districts.

14 **Q. If I could interrupt you. Let me play**
15 **devil's advocate and suggest there may be a**
16 **mindset that the control would be more appropriate**
17 **in this building, as opposed to the Department of**
18 **Education. I mean, I think that's a concept that**
19 **has prevailed and is currently the mechanism. How**
20 **would that help -- how would that help this body**
21 **satisfy equalization, I guess is what I'm**
22 **wondering?**

23 A. Well, the current law has been called the
24 block grant, school finance block grant law or
25 class, but it's essentially been referred to as a



1 block grant. Frankly, mind you, that's a misnomer
2 because it is not a grant, it is a block
3 appropriation. In other words, an amount of money
4 has been determined that will be appropriated for
5 the purpose of education.

6 My concept of a block grant would be a grant,
7 and that is a promise to provide a certain level
8 of funding in exchange for a promise to allocate
9 those funds in a legal way. And so to a large
10 extent I think the legislature could satisfy its
11 obligations and relieve itself of a lot of the
12 political pressures that have, frankly, led to
13 self-inflicted formulaic rules that have come back
14 to bite them. You've heard the expression I think
15 a couple times we continue to chase our tail from
16 year to year, and that certainly has been my
17 experience for almost three decades.

18 **Q. So in your --**

19 **A.** So you would literally -- we have two
20 things the Court is looking at right now, and that
21 is equity, and there is a definition of equity
22 that they took from Texas: School districts must
23 have reasonably equal access to substantially
24 similar educational opportunity through a similar
25 tax effort. What I would do, it sounds



1 simplistic, but I would say, Department of
2 Education, you are going to get a grant of funds
3 in exchange for a promise that you will distribute
4 those funds in such a way that each school
5 district has -- each student has reasonably equal
6 access to a substantially similar educational
7 opportunity through similar tax efforts. So if
8 you want to do it very simplistically, that would
9 be promise number one.

10 Promise number two we are not here to talk
11 about, but the new definition of adequacy is a --
12 develop a -- a method which in structure and in
13 allocation is reasonably calculated to lead to the
14 outcomes set forth in the statute of the Rose
15 standards. There isn't a single person in the
16 legislature, unless they are currently teaching,
17 and I will -- I will give them that, who is in a
18 position to deliver the outcomes that we now
19 expect, the Court now expects. Those are uniquely
20 a part of the mission of the Department of
21 Education to deliver the promise of an education
22 that meets those criteria. So under no
23 circumstances could the legislature really be a
24 player in making that happen, other than to
25 provide the resources to make it happen.



1 So again, the second part of that grant would
2 be to say and we are going to grant you this lump
3 sum of money in exchange for a promise that you
4 will allocate those resources in such a way as
5 reasonably calculated to have 286 school districts
6 get our kids to meet the outcomes set forth in the
7 statute. And that would then assist the
8 legislature in getting to a situation where they
9 do what they do best, and that is appropriate.
10 They take into account all sorts of input from the
11 Department of the Education, and even school
12 districts, and arrive at an amount that they are
13 going to spend this year, next year, the year
14 after that.

15 I love the idea of two-year, of at least two-
16 year budgeting to give some certainty. But then
17 you are talking about numbers of, say, statewide
18 enrollment, not the enrollment change from this
19 district to this district, this district lost
20 enrollment, this district gained enrollment. You
21 are talking about the entire enrollment for the
22 statewide.

23 As Assistant Commissioner Dennis indicated,
24 when you look at it statewide, enrollment is
25 changing very minutely. So in terms of the



1 overall numbers that you would look at to
2 determine whether you increase funding or decrease
3 funding, frankly I don't think you can do the
4 latter, it has not been the history at least over
5 the last eight or nine years or 10 years.

6 But you would have things like enrollment,
7 you would look at costs. We saw that -- we heard
8 testimony that their insurance costs are going up
9 or certain things that affect school districts.
10 Take a look at how that is affecting the education
11 system statewide and make an adjustment based upon
12 those factors and then make a block grant to the
13 Department of Education who is -- because I think
14 they were very modest today, particularly Randy
15 Watson. I'm thrilled that he's the Commissioner
16 of Education right now. He's got a great vision
17 and I think -- I couldn't imagine anybody any
18 better to oversee the development of a formula, if
19 you will, for allocating resources, which he
20 indicated was his job. I can't think of a better
21 person to, to have that discussion.

22 I also agree with I think it was
23 Superintendent Hinson who said the time has come
24 we've got to get people in the room and get this
25 hashed out. And with all due respect, the people



1 in this room who get together and hash it out are
2 going to be affected by political pressures, and
3 ultimately the decision will be a political
4 decision. Every time you do -- you vote for hold
5 harmless, according to Dale Dennis, it's done
6 because you've got to get votes. You're literally
7 buying votes. You're promising a district that's
8 going to lose money that they are going to get
9 more money in exchange for that elected
10 representative to say, yes, I will vote for it.
11 And to the extent that you do that, you then
12 create almost automatically a disequalization
13 situation that you then have to chase. You get
14 the number right one day and literally almost the
15 next day you're disequalized because of the
16 decision that was made, either a hold harmless or
17 a, or an LOB passes over here and all of a sudden
18 you're chasing your tail again. And with all due
19 respect, I think the legislature needs to get out
20 of that business, as long as there is a litigation
21 environment and you've got a separate legislative
22 entity, the State Board of Education, who is very
23 capable of handling these, these equity decisions.

24 That, that piece of advice doesn't come
25 easily because I have been one who has been all



1 too willing to really get involved and get into
2 the weeds on education funding, education policy
3 and whatever, but to what end? We keep finding
4 ourselves in a litigation environment that is
5 unnecessary.

6 And if you look at the Court's -- if you look
7 at what the Court has said, the test of the
8 funding scheme becomes a consideration whether it
9 sufficiently reduces the unreasonable wealth-based
10 disparity so the disparity then becomes
11 Constitutionally acceptable, not whether the cure
12 necessarily restores the funding to prior levels.
13 The Court is not telling you that you have to add
14 more money, the Court is not telling you that you
15 have to -- every district has to be equal. You
16 can do this within the confines of the block
17 grant.

18 It's not needs-based. The Court has
19 indicated it's not needs-based. It -- literally,
20 equity is not a needs-based determination.
21 Rather, equity is triggered when the legislature
22 bestows revenue-raising authority on school
23 districts to restore so values vary widely from
24 district to district such as the local option,
25 mill levy on property.



1 Q. And would you agree that the two
2 equalization strategies set forth in the bills
3 that are currently before this legislature satisfy
4 that command?

5 A. Absolutely, they do. Not that that
6 necessarily would be my preference, but without
7 question the Court made it very clear that doing
8 it under this old formulaic process, even though
9 the legislature actually spent more time on coming
10 up with the equalization percentiles in the most
11 recent block grants than they did under the 81.2,
12 the Court seems to like the 81.2 and so it would
13 be foolish not to at least try to address what the
14 Court has articulated in its opinion.

15 My point is, is that, is that the extent that
16 you have a legal issue right now that's self-
17 inflicted. As soon as you have -- as soon as you
18 have a formula and as soon as it's perceived that
19 you have not funded a particular formula or that a
20 formula suggests a different amount, you're also
21 going to be behind the eight ball. When a formula
22 is not necessary. Equity does not require. It is
23 not a math calculation. Equity is equity.

24 I'm disturbed that we are dealing with equity
25 before adequacy because you actually have to look



1 at adequacy first before you get to equity.
2 Equity has nothing to do with the amount, it has
3 to do with what you do with the amount. And so
4 you start out with an amount that's adequate and
5 then the obligation is to equalize, to make sure
6 that that equal opportunity is there with the
7 amount that has been allocated. So some of the
8 things that I have come up with, some of them
9 would not be popular, but the LOB seems to be the
10 prime problem. It's less bond and interest, it's
11 less capital outlay. That bond and interest
12 really doesn't play a role here. Capital outlay
13 is not a big issue, but it's the fact that we have
14 been very, very generous with allowing local
15 districts to pass LOBs, but those LOBs have caused
16 the need for equalization.

17 You could have a provision that says if you
18 are going to raise your LOB, and you can, and you
19 can even make that amount higher, but within that
20 LOB you have to capture an amount that would be
21 necessary to equalize as a consequence of your
22 raising the LOB. Because you know when you raise
23 the LOB, you're getting the money you want
24 locally, but as a consequence you're creating an
25 unexpected entitlement someplace else through



1 equalization. You could actually force the LOB to
2 capture an amount that could be set aside for
3 equalization. Not very popular. I think you had
4 a couple witnesses -- you floated that out with a
5 couple of witnesses and you got the expected
6 result.

7 Another way of doing it would be to create an
8 equalization fund within your 20 mills, so you've
9 got -- it's still property tax related, but you
10 capture an amount within your 20 mills to take
11 care of equalization.

12 Another way would be to go back to the old 35
13 mills. I think you floated out that the idea of
14 let's do away with the LOBs, go back to the old
15 law where you have 35 mills statewide and you take
16 care of equalization within that. I don't know
17 how popular that would be, but if you're looking
18 for ways and the Court said any number of ways
19 would satisfy them.

20 We did, I will mention one other thing, and
21 that is if you would increase the amount that's
22 coming from the locals, and as Mr. Tallman
23 correctly pointed out, Kansas is high on the
24 percentage of SGF that is used compared with other
25 states, and --



1 Q. I'm going to interrupt you. SGF?

2 A. State general fund, I'm sorry. So you
3 could -- you could go to a situation where you
4 have a little bit more capacity on the local side,
5 local option or -- or the property tax mill levy.

6 We flirted a number of years on what we call
7 LABs, instead of a local option budget; that we've
8 learned over time have caused districts to,
9 instead of using it on tax rates, it just builds
10 right into their operating budgets. You create a
11 local activities budget, which is outside the
12 equalization requirements. It's for if you want a
13 facility that's better than the neighbor down the
14 road, if you want astro turf, if you want certain
15 bells and whistles that are extra, give them a
16 limited authority to pass a local activities
17 budget that is uniquely within the control of the
18 locals who want it, but does not trigger
19 equalization someplace else. That's another way
20 of doing it. But then I sort of started with my
21 last one, and that is it has to be something that
22 the Kansas State Department of Education figures
23 out, and you're in the business of making a block
24 grant in exchange for promises to allocate it in a
25 Constitutional manner.



1 MR. CROUSE: Thank you, Mr. Speaker. Mr.
2 Chairman, I have no further questions.

3 CHAIRMAN RYCKMAN: Any questions for Mr.
4 O'Neal? Not seeing any, thank you so much for
5 being here.

6 MR. O'NEAL: Thank you.

7 MR. CROUSE: If I may, just Mr. Chairman,
8 and respected members of the legislature, thank
9 you again for the opportunity to serve by making a
10 record of this proceeding. I deeply appreciate
11 it.

12 CHAIRMAN RYCKMAN: Thank you today for
13 your patience and your attendance. I do thank all
14 the folks who came in and gave testimony to assist
15 us today. The Supreme Court held that school
16 districts must have reasonable equal access to
17 substantially similar educational opportunity
18 through similar tax effort. This standard, the
19 Court, recognized can be met in a variety of ways.
20 One of those, of course, is to revive the relevant
21 portions of the previous school funding system and
22 totally fund them within the current block grant
23 system.

24 HB 2731 did just that. But as you have
25 heard, there does not appear to be public or



1 political support for this plan. Fortunately, the
2 Court allowed this body the discretion to choose
3 other options to satisfy the Constitutional
4 standard of equity, but it warned that any other
5 funding system this body enacts must be
6 demonstrated to be capable of meeting the equity
7 requirements of Article 6, while not running afoul
8 of the adequacy requirement. If other options are
9 considered and ultimately adopted, the Court
10 respectfully requests some evidence of why this
11 body chose a particular option and the basis for
12 its belief that the options chosen satisfies the
13 Constitutional standard. The state would help its
14 case by showing its work and how it determined
15 that any other proposed solution complies with
16 Gannon I.

17 The testimony that you heard today is the
18 first step in helping establish this body's
19 rational basis for whatever legislation solution
20 may follow. In particular, you undoubtedly
21 noticed that a transcriptionist has been recording
22 the events of today's committee hearing. That is
23 unusual for this body, but a necessary step to
24 adequately respond to the Supreme Court's order,
25 and it's anticipated that the transcriptionist



1 will memorialize all subsequent hearings that this
 2 body has concerning our efforts to comply with the
 3 Supreme Court's remedial order and will reflect
 4 the competing interests, conflicting positions and
 5 the difficult policy choices that this body must
 6 resolve as it discharges its Constitutional duty.

7 The specific steps we have taken demonstrate
 8 our commitment to a single goal: Satisfy the
 9 Supreme Court directive so that public education
 10 is not disrupted by litigation.

11 Committee, we are adjourned.

12 (THEREUPON, the hearing concluded at 3:10
 13 p.m.)

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CERTIFICATE

STATE OF KANSAS

SS:

COUNTY OF SHAWNEE

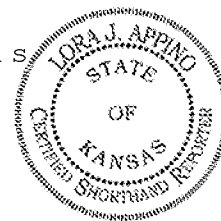
I, Lora J. Appino, a Certified Court Reporter, Commissioned as such by the Supreme Court of the State of Kansas, and authorized to take depositions and administer oaths within said State pursuant to K.S.A. 60-228, certify that the foregoing was reported by stenographic means, which matter was held on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

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

Given under my hand and seal this 22nd day of March, 2016.

Lora J. Appino

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



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USD#	County Name	USD Name	2015-16		2013-14		2016-17 Block Grant LOB	2016-17 Est. HB 2731 Est LOB State Aid	Difference
			Est. AVPP Rank	AVPP Rank	Rank Trend				
			SY 16-17	SY 14-16					
344	Coffey	Burlington	1	1	-	0	0	0	0
332	Kingman	Cunningham	2	4	↑	2	0	0	0
275	Logan	Triplains	3	9	↑	6	0	0	0
106	Ness	Western Plains	4	5	↑	1	0	0	0
255	Barber	South Barber	5	3	↓	(2)	0	0	0
321	Pottawatomie	Kaw Valley	6	10	↑	4	0	0	0
291	Gove	Grinnell Public Schools	7	27	↑	20	0	0	0
209	Stevens	Moscow Public Schools	8	8	-	0	0	0	0
507	Haskell	Satanta	9	2	↓	(7)	0	0	0
251	Lyon	North Lyon County	10	40	↑	30	0	0	0
269	Rooks	Paico	11	6	↓	(5)	0	0	0
217	Morton	Rolla	12	7	↓	(5)	0	0	0
103	Cheyenne	Cheylin	13	37	↑	24	0	0	0
476	Gray	Copeland	14	39	↑	24	0	0	0
399	Russell	Paradise	15	11	↓	(4)	0	0	0
387	Wilson	Altoona-Midway	16	68	↑	52	39,889	0	(39,889)
241	Wallace	Wallace County Schools	17	42	↑	25	0	0	0
362	Linn	Prairie View	18	29	↑	11	0	0	0
474	Kiowa	Haviland	19	23	↑	4	0	0	0
111	Doniphan	Doniphan West Schools	20	32	↑	12	0	0	0
351	Stafford	Macksville	21	43	↑	22	0	0	0
112	Ellsworth	Central Plains	22	16	↓	(6)	0	0	0
482	Lane	Dighton	23	15	↓	(8)	0	0	0
502	Edwards	Lewis	24	31	↑	7	0	0	0
468	Lane	Healy Public Schools	25	14	↓	(11)	0	0	0
374	Haskell	Sublette	26	13	↓	(13)	0	0	0
292	Gove	Wheatland	27	34	↑	7	0	0	0
216	Kearny	Deerfield	28	20	↓	(8)	0	0	0
226	Meade	Meade	29	47	↑	18	0	0	0
444	Rice	Little River	30	54	↑	24	0	0	0
215	Kearny	Lakin	31	19	↓	(12)	0	0	0
452	Stanton	Stanton County	32	21	↓	(11)	0	0	0
300	Comanche	Comanche County	33	12	↓	(21)	0	0	0
107	Jewell	Rock Hills	34	60	↑	26	21,459	0	(21,459)
310	Reno	Fairfield	35	44	↑	9	0	0	0
294	Decatur	Oberlin	36	66	↑	30	49,926	0	(49,926)
422	Kiowa	Kiowa County	37	24	↓	(13)	0	0	0
303	Ness	Ness City	38	18	↓	(20)	0	0	0
227	Hodgeman	Hodgeman County Schools	39	28	↓	(11)	0	0	0
254	Barber	Barber County North	40	46	↑	6	0	0	0
284	Chase	Chase County	41	55	↑	14	4,647	0	(4,647)
363	Finney	Holcomb	42	22	↓	(20)	0	0	0
274	Logan	Oakley	43	25	↓	(18)	0	0	0
459	Ford	Bucklin	44	30	↓	(14)	0	0	0
361	Harper	Anthony-Harper	45	61	↑	16	80,374	0	(80,374)
314	Thomas	Brewster	46	52	↑	6	0	0	0
299	Lincoln	Sylvan Grove	47	81	↑	34	72,558	0	(72,558)
401	Rice	Chase-Raymond	48	39	↓	(9)	0	0	0
200	Greeley	Greeley County Schools	49	41	↓	(8)	0	0	0
229	Johnson	Blue Valley	50	62	↑	12	2,407,372	0	(2,407,372)
381	Graham	Graham County	51	35	↓	(16)	0	0	0
256	Allen	Marmaton Valley	52	175	↑	123	400,146	0	(400,146)
115	Nemaha	Nemaha Central	53	57	↑	4	15,619	0	(15,619)
308	Trego	Wakeeney	54	49	↓	(5)	0	0	0
210	Stevens	Hugoton Public Schools	55	26	↓	(29)	0	1,168	1,168
220	Clark	Ashland	56	36	↓	(20)	0	1,352	1,352
423	McPherson	Moundridge	57	76	↑	19	121,534	12,765	(108,769)
390	Greenwood	Hamilton	58	58	-	0	7,136	4,239	(2,897)
225	Meade	Fowler	59	87	↑	28	89,000	12,572	(76,428)
512	Johnson	Shawnee Mission Pub Sch	60	63	↑	3	3,040,285	1,302,779	(1,737,506)
364	Marshall	Marysville	61	73	↑	12	173,754	41,506	(132,249)
283	Elk	Elk Valley	62	122	↑	60	156,179	14,466	(141,713)
223	Washington	Barnes	63	92	↑	29	175,837	35,584	(140,253)
412	Sheridan	Hoxie Community Schools	64	69	↑	5	64,249	52,652	(11,597)
245	Coffey	LeRoy-Gridley	65	53	↓	(12)	0	44,381	44,381
415	Brown	Hiawatha	66	71	↑	5	197,162	138,248	(58,914)
467	Wichita	Leoti	67	83	↑	16	157,678	88,016	(69,661)
242	Wallace	Weskan	68	64	↓	(4)	17,107	28,613	11,506

USD#	County Name	USD Name	Est. AVPP			2016-17	2016-17 Est.	Difference
			Rank	Rank	Rank Trend	Block Grant	HB 2731	
			SY 16-17	SY 14-16		LOB	Est LOB	
						State Aid	State Aid	
403	Rush	Otis-Bilson	69	48	↓ (21)	0	57,129	57,129
384	Riley	Blue Valley	70	75	↑ 5	62,896	55,997	(6,899)
346	Linn	Jayhawk	71	158	↑ 87	660,809	147,908	(512,901)
384	Cloud	Southern Cloud	72	90	↑ 18	119,683	70,636	(49,047)
483	Seward	Kismet-Plains	73	50	↓ (23)	0	161,412	161,412
481	Dickinson	Rural Vista	74	89	↑ 15	141,353	109,052	(32,301)
496	Pawnee	Pawnee Heights	75	99	↑ 24	85,280	54,331	(30,949)
271	Rooks	Stockton	76	74	↓ (2)	80,629	108,078	27,449
383	Riley	Manhattan-Ogden	77	80	↑ 3	1,536,205	1,762,663	226,458
214	Grant	Ulysses	78	45	↓ (33)	0	487,259	487,259
489	Ellis	Hays	79	65	↓ (14)	317,906	805,864	487,958
432	Ellis	Victoria	80	33	↓ (47)	0	103,522	103,522
297	Cheyenne	St Francis Comm Sch	81	78	↓ (3)	92,022	112,944	20,922
350	Stafford	St John-Hudson	82	51	↓ (31)	0	148,413	148,413
270	Rooks	Plainville	83	17	↓ (66)	0	146,454	146,454
306	Saline	Southeast Of Saline	84	84	- 0	255,415	275,828	20,414
326	Phillips	Logan	85	70	↓ (15)	46,844	93,307	46,463
272	Mitchell	Wacanda	86	101	↑ 15	197,983	144,171	(53,812)
398	Marion	Peabody-Burns	87	86	↓ (1)	125,290	156,003	30,713
219	Clark	Minneola	88	77	↓ (11)	84,689	124,388	39,699
109	Republic	Republic County	89	58	↑ 9	241,846	224,052	(17,794)
298	Lincoln	Lincoln	90	135	↑ 45	337,105	185,827	(151,278)
108	Washington	Washington Co. Schools	91	94	↑ 3	186,292	191,376	5,085
105	Rawlins	Rawlins County	92	111	↑ 19	237,401	177,092	(60,309)
377	Atchison	Atchison Co Comm Schools	93	112	↑ 19	468,385	325,758	(142,627)
466	Scott	Scott County	94	72	↓ (22)	197,992	416,125	218,133
329	Wabaunsee	Mill Creek Valley	95	109	↑ 14	341,464	260,902	(80,562)
359	Sumner	Argonia Public Schools	96	97	↑ 1	94,331	104,965	10,634
375	Butler	Circle	97	82	↓ (15)	471,561	759,907	288,346
224	Washington	Clifton-Clyde	98	100	↑ 2	166,479	168,058	1,579
477	Gray	Ingalls	99	59	↓ (40)	16,257	152,614	136,357
395	Kush	LaCrosse	100	91	↓ (9)	137,782	179,129	41,347
315	Thomas	Colby Public Schools	101	114	↑ 13	610,224	508,419	(101,805)
110	Phillips	Thunder Ridge Schools	102	134	↑ 32	258,803	181,685	(77,117)
419	McPherson	Canton-Galva	103	102	↓ (1)	268,640	272,857	4,217
479	Anderson	Crest	104	131	↑ 27	147,541	130,022	(17,519)
425	Republic	Pike Valley	105	121	↑ 16	206,973	168,788	(38,185)
497	Douglas	Lawrence	106	93	↓ (13)	4,241,179	5,737,769	1,496,590
448	McPherson	Inman	107	108	↑ 1	316,169	295,090	(21,079)
206	Butler	Remington-Whitewater	108	105	↓ (3)	322,369	322,931	10,562
418	McPherson	McPherson	109	106	↓ (3)	1,141,453	1,271,123	129,670
392	Osborne	Osborne County	110	113	↑ 3	234,927	215,967	(18,960)
237	Smith	Smith Center	111	128	↑ 17	395,743	317,364	(78,380)
490	Butler	El Dorado	112	96	↓ (16)	769,403	1,136,469	367,066
349	Stafford	Stafford	113	125	↑ 12	234,369	205,664	(28,705)
203	Wyandotte	Piper-Kansas City	114	85	↓ (19)	716,273	1,038,363	322,090
352	Sherman	Goodland	115	146	↑ 31	857,589	672,462	(185,127)
407	Russell	Russell County	116	56	↓ (60)	17,107	593,219	576,112
212	Norton	Northern Valley	117	115	↓ (2)	165,709	166,785	1,076
113	Nemaha	Prairie Hills	118	116	↓ (2)	706,679	711,156	4,477
494	Hamilton	Syracuse	119	85	↓ (34)	214,295	412,244	197,949
371	Gray	Montezuma	120	118	↓ (2)	204,764	207,318	2,554
511	Harper	Attica	121	88	↓ (33)	74,731	146,804	72,073
417	Morris	Morris County	122	107	↓ (15)	449,981	545,060	95,080
316	Thomas	Golden Plains	123	150	↑ 27	268,160	205,344	(62,816)
343	Jefferson	Perry Public Schools	124	123	↓ (1)	633,229	649,974	16,745
393	Dickinson	Soloman	125	139	↑ 14	303,448	283,071	(20,377)
438	Pratt	Skyline Schools	126	126	- 0	375,638	350,100	(25,538)
347	Edwards	Kinsley-Offertle	127	117	↓ (10)	297,329	336,325	38,995
312	Reno	Haven Public Schools	128	129	↑ 1	788,593	740,893	(47,699)
382	Pratt	Pratt	129	130	↑ 1	869,827	872,490	2,663
330	Wabaunsee	Mission Valley	130	120	↓ (10)	409,804	465,717	55,913
445	Montgomery	Coffeyville	131	119	↓ (12)	1,179,012	1,362,902	183,890
437	Shawnee	Auburn Washburn	132	110	↓ (22)	3,061,829	4,122,936	1,061,106
293	Gove	Quinter Public Schools	133	104	↓ (29)	205,974	310,576	104,602
327	Ellsworth	Ellsworth	134	143	↑ 9	527,985	542,941	14,956
273	Mitchell	Beloit	135	136	↑ 1	632,890	685,585	52,695
252	Lyon	Southern Lyon County	136	127	↓ (9)	444,165	497,153	52,988
102	Gray	Cimmaron-Ensign	137	159	↑ 22	612,781	524,976	(87,804)
360	Sumner	Caldwell	138	162	↑ 24	921,387	285,437	(635,950)

USD#	County Name	USD Name	Est.		Rank Trend	2016-17	2016-17 Est.	Difference
			AVPP Rank	AVPP Rank		Block Grant LOB	HB 2731 Est LOB	
			SY 16-17	SY 14-16		State Aid	State Aid	
492	Butler	Flinthills	139	170	↑ 31	344,947	280,851	(64,096)
456	Osage	Marais Des Cygnes Valley	140	181	↑ 41	315,679	252,085	(64,595)
311	Reno	Pretty Prairie	141	171	↑ 30	347,846	288,137	(59,709)
355	Barton	Ellinwood Public Schools	142	67	↓ (75)	71,263	414,719	343,455
322	Pottawatomie	Onaga-Havensville-Wheaton	143	152	↑ 9	346,894	319,664	(27,230)
389	Ellis	Ellis	144	79	↓ (65)	128,881	330,090	201,209
381	Ford	Spearville	145	151	↑ 6	362,981	345,555	(17,426)
473	Dickinson	Chapman	146	140	↓ (6)	870,302	967,837	97,535
386	Greenwood	Madison-Virgil	147	144	↓ (3)	259,297	262,673	3,376
287	Franklin	West Franklin	148	145	↓ (3)	604,893	674,676	69,784
365	Anderson	Garnett	149	167	↑ 18	1,100,706	999,065	(101,641)
313	Reno	Buhler	150	138	↓ (12)	1,578,518	1,858,190	279,662
436	Montgomery	Caney Valley	151	241	↑ 90	718,988	694,695	(24,293)
380	Marshall	Vermillion	152	185	↑ 34	641,680	552,851	(88,829)
243	Coffey	Lebo-Waverly	153	153	↑ 40	641,490	540,541	(100,949)
378	Riley	Riley County	154	176	↑ 22	779,615	709,147	(70,468)
233	Johnson	Olathe	155	163	↑ 8	28,170,395	27,114,485	(1,055,910)
410	Marion	Durham-Hillsboro-Lehigh	156	148	↓ (8)	655,635	662,050	6,415
205	Butler	Bluestem	157	137	↓ (20)	490,267	614,435	124,168
331	Kingman	Kingman - Norwich	158	124	↓ (34)	740,864	1,010,889	270,026
429	Daniphan	Troy Public Schools	159	174	↑ 15	390,485	364,116	(26,369)
368	Miami	Paola	160	141	↓ (19)	1,383,034	1,861,779	478,744
416	Miami	Louisburg	161	147	↓ (14)	1,266,669	1,530,425	263,758
366	Woodson	Woodson	162	133	↓ (29)	424,763	547,224	122,461
211	Norton	Norton Community Schools	163	173	↑ 10	799,165	763,962	(35,203)
463	Cowley	Udall	164	198	↑ 34	494,127	403,255	(90,872)
101	Neosho	Erie-Galesburg	165	153	↓ (12)	642,776	668,953	26,178
369	Harvey	Burton	166	103	↓ (63)	164,402	303,622	139,219
342	Jefferson	McLouth	167	172	↑ 5	609,626	585,082	(24,544)
493	Cherokee	Columbus	168	177	↑ 9	1,161,058	1,092,744	(68,315)
400	McPherson	Smoky Valley	169	156	↓ (13)	995,360	1,033,703	38,343
263	Sedgwick	Mulvane	170	132	↓ (38)	1,147,063	1,516,794	369,731
495	Pawnee	Ft Larned	171	188	↑ 17	1,128,043	1,033,231	(94,812)
285	Franklin	Wellsville	172	166	↓ (6)	811,863	827,179	15,316
232	Johnson	De Soto	173	180	↑ 7	6,580,982	6,249,687	(331,295)
484	Wilson	Fredonia	174	154	↓ (20)	725,091	786,036	60,945
309	Reno	Nickerson	175	165	↓ (10)	1,214,420	1,267,342	52,922
258	Allen	Humboldt	176	256	↑ 80	1,001,045	693,681	(307,364)
408	Marion	Marion-Florence	177	164	↓ (13)	593,090	619,732	26,642
204	Wyandotte	Bonner Springs	178	157	↓ (21)	2,272,857	2,504,267	231,411
345	Shawnee	Seaman	179	168	↓ (11)	3,330,695	3,496,998	166,303
267	Sedgwick	Renwick	180	179	↓ (1)	1,851,535	1,839,244	(12,291)
305	Saline	Salina	181	160	↓ (21)	6,499,785	7,087,583	587,798
379	Clay	Clay Center	182	187	↑ 5	1,406,655	1,364,986	(41,669)
239	Ottawa	North Ottawa County	183	189	↑ 6	834,184	809,091	(25,092)
247	Crawford	Cherokee	184	228	↑ 44	976,143	809,670	(166,473)
260	Sedgwick	Derby	185	161	↓ (24)	5,586,707	6,356,137	769,429
449	Leavenworth	Easton	186	196	↑ 10	893,861	845,859	(48,002)
282	Elk	West Elk	187	155	↓ (32)	439,852	519,732	79,880
446	Montgomery	Independence	188	203	↑ 15	2,229,386	2,066,062	(163,324)
348	Douglas	Baldwin City	189	183	↓ (6)	1,359,877	1,420,582	60,705
240	Ottawa	Twin Valley	190	216	↑ 26	911,180	833,504	(77,676)
440	Harvey	Halstead	191	212	↑ 21	1,045,439	967,363	(78,076)
450	Shawnee	Shawnee Heights	192	192	- 0	3,453,761	3,621,718	167,957
460	Harvey	Hesston	193	208	↑ 15	1,071,929	1,020,613	(51,316)
458	Leavenworth	Basehor-Linwood	194	190	↓ (4)	1,909,723	2,050,455	140,731
307	Saline	Ell-Saline	195	246	↑ 51	770,819	653,177	(117,641)
266	Sedgwick	Maize	196	194	↓ (2)	6,541,868	6,662,414	120,546
320	Pottawatomie	Wamego	197	200	↑ 3	1,618,722	1,614,826	(3,896)
259	Sedgwick	Wichita	198	191	↓ (7)	55,048,212	60,181,021	5,132,809
498	Marshall	Valley Heights	199	229	↑ 30	678,070	636,974	(41,096)
335	Jackson	North Jackson	200	236	↑ 36	616,404	567,549	(48,855)
431	Barton	Hoisington	201	142	↓ (59)	618,480	957,839	339,358
430	Brown	South Brown County	202	238	↑ 36	1,008,948	923,705	(85,243)
375	Rice	Sterling	203	205	↑ 2	728,472	736,435	7,963
389	Greenwood	Eureka	204	221	↑ 17	959,523	950,192	(9,330)
411	Marion	Goessel	205	225	↑ 20	452,551	450,830	(1,721)
323	Pottawatomie	Rock Creek	206	197	↓ (9)	1,064,380	1,106,566	42,186
333	Cloud	Concordia	207	217	↑ 10	1,339,293	1,325,331	(13,962)
264	Sedgwick	Clearwater	208	139	↓ (69)	1,331,029	1,379,882	48,853

USD#	County Name	USD Name	Est.				2016-17	2016-17 Est.	Difference
			AVPP	AVPP	Rank	Trend	Block Grant	HB 2731	
			Rank	Rank			LOB	Est LOB	
			SY 16-17	SY 14-16			State Aid	State Aid	
385	Butler	Andover	209	219	↑	10	5,480,737	5,176,895	(303,842)
114	Doniphan	Riverside	210	201	↓	(9)	791,270	979,667	188,397
471	Cowley	Dexter	211	202	↓	(9)	226,923	239,255	12,332
464	Leavenworth	Tonganoxie	212	206	↓	(6)	2,016,958	2,079,903	62,946
465	Cowley	Winfield	213	231	↑	18	2,837,878	2,732,491	(105,386)
286	Chautauqua	Chautauqua Co Community	214	149	↓	(65)	426,464	495,426	68,962
453	Leavenworth	Leavenworth	215	204	↓	(11)	4,297,821	4,483,530	185,709
397	Marion	Centre	216	182	↓	(34)	367,631	437,171	69,540
435	Dickinson	Abilene	217	207	↓	(10)	1,690,715	1,805,864	115,150
462	Cowley	Central	218	244	↑	26	565,082	523,017	(42,065)
461	Wilson	Neodesha	219	263	↑	44	1,158,360	1,092,547	(65,813)
290	Franklin	Ottawa	220	213	↓	(7)	2,815,820	2,927,773	111,953
421	Osage	Lyndon	221	223	↑	2	638,786	642,696	3,809
413	Neosho	Chanute Public Schools	222	185	↓	(37)	2,282,608	2,378,749	96,141
434	Osage	Santa Fe Trail	223	222	↓	(1)	1,468,105	1,494,207	26,102
428	Barton	Great Bend	224	215	↓	(9)	3,618,922	3,794,442	175,520
344	Linn	Pleasanton	225	269	↑	44	676,857	576,664	(100,193)
404	Cherokee	Riverton	226	214	↓	(12)	1,035,688	1,093,448	57,760
409	Atchison	Atchison Public Schools	227	210	↓	(17)	1,976,688	2,105,310	128,622
341	Jefferson	Oskaloosa Public Schools	228	220	↓	(8)	894,446	928,289	33,842
285	Chautauqua	Cedar Vale	229	184	↓	(45)	183,772	214,152	30,380
325	Phillips	Phillipsburg	230	218	↓	(12)	855,375	911,121	55,746
372	Shawnee	Silver Lake	231	239	↑	8	953,321	951,464	(1,857)
231	Johnson	Gardner Edgerton	232	234	↑	2	6,243,754	6,618,463	374,709
338	Jefferson	Valley Falls	233	252	↑	19	680,424	639,750	(40,674)
250	Crawford	Pittsburg	234	211	↓	(23)	3,528,590	3,858,824	330,234
288	Franklin	Central Heights	235	240	↑	5	959,040	969,297	10,257
373	Harvey	Newton	236	242	↑	6	4,283,802	4,207,270	(76,532)
230	Johnson	Spring Hill	237	234	↓	(3)	3,029,906	3,211,487	181,581
469	Leavenworth	Lansing	238	227	↓	(11)	2,841,642	2,989,022	147,380
405	Rice	Lyons	239	209	↓	(30)	1,048,804	1,257,329	208,526
509	Sumner	South Haven	240	169	↓	(71)	298,596	404,134	105,538
218	Morton	Elkhart	241	178	↓	(63)	609,411	792,708	183,297
265	Sedgwick	Goddard	242	230	↓	(12)	5,973,671	6,266,432	292,761
340	Jefferson	Jefferson West	243	233	↓	(10)	1,204,130	1,253,343	49,212
339	Jefferson	Jefferson County North	244	254	↑	10	760,241	728,022	(32,219)
501	Shawnee	Topeka Public Schools	245	232	↓	(13)	18,003,092	19,035,398	1,032,306
356	Sumner	Conway Springs	246	249	↑	3	796,874	779,234	(17,639)
308	Reno	Hutchinson Public Schools	247	247	-	0	6,318,368	6,431,755	113,387
457	Finney	Garden City	248	226	↓	(22)	9,235,555	10,006,757	771,202
262	Sedgwick	Valley Center Pub Sch	249	237	↓	(12)	3,160,561	3,322,955	162,394
487	Dickinson	Herington	250	235	↓	(15)	712,091	778,105	66,014
420	Osage	Osage City	251	243	↓	(8)	1,007,865	1,026,288	18,422
353	Sumner	Wellington	252	255	↑	3	2,258,503	2,199,761	(58,742)
503	Labette	Parsons	253	245	↓	(8)	1,835,598	1,878,589	42,991
367	Miami	Osawatimie	254	258	↑	4	1,979,284	1,936,335	(42,949)
234	Bourbon	Fort Scott	255	248	↓	(7)	2,449,992	2,337,478	(112,514)
268	Sedgwick	Cheney	256	250	↓	(6)	1,124,771	1,143,491	18,719
354	Butler	Rose Hill Public Schools	257	257	-	0	2,044,049	2,118,954	74,905
257	Allen	Idia	258	251	↓	(7)	2,015,747	2,083,608	66,862
246	Crawford	Northeast	259	268	↑	9	946,934	917,675	(29,258)
396	Butler	Douglass Public Schools	260	261	↑	1	1,112,704	1,213,235	100,531
253	Lyon	Emporia	261	253	↓	(8)	6,177,617	6,346,329	168,711
336	Jackson	Holton	262	264	↑	2	1,720,775	1,695,925	(24,850)
454	Osage	Burlingame Public School	263	265	↑	2	538,979	539,452	473
402	Butler	Augusta	264	260	↓	(4)	2,854,003	2,835,194	(18,809)
439	Harvey	Sedgwick Public Schools	265	275	↑	10	719,889	767,542	47,653
358	Sumner	Oxford	266	195	↓	(71)	487,828	629,287	141,459
337	Jackson	Royal Valley	267	277	↑	10	1,641,442	1,574,982	(66,459)
357	Sumner	Belle Plaine	268	267	↓	(1)	1,087,209	1,095,595	8,386
248	Crawford	Girard	269	266	↓	(3)	1,594,679	1,610,546	15,867
506	Labette	Labette County	270	270	-	0	2,308,341	2,340,024	31,683
491	Douglas	Eudora	271	262	↓	(9)	2,082,850	2,163,128	80,278
505	Labette	Chetopa-St. Paul	272	274	↑	2	868,322	857,340	(10,982)
235	Bourbon	Uniontown	273	273	-	0	878,969	875,866	(3,103)
480	Seward	Liberal	274	259	↓	(15)	6,881,210	7,142,887	261,677
443	Ford	Dodge City	275	271	↓	(4)	11,193,952	11,512,413	318,461
500	Wyandotte	Kansas City	276	272	↓	(4)	34,985,011	35,955,854	970,843
470	Cowley	Arkansas City	277	276	↓	(1)	4,467,083	4,545,316	78,233
202	Wyandotte	Turner-Kansas City	278	278	-	0	6,550,500	6,710,106	159,606

USD#	County Name	USD Name	Est.		Rank Trend	2016-17	2016-17 Est.	Difference
			AVPP Rank	AVPP Rank		Block Grant LOB	HB 2731 Est LOB	
			SY 16-17	SY 14-15		State Aid	State Aid	
249	Crawford	Frontenac Public Schools	279	279	- 0	1,515,420	1,538,316	22,896
475	Geary	Geary County Schools	280	283	↑ 3	13,470,371	13,290,320	(180,051)
447	Montgomery	Cherryvale	281	280	↓ (1)	1,513,264	1,531,264	18,001
504	Labette	Oswego	282	282	- 0	927,225	949,310	22,085
261	Sedgwick	Haysville	283	281	↓ (2)	8,392,482	8,633,056	240,573
508	Cherokee	Baxter Springs	284	284	- 0	1,753,959	1,836,554	82,595
499	Cherokee	Galena	285	285	- 0	1,692,517	1,709,082	16,565
207	Leavenworth	Ft Leavenworth	286	286	- 0	3,424,125	3,493,414	69,289
						450,491,513	465,003,991	14,512,479

USD#	County Name	USD Name	2015-16	2013-14	Rank Trend		2016-17	2016-17 Est.	Difference
			Est. AVPP Rank	AVPP Rank			Block Grant Cap Outlay State Aid	HB 2731 Cap Outlay State Aid	
			SY 16-17	SY 14-16					
244	Coffey	Burlington	1	1	-	0	0	0	0
332	Kingman	Cunningham	2	4	↑	2	0	0	0
275	Logan	Triplains	3	9	↑	6	0	0	0
106	Ness	Western Plains	4	5	↑	1	0	0	0
255	Barber	South Barber	5	3	↓	(2)	0	0	0
321	Pottawatomie	Kaw Valley	6	10	↑	4	0	0	0
291	Gove	Grinnell Public Schools	7	27	↑	20	0	0	0
209	Stevens	Moscow Public Schools	8	8	-	0	0	0	0
507	Haskell	Satanta	9	2	↓	(7)	0	0	0
251	Lyon	North Lyon County	10	40	↑	30	0	0	0
269	Rooks	Palco	11	6	↓	(5)	0	0	0
217	Morton	Rolla	12	7	↓	(5)	0	0	0
103	Cheyenne	Cheylin	13	37	↑	24	0	0	0
476	Gray	Copeland	14	38	↑	24	0	0	0
399	Russell	Paradise	15	11	↓	(4)	0	0	0
387	Wilson	Altoona-Midway	16	68	↑	52	0	0	0
241	Wallace	Wallace County Schools	17	42	↑	25	0	0	0
362	Linn	Prairie View	18	29	↑	11	0	0	0
474	Kiowa	Haviland	19	23	↑	4	0	0	0
111	Doniphan	Doniphan West Schools	20	32	↑	12	0	0	0
351	Stafford	Macksville	21	43	↑	22	0	0	0
112	Ellsworth	Central Plains	22	16	↓	(6)	0	0	0
482	Lane	Dighton	23	15	↓	(8)	0	0	0
502	Edwards	Lewis	24	31	↑	7	0	0	0
468	Lane	Healy Public Schools	25	14	↓	(11)	0	0	0
374	Haskell	Sublette	26	13	↓	(13)	0	0	0
292	Gove	Wheatland	27	34	↑	7	0	0	0
216	Kearny	Deerfield	28	20	↓	(8)	0	0	0
226	Meade	Meade	29	47	↑	18	0	0	0
444	Rice	Little River	30	54	↑	24	0	0	0
215	Kearny	Lakin	31	19	↓	(12)	0	0	0
452	Stanton	Stanton County	32	21	↓	(11)	0	0	0
300	Comanche	Comanche County	33	12	↓	(21)	0	0	0
107	Jewell	Rock Hills	34	60	↑	26	0	0	0
310	Reno	Fairfield	35	44	↑	9	0	0	0
294	Decatur	Oberlin	36	66	↑	30	0	0	0
422	Kiowa	Kiowa County	37	24	↓	(13)	0	0	0
303	Ness	Ness City	38	18	↓	(20)	0	0	0
227	Hodgeman	Hodgeman County Schools	39	28	↓	(11)	0	0	0
254	Barber	Barber County North	40	46	↑	6	0	0	0
284	Chase	Chase County	41	55	↑	14	0	0	0
363	Finney	Holcomb	42	22	↓	(20)	0	0	0
274	Logan	Oakley	43	25	↓	(18)	0	0	0
459	Ford	Bucklin	44	30	↓	(14)	0	0	0
361	Harper	Anthony-Harper	45	61	↑	16	0	0	0
314	Thomas	Brewster	46	52	↑	6	0	0	0
299	Lincoln	Sylvan Grove	47	81	↑	34	0	0	0
401	Rice	Chase-Raymond	48	39	↓	(9)	0	0	0
200	Greeley	Greeley County Schools	49	41	↓	(8)	0	0	0
229	Johnson	Blue Valley	50	62	↑	12	0	0	0
281	Graham	Graham County	51	35	↓	(16)	0	0	0
256	Allen	Marmaton Valley	52	175	↑	123	0	0	0
115	Nemaha	Nemaha Central	53	57	↑	4	0	0	0
208	Trego	Wakeeney	54	49	↓	(5)	0	0	0
210	Stevens	Hugoton Public Schools	55	26	↓	(29)	0	0	0
220	Clark	Ashland	56	36	↓	(20)	0	0	0
423	McPherson	Moundridge	57	76	↑	19	0	0	0
390	Greenwood	Hamilton	58	58	-	0	0	0	0
225	Meade	Fowler	59	87	↑	28	0	0	0
512	Johnson	Shawnee Mission Pub Sch	60	63	↑	3	0	0	0
364	Marshall	Marysville	61	73	↑	12	0	0	0
283	Elk	Elk Valley	62	122	↑	60	0	0	0
223	Washington	Barnes	63	92	↑	29	0	0	0
412	Sheridan	Hoxie Community Schools	64	69	↑	5	0	0	0
245	Coffey	LeRoy-Gridley	65	53	↓	(12)	0	0	0
415	Brown	Hiawatha	66	71	↑	5	0	0	0
467	Wichita	Leoti	67	83	↑	16	0	0	0
242	Wallace	Weskan	68	64	↓	(4)	0	0	0
403	Rush	Otis-Bison	69	48	↓	(21)	0	0	0

USD#	County Name	USD Name	Est.			2016-17	2016-17 Est.	Difference	
			AVPP Rank	AVPP Rank	Rank Trend	Block Grant	HB 2731		
			SY 16-17	SY 14-16		Cap Outlay	Cap Outlay		
						State Aid	State Aid		
384	Riley	Blue Valley	70	75	↑	5	0	0	0
346	Linn	Jayhawk	71	158	↑	87	27,233	0	(27,233)
334	Cloud	Southern Cloud	72	90	↑	18	0	0	0
483	Seward	Rismet-Plains	73	50	↓	(23)	0	0	0
481	Dickinson	Rural Vista	74	89	↑	15	0	0	0
496	Pawnee	Pawnee Heights	75	99	↑	24	0	0	0
271	Rooks	Stockton	76	74	↓	(2)	0	0	0
383	Riley	Manhattan-Ogden	77	80	↑	3	0	0	0
214	Grant	Ulysses	78	45	↓	(33)	0	0	0
489	Ellis	Hays	79	65	↓	(14)	0	0	0
432	Ellis	Victoria	80	33	↓	(47)	0	0	0
297	Cheyenne	St Francis Comm Sch	81	78	↓	(3)	0	0	0
350	Stafford	St John-Hudson	82	51	↓	(31)	0	0	0
270	Rooks	Plainville	83	17	↓	(66)	0	0	0
306	Saline	Southeast Of Saline	84	84	-	0	0	0	0
326	Phillips	Logan	85	70	↓	(15)	0	0	0
272	Mitchell	Waconda	86	101	↑	15	0	0	0
398	Marion	Peabody-Burns	87	86	↓	(1)	0	0	0
219	Clark	Minneola	88	77	↓	(11)	0	0	0
109	Republic	Republic County	89	98	↑	9	0	0	0
298	Lincoln	Lincoln	90	135	↑	45	13,456	2,694	(10,762)
108	Washington	Washington Co. Schools	91	94	↑	3	0	3,908	3,908
105	Rawlins	Rawlins County	92	111	↑	19	0	5,221	5,221
377	Atchison	Atchison Co Comm Schools	93	112	↑	19	0	4,289	4,289
466	Scott	Scott County	94	72	↓	(22)	0	21,880	21,880
329	Wabaunsee	Mill Creek Valley	95	109	↑	14	0	9,206	9,206
359	Sumner	Argonia Public Schools	96	97	↑	1	0	0	0
375	Butler	Circle	97	82	↓	(15)	0	72,089	72,089
224	Washington	Clifton-Clyde	98	100	↑	2	0	0	0
477	Gray	Ingalls	99	59	↓	(40)	0	7,671	7,671
395	Rush	LaCrosse	100	91	↓	(9)	0	7,025	7,025
315	Thomas	Colby Public Schools	101	114	↑	13	0	44,730	44,730
110	Phillips	Thunder Ridge Schools	102	134	↑	32	9,750	10,987	1,237
419	McPherson	Canton-Galva	103	102	↓	(1)	0	13,823	13,823
479	Anderson	Crest	104	131	↑	27	0	0	0
426	Republic	Pike Valley	105	121	↑	16	2,039	10,653	8,614
497	Douglas	Lawrence	106	93	↓	(13)	0	656,309	656,309
448	McPherson	Inman	107	108	↑	1	0	24,032	24,032
206	Butler	Remington-Whitewater	108	105	↓	(3)	0	23,597	23,597
418	McPherson	McPherson	109	106	↓	(3)	0	148,145	148,145
392	Osborne	Osborne County	110	113	↑	3	0	19,440	19,440
237	Smith	Smith Center	111	128	↑	17	13,826	25,794	11,968
490	Butler	El Dorado	112	96	↓	(16)	0	78,638	78,638
349	Stafford	Stafford	113	125	↑	12	3,432	9,769	6,337
203	Wyandotte	Piper-Kansas City	114	95	↓	(19)	0	162,149	162,149
352	Sherman	Goodland	115	146	↑	31	35,149	12,447	(22,702)
407	Russell	Russell County	116	56	↓	(60)	0	70,624	70,624
212	Norton	Northern Valley	117	115	↓	(2)	0	14,466	14,466
113	Nemaha	Prairie Hills	118	116	↓	(2)	0	72,950	72,950
494	Hamilton	Syracuse	119	85	↓	(34)	0	35,806	35,806
371	Gray	Montezuma	120	118	↓	(2)	1,778	11,333	9,554
511	Harper	Attica	121	88	↓	(33)	0	11,276	11,276
417	Morris	Morris County	122	107	↓	(15)	0	56,732	56,732
316	Thomas	Golden Plains	123	150	↑	27	0	0	0
343	Jefferson	Perry Public Schools	124	123	↓	(1)	17,225	40,849	23,623
393	Dickinson	Solomon	125	139	↑	14	11,915	34,489	22,574
438	Pratt	Skyline Schools	126	126	-	0	14,696	45,804	31,108
347	Edwards	Kinsley-Offerte	127	117	↓	(10)	0	37,583	37,583
312	Renov	Haven Public Schools	128	129	↑	1	32,469	98,997	66,528
382	Pratt	Pratt	129	130	↑	1	29,554	138,819	109,265
330	Wabaunsee	Mission Valley	130	120	↓	(10)	5,565	58,078	52,513
445	Montgomery	Coffeyville	131	119	↓	(12)	6,183	61,434	55,251
437	Shawnee	Auburn-Washburn	132	110	↓	(22)	0	776,699	776,699
293	Gove	Quinter Public Schools	133	104	↓	(29)	0	36,505	36,505
327	Ellsworth	Ellsworth	134	143	↑	9	20,481	51,899	31,417
273	Mitchell	Beloit	135	136	↑	1	29,926	106,648	76,722
252	Lyon	Southern Lyon County	136	127	↓	(9)	16,344	68,601	50,257
102	Gray	Cimmaron-Ensign	137	159	↑	22	25,019	43,286	18,267
360	Sumner	Caldwell	138	162	↑	24	21,598	32,370	10,773
492	Butler	Flinthills	139	170	↑	31	11,825	17,450	5,625

USD#	County Name	USD Name	Est.		Rank Trend	2016-17	2016-17 Est.	Difference
			AVPP Rank	AVPP Rank		Block Grant Cap Outlay State Aid	HB 2731 Cap Outlay State Aid	
456	Osage	Marais Des Cygnes Valley	140	181	↑ 41	0	0	0
311	Reno	Pretty Prairie	141	171	↑ 30	23,022	35,886	12,863
355	Barton	Ellinwood Public Schools	142	67	↓ (75)	0	45,148	45,148
322	Pottawatomie	Onaga-Havensville-Wheaton	143	152	↑ 9	9,823	41,063	31,240
388	Ellis	Ellis	144	79	↓ (65)	0	63,307	63,307
381	Ford	Spearyville	145	151	↑ 6	0	13,053	13,053
473	Dickinson	Chapman	146	140	↓ (6)	26,025	8,589	(17,436)
386	Greenwood	Madison-Virgil	147	144	↓ (3)	6,477	16,638	10,160
287	Franklin	West Franklin	148	145	↓ (3)	31,013	87,644	56,631
365	Anderson	Garnett	149	157	↑ 18	70,047	152,178	82,131
313	Reno	Buhler	150	138	↓ (12)	98,157	336,475	238,318
436	Montgomery	Caney Valley	151	241	↑ 90	86,154	108,212	22,058
380	Marshall	Vermillion	152	186	↑ 34	54,508	84,999	30,491
243	Coffey	Lebo-Waverly	153	193	↑ 40	24,589	33,057	8,467
378	Riley	Riley County	154	176	↑ 22	61,430	107,003	45,573
233	Johnson	Olathe	155	163	↑ 8	2,160,845	2,717,863	557,018
410	Marion	Durham-Hillsboro-Lehigh	156	148	↓ (8)	28,518	87,199	58,680
203	Butler	Bluestem	157	137	↓ (20)	22,255	79,868	57,613
331	Kingman	Kingman - Norwich	158	124	↓ (34)	19,038	132,537	113,499
429	Doniphan	Troy Public Schools	159	174	↑ 15	8,758	22,303	13,545
368	Miami	Paola	160	141	↓ (19)	93,298	325,197	231,900
416	Miami	Louisburg	161	147	↓ (14)	88,919	238,629	149,710
356	Woodson	Woodson	162	133	↓ (29)	15,459	18,107	2,648
211	Norton	Norton Community Schools	163	173	↑ 10	41,505	77,929	36,424
463	Cowley	Udall	164	198	↑ 34	26,797	41,485	14,687
101	Neosho	Erie-Galesburg	165	153	↓ (12)	0	42,938	42,938
369	Harvey	Burton	166	103	↓ (63)	0	40,259	40,259
342	Jefferson	McLouth	167	172	↑ 5	25,106	47,387	22,281
493	Cherokee	Columbus	168	177	↑ 9	42,630	77,386	34,756
400	McPherson	Smoky Valley	169	156	↓ (13)	53,675	173,780	110,105
263	Sedgwick	Mulvane	170	132	↓ (38)	44,650	291,220	246,570
485	Pawnee	Ft Larned	171	188	↑ 17	92,311	18,064	(74,248)
289	Franklin	Wellsville	172	166	↓ (6)	58,134	130,043	71,910
232	Johnson	De Soto	173	180	↑ 7	664,094	1,159,574	495,480
484	Wilson	Fredonia	174	154	↓ (20)	12,342	32,531	20,189
309	Reno	Nickerson	175	165	↓ (10)	41,027	95,215	54,188
258	Allen	Humboldt	176	256	↑ 80	89,669	149,241	59,573
408	Marion	Marion-Florence	177	164	↓ (13)	0	0	0
204	Wyandotte	Bonner Springs	178	157	↓ (21)	177,019	458,162	281,143
345	Shawnee	Seaman	179	168	↓ (11)	388,969	643,720	254,751
267	Sedgwick	Renwick	180	179	↓ (1)	168,125	322,233	154,108
305	Saline	Salina	181	160	↓ (21)	368,231	929,079	560,848
379	Clay	Clay Center	182	187	↑ 5	90,182	11,521	(78,661)
239	Ottawa	North Ottawa County	183	189	↑ 6	29,753	0	(29,753)
247	Crawford	Cherokee	184	228	↑ 44	75,433	91,292	15,858
260	Sedgwick	Derby	185	161	↓ (24)	356,936	1,179,040	822,104
449	Leavenworth	Easton	186	196	↑ 10	41,201	69,500	28,299
283	Elk	West Elk	187	155	↓ (32)	10,333	31,295	20,962
446	Montgomery	Independence	188	203	↑ 15	102,648	172,924	70,276
348	Douglas	Baldwin City	189	183	↓ (6)	122,900	242,967	120,067
240	Ottawa	Twin Valley	190	216	↑ 26	50,708	80,374	29,667
440	Harvey	Halstead	191	212	↑ 21	42,674	67,614	24,940
450	Shawnee	Shawnee Heights	192	192	- 0	339,149	646,908	307,760
460	Harvey	Hesston	193	208	↑ 15	71,097	117,413	46,316
458	Leavenworth	Basehor-Linwood	194	190	↓ (4)	213,193	396,357	183,164
307	Saline	Ell-Saline	195	246	↑ 51	29,531	63,303	33,772
266	Sedgwick	Maize	196	194	↓ (2)	690,194	1,319,320	629,126
320	Pottawatomie	Wamego	197	200	↑ 3	77,634	139,422	61,788
259	Sedgwick	Wichita	198	191	↓ (7)	4,559,453	9,068,209	4,508,756
498	Marshall	Valley Heights	199	229	↑ 30	47,026	71,991	24,965
335	Jackson	North Jackson	200	236	↑ 36	39,144	42,867	3,723
431	Barton	Holsington	201	142	↓ (59)	19,512	68,397	48,885
430	Brown	South Brown County	202	238	↑ 36	0	39,756	39,756
376	Rice	Sterling	203	205	↑ 2	49,431	98,620	49,189
389	Greenwood	Eureka	204	221	↑ 17	69,851	80,167	10,316
411	Marion	Gossel	205	225	↑ 20	16,107	25,521	9,414
323	Pottawatomie	Rock Creek	206	197	↓ (9)	0	0	0
353	Cloud	Concordia	207	217	↑ 10	110,505	178,352	67,847
264	Sedgwick	Clearwater	208	199	↓ (9)	119,984	219,224	99,239
385	Butler	Andover	209	219	↑ 10	644,036	1,089,605	445,569

USD#	County Name	USD Name	Est.			2016-17	2016-17 Est.	Difference	
			AVPP Rank	AVPP Rank	Rank Trend	Block Grant Cap Outlay State Aid	HB 2731 Cap Outlay State Aid		
			SY 16-17	SY 14-16					
114	Doniphan	Riverside	210	201	↓	(9)	0	0	0
471	Cowley	Dexter	211	202	↓	(9)	0	16,970	16,970
464	Leavenworth	Tonganoxie	212	206	↓	(6)	185,699	158,702	(26,998)
465	Cowley	Winfield	213	231	↑	18	255,897	420,523	164,626
266	Chautauqua	Chautauqua Co Community	214	149	↓	(65)	2,553	8,948	6,395
453	Leavenworth	Leavenworth	215	204	↓	(11)	381,495	608,370	226,875
397	Marion	Centre	216	182	↓	(34)	22,852	67,958	45,106
435	Dickinson	Abilene	217	207	↓	(10)	123,589	301,958	178,373
462	Cowley	Central	218	244	↑	26	37,511	54,791	17,280
461	Wilson	Nepesha	219	263	↑	44	94,600	130,931	46,331
290	Franklin	Ottawa	220	213	↓	(7)	254,826	454,259	199,433
421	Osage	Lyndon	221	223	↑	2	17,907	47,899	29,991
413	Neosho	Chanute Public Schools	222	185	↓	(37)	133,967	336,929	202,962
434	Osage	Santa Fe Trail	223	222	↓	(1)	109,643	144,313	34,670
428	Barton	Great Bend	224	215	↓	(9)	156,868	285,968	129,100
344	Linn	Pleasanton	225	269	↑	44	21,874	40,501	18,628
404	Cherokee	Riverton	226	214	↓	(12)	58,144	51,688	(6,456)
409	Atchison	Atchison Public Schools	227	210	↓	(17)	83,390	195,544	112,164
341	Jefferson	Oskaloosa Public Schools	228	220	↓	(8)	43,504	52,794	9,290
295	Chautauqua	Cedar Vale	229	184	↓	(45)	0	0	0
325	Phillips	Phillipsburg	230	218	↓	(12)	40,520	72,670	32,150
372	Shawnee	Silver Lake	231	239	↑	8	81,430	127,261	45,831
231	Johnson	Gardner Edgerton	232	234	↑	2	514,559	1,045,932	532,373
338	Jefferson	Valley Falls	233	252	↑	19	46,608	69,675	23,067
250	Crawford	Pittsburg	234	211	↓	(23)	152,274	282,593	130,319
288	Franklin	Central Heights	235	240	↑	5	0	39,054	39,054
373	Harvey	Newton	236	242	↑	6	409,929	646,089	236,161
230	Johnson	Spring Hill	237	224	↓	(13)	0	0	0
469	Leavenworth	Lansing	238	227	↓	(11)	141,162	250,309	109,147
405	Rice	Lyons	239	209	↓	(30)	39,970	110,811	70,841
509	Sumner	South Haven	240	169	↓	(71)	13,429	23,094	9,665
218	Morton	Eikhart	241	178	↓	(63)	48,441	200,011	151,571
265	Sedgwick	Goddard	242	230	↓	(12)	594,826	1,012,220	417,394
340	Jefferson	Jefferson West	243	233	↓	(10)	95,937	159,209	63,272
339	Jefferson	Jefferson County North	244	254	↑	10	38,311	58,382	20,071
501	Shawnee	Topeka Public Schools	245	232	↓	(13)	1,472,726	2,302,250	829,524
356	Sumner	Conway Springs	246	249	↑	3	37,717	87,129	49,413
308	Reno	Hutchinson Public Schools	247	247	-	0	289,370	452,516	163,146
457	Finney	Garden City	248	226	↓	(22)	415,641	708,679	293,038
262	Sedgwick	Valley Center Pub Sch	249	237	↓	(12)	252,117	428,987	176,871
487	Dickinson	Herington	250	235	↓	(15)	0	0	0
420	Osage	Osage City	251	243	↓	(8)	36,709	60,862	24,153
353	Sumner	Wallington	252	255	↑	3	122,936	287,409	164,453
503	Labette	Parsons	253	245	↓	(8)	71,150	115,449	44,300
367	Miami	Osawatomie	254	258	↑	4	134,155	212,830	78,675
234	Bourbon	Fort Scott	255	248	↓	(7)	180,299	151,981	(28,319)
268	Sedgwick	Cheney	256	250	↓	(6)	88,837	138,289	49,452
394	Butler	Rose Hill Public Schools	257	257	-	0	195,754	300,351	104,596
257	Allen	Ioia	258	251	↓	(7)	147,316	236,637	89,321
246	Crawford	Northeast	259	268	↑	9	0	43,287	43,287
396	Butler	Douglass Public Schools	260	261	↑	1	79,963	127,507	47,544
253	Lyon	Emporia	261	253	↓	(8)	256,673	814,574	557,901
336	Jackson	Holton	262	264	↑	2	136,143	202,063	65,919
454	Osage	Burlingame Public School	263	265	↑	2	0	0	0
402	Butler	Augusta	264	260	↓	(4)	193,264	386,493	193,229
439	Harvey	Sedgwick Public Schools	265	275	↑	10	29,583	42,183	12,600
358	Sumner	Oxford	266	195	↓	(71)	33,171	79,127	45,956
337	Jackson	Royal Valley	267	277	↑	10	104,938	146,888	41,950
357	Sumner	Belle Plaine	268	267	↓	(1)	71,843	110,737	38,894
248	Crawford	Girard	269	266	↓	(3)	58,698	89,489	30,793
506	Labette	Labette County	270	270	-	0	177,087	269,011	91,923
491	Douglas	Eudora	271	262	↓	(9)	185,948	295,775	109,827
505	Labette	Chetopa-St. Paul	272	274	↑	2	53,650	78,061	24,411
235	Bourbon	Uniontown	273	273	-	0	0	0	0
480	Seward	Liberal	274	259	↓	(15)	0	0	0
443	Ford	Dodge City	275	271	↓	(4)	718,919	1,138,322	419,403
500	Wyandotte	Kansas City	276	272	↓	(4)	2,307,706	3,569,864	1,262,158
470	Cowley	Arkansas City	277	276	↓	(1)	211,203	262,711	51,508
202	Wyandotte	Turner-Kansas City	278	278	-	0	435,155	654,137	218,981
249	Crawford	Frontenac Public Schools	279	279	-	0	48,335	70,177	21,842

USD#	County Name	USD Name	Est.		Rank Trend	2016-17		Difference
			AVPP Rank	AVPP Rank		Block Grant Cap Outlay State Aid	HB 2731 Cap Outlay State Aid	
475	Geary	Geary County Schools	280	283	↑ 3	421,447	266,846	(154,601)
447	Montgomery	Cherryvale	281	280	↓ (1)	0	44,627	44,627
504	Labette	Oswego	282	282	- 0	50,494	68,205	17,712
261	Sedgwick	Haysville	283	281	↓ (2)	544,649	519,987	(24,662)
508	Cherokee	Baxter Springs	284	284	- 0	25,900	109,223	83,323
499	Cherokee	Galena	285	285	- 0	0	26,348	26,348
207	Leavenworth	Ft Leavenworth	286	286	- 0	6,553	9,576	3,023
						27,290,456	50,780,296	23,489,840

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SENATE WAYS AND MEANS COMMITTEE

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TRANSCRIPT

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OF

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PROCEEDINGS,

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beginning at 1:15 p.m. on the 22nd day of March,

15

2016, in Room 548S, Kansas State Capitol Building,

16

Topeka, Kansas, before the Senate Ways and Means

17

Committee consisting of Chairman Ty Masterson,

18

Senator Jim Denning, Senator Laura Kelly, Senator

19

Marci Francisco, Senator Jeff Melcher, Senator Tom

20

Arpke, Senator Dan Kerschen, Senator Steve

21

Fitzgerald, Senator Larry Powell, Senator Caryn

22

Tyson and Senator Michael O'Donnell.

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Recording transcription & legal consulting services

1 CHAIRMAN MASTERSON: The other main task
2 for today, which was in response and consideration
3 of some of the findings of fact, we had -- the
4 legislative budget met yesterday with all of the
5 interested parties, I thought was quite
6 interesting and informative. We took a, a bill
7 and introduced it that we believe answers some
8 findings of fact. This bill really is in response
9 to four things that struck me yesterday that were
10 findings of fact that I think we can answer and
11 get testimony from the Department and
12 department's, both from the Commissioner of
13 Education and from Deputy Dennis, from the other
14 interested groups, from research and advisors,
15 three things jumped out. The changes in the
16 formula, whether it was the capital outlay formula
17 or the LOB formula or the 82 or the 25, those were
18 all political decisions not based in policies, so,
19 there was a call for some simplification and I'm
20 going to have Jason come up and explain this bill
21 for that.

22 The second thing that jumped out, that even
23 though hold harmless on its face can appear to fly
24 in the face of equity because you're holding an
25 entity harmless, that there was even -- there was



1 consensus among all the groups that that was not
2 just an acceptable component but a critical and
3 necessary component.

4 The third finding of fact was that there was
5 an interest in or that there might be a role for
6 the department itself in how some of the
7 distribution is, is handled to the districts; and
8 the fourth one, it was interesting from all the
9 education, everyone that represented education as
10 a whole was that they wanted to see a, an end to
11 the uncertainty and all the legal actions as much
12 as we did and that they wanted a long-term
13 solution to this thing. So, that is -- this
14 obviously is just a response to the court, but I
15 think it's apparent as soon as we dispatch of this
16 business that we get down to the business of
17 creating that long-term solution.

18 With that, today I'm opening a hearing on SB
19 515. I do not plan to close this hearing. We'll
20 carry over to tomorrow for two reasons. I wanted
21 to open it so the public's aware. I wanted to
22 open with the bill's explainer so all the
23 districts will have an opportunity to look at it,
24 evaluate it, maybe talk to their boards this
25 evening. We will continue the hearing in the



1 morning at which I will accept new conferees on
2 the subject matter because our time frame is
3 relatively tight. I just wanted -- it was an
4 attempt to get as much information to the public
5 as soon as possible.

6 So, with that I am going to actually open the
7 hearing on SB 515 and for the bill explainer,
8 Jason Long.

9 MR. LONG: Thank you, Mr. Chairman,
10 members of the committee. You have a couple of
11 documents actually at your seat. One is the bill
12 itself, Senate Bill 515, and the other is a
13 Memorandum from my office briefly summarizing the
14 contents of the bill. This bill, similar to the
15 bill you heard last week, establishes statutory
16 formulas for supplemental general state aid and
17 capital outlay state aid for school year '16-'17.
18 Under current law, as we discussed last week, a
19 portion of the block grant that school districts
20 receive under current law is the supplemental
21 general state aid that the districts received for
22 school year '14-'15 and that's for equalization of
23 the local option budgets property tax levy that
24 school districts can levy on the taxable tangible
25 property in the district.



1 Section 2 of Senate Bill 515 would establish
2 a statutory formula for determining that
3 supplemental general state aid. This formula is
4 the same one that in years past was used for
5 capital outlay state aid, so, if you recall that
6 one, as I'm sure you all do, we take the assessed
7 valuation per pupil, round it to the nearest
8 thousand dollars, create our schedule, find our
9 median point. That has a state computation
10 percentage of 25 percent. So, any district at
11 that median point would have 25 percent times
12 their local option budget would be their
13 supplemental general state aid. If you're above
14 that, you're wealthier, you go down by a
15 percentage point for every thousand dollar
16 increment. If you go below that, you're a poorer
17 district, you increase your percentage by one
18 percentage point for every thousand dollar
19 increment. So, your final percentage point where
20 you fall on that schedule, they get multiplied by
21 your local option budgets and that is the amount
22 of supplemental general state aid that you would
23 receive for school year '16-'17 under Senate Bill
24 515. That section is a part, is made a part of
25 the CLASS Act for the next school year and would



1 sunset at the same time as the CLASS Act on June
2 30th of 2017.

3 Then the bill also in Section 3 establishes a
4 statutory formula for capital outlay state aid.
5 Again, as we discussed earlier, currently capital
6 outlay state aid is a portion of the block grant
7 for this school year. Under 515 for next school
8 year it would follow a statutory formula. That
9 statutory formula is the same one as it was prior
10 to Senate Bill 7 enactment last year, so, we went
11 back to the 72-8814 formula, the same one as I
12 just explained for supplemental general state aid.
13 So, we find the percentage based on the rounded
14 AVPP, multiply that by the amount of capital
15 outlay tax levy and that's the school district's
16 capital outlay state aid.

17 Then Section 4 of the bill is something you
18 haven't seen before. This is school district
19 equalization state aid. I think in the vernacular
20 it may be called the hold harmless state aid for
21 school year '16-'17. To qualify for this
22 additional equalization state aid the school
23 district's total supplemental and capital outlay
24 state aid for '16-'17 has to be less than what
25 they received through the block grant for



1 supplemental and capital outlay state aid. So,
2 they're receiving less next year than what they
3 received this year. If that's the case, then
4 they're eligible for this additional equalization
5 state aid and the amount is equal to that
6 difference between next year and this year. We're
7 just looking at the supplemental and capital
8 outlay state aids there in that calculation.

9 Section 6 of the bill amends the block grant
10 calculation for next year simply because we're
11 taking the supplemental general state aid and
12 capital outlay state aid out of the block grants,
13 distributing it to the districts through separate
14 appropriations, so, there has to be a different
15 calculation of what the districts receive under
16 the block grant for next school year and that's
17 done in Section 6 of the bill.

18 Section 7 amends the statute regarding the
19 extraordinary needs fund that was established in
20 Senate Bill 7. As you recall, under current law
21 districts submit an application for extraordinary
22 need to the State Finance Council and then that
23 application is approved or denied by the State
24 Finance Council. This administrative capacity is
25 being shifted in Senate Bill 515 to the State



1 Board of Education, so, districts would then next
2 year submit their applications for extraordinary
3 state aid to the State Board of Education who
4 would review and may conduct a hearing and allow
5 the applicant school district to come and submit
6 testimony to the State Board.

7 I'll also point out on page 10 of the bill,
8 line 16 through 19, that in addition to the
9 current statutory considerations for extraordinary
10 need I'm going to talk about, you know, increase
11 in enrollment growth, substantial drops in
12 assessed valuation or other unforeseen acts, those
13 are the three current ones. In addition to those
14 three the State Board may also consider whether
15 the applicant school district has reasonably equal
16 access to substantially similar educational
17 opportunity through similar tax efforts. So, they
18 can look at the equitable funding of the school
19 district as a consideration for providing
20 extraordinary need under this section.

21 I'd also draw the committee's attention on
22 page 10, lines 31 through 34, the proceedings of
23 the State Board of Education under this section
24 are to be conducted in accordance with the Kansas
25 Administrative Procedure Act and any action of the



1 State Board is subject to review under the Kansas
2 Judicial Review Act.

3 I also finally point out that this, the
4 extraordinary need fund is a appropriated amount
5 in Section 1 of just over 15 million dollars.
6 There is no transfer of that 0.4 percent to the
7 extraordinary need fund. That amount is still
8 taken into consideration for determining the block
9 grant, but now the extraordinary need fund has a
10 finite number of 15,167,962 dollars for school
11 year '16-'17.

12 And then finally Section 8 of Senate Bill 515
13 amends the, what was -- what is currently a
14 nonseverability provision for the CLASS Act and
15 amends that statute to make provisions of the
16 CLASS Act severable, so that if any provision,
17 including any provision of the new Sections 2, 3
18 or 4 is found unconstitutional by the court, then
19 those provisions may be severed and the rest of
20 the Act may be continued in full force and effect
21 for school year '16-'17.

22 The bill would become effective on July 1 of
23 2016 if enacted and with that, Mr. Chairman, I'll
24 stand for any questions.

25 CHAIRMAN MASTERSON: Make an announcement



1 to the committee, there is -- we do have unusually
2 a transcriptionist today as we are dealing with --
3 she's over here and transcribing our meetings
4 we've had -- it became apparent that our normal
5 proceedings, committee minutes and things of that
6 nature, were not accepted or seen as evidence by
7 the court, so, we are simply trying to establish a
8 record of our actions, so, with that I wanted
9 everybody to be aware and won't be caught off
10 guard.

11 Number two, we will have conferees in the
12 morning and I will plan to work the bill tomorrow
13 afternoon and today our sole witness, our sole
14 conferee is Jason, so, questions with the bill and
15 its technical structure need to be asked of Jason
16 today. So, with that, committee, I will open for
17 questions for Jason, committee questions. Senator
18 Kelly.

19 SENATOR KELLY: Thank you, Mr. Chair.
20 I'm looking on page 10. You gave some additional
21 explanation on subsection 4 on there, in lieu of
22 any of the foregoing considerations. Can you
23 explain that in English what that means? An
24 example, for instance.

25 MR. LONG: So, the language there is the



1 equity standard that the Supreme Court has held is
2 a part of the constitutional obligation for
3 funding public education and, so, my understanding
4 of this language is that if the applicant school
5 district feels that it's not receiving its
6 equitable distribution of state funding pursuant
7 to this standard that the court has espoused, then
8 it can apply to the State Board and the State
9 Board may consider that as one of the
10 considerations for granting extraordinary need
11 under this section from that pool of money that's
12 been appropriated for extraordinary need fund.

13 SENATOR KELLY: So, what does similar tax
14 effort mean?

15 MR. LONG: That's a very good question,
16 Senator, as to what similar tax effort means. I
17 believe there are probably several opinions on
18 that, 'cause the court wasn't entirely clear on,
19 on what kind of measure could be used to determine
20 what is reasonably equal access, substantial and
21 similar educational opportunity through a similar
22 tax effort. We didn't get a lot of clear guidance
23 from the court in their last opinion on how to
24 measure that, so, I'm not entirely sure how to
25 answer your question as to what is similar tax



1 effort. Other -- one opinion -- well, I just want
2 to leave it at that 'cause we didn't have much
3 guidance from the court on that.

4 SENATOR KELLY: So, there wasn't a
5 thought that maybe we ought to define it in here
6 instead of just using nebulous words?

7 MR. LONG: It is not defined in the bill.
8 I can't speak to the intent of the requester as to
9 its exclusion or inclusion in the bill.

10 SENATOR KELLY: And then on line 30
11 through 34. This is really a question for my
12 information. What -- this says it will be subject
13 to review in accordance with the Kansas Judicial
14 Review Act. What does that mean?

15 MR. LONG: That means that if the school
16 district that applies feels aggrieved by the State
17 Board's decision on their application they can
18 seek review of that State Board's decision
19 through, by submitting a petition to the district
20 court to review the State Board's decision on its
21 application under this section.

22 SENATOR KELLY: And then last question at
23 least for now is on the first page we are actually
24 decreasing the amount appropriated for the
25 extraordinary needs fund, 17.5 to 15.1, and then I



1 notice over on the -- this came from the
2 Department of Education, it's got capital outlays,
3 supplemental LOB state aid, hold harmless, and
4 then growth. So, two million dollars in growth.
5 What, what is that to be spent on and who -- how
6 is that appropriated?

7 CHAIRMAN MASTERSON: I might be able to
8 explain that from discussions in the development
9 of this as well. The hold harmless provision as
10 it was developed required two million more dollars
11 to hold everybody truly harmless, so, the
12 extraordinary need money was reduced by the amount
13 of money needed inside the formula to fully fund a
14 hold harmless equalization provision. The two
15 million in growth, the way I understand that from
16 the department, is simply going back to a formula
17 base. There's potential changes within a
18 district, they can make some changes to what those
19 equalizations pay out from the time that we pass
20 this to the time it pays out and that was an
21 estimation from the department of what that growth
22 may be to try to give the committee an indication
23 of what the total nut, if you will, would be for
24 the entire bill. And also going back to the
25 language you had inquired upon, it was -- for



1 those of us that were following what was finding
2 of facts yesterday and trying to listen to the
3 department and to the interested parties, with the
4 hesitancy -- I don't believe the districts want to
5 be in a, quote-unquote, class action lawsuit any
6 more than we do. We're trying to create
7 potentially an administrative function, if you
8 will, by which a district could apply to the
9 department for two reasons. One, they're here
10 year-round. They're an entity that is solely
11 focused on that issue versus the legislature,
12 which is only a portion of the year and have to go
13 home. So, we're hoping to create a method, if you
14 will, by which they could have an administrative
15 appeal and get immediate response in a given year.
16 Committee, further questions? Senator Francisco.

17 SENATOR FRANCISCO: Thank you, Mr. Chair.
18 I always think it would help if I'd served some on
19 the education committee before I looked at these
20 formulas, but I know one of the concerns that
21 exists is with regard to the local option budget
22 aid. In this case people are losing that aid, is
23 that right? I see all negative.

24 MR. LONG: Are you referring to the
25 department's spreadsheet?



1 SENATOR FRANCISCO: Right, and I -- I'm
2 wondering what happens, you know, one of the
3 questions -- I'm just going to go back to Senate
4 Bill 512 -- was that you could be awarded local
5 option budget aid, but it wouldn't mean that the
6 school would have any more funding to spend
7 because that would be used for property tax
8 relief. So, how does this bill address concerns
9 of property tax relief and in the hold harmless
10 payments? Or really -- yes, because that is still
11 part of local option budget.

12 MR. LONG: The hold harmless is
13 equalization state aid to be distributed to the
14 school districts and in terms of its effect on, on
15 the property tax rates going up and down, was that
16 your question?

17 SENATOR FRANCISCO: No, the money that
18 actually gets to the school. In Senate Bill 512,
19 as I understand it, you know, money was allocated
20 for local option budget equalization, but some of
21 that money was then used as property tax relief
22 rather than money that went to the schools.

23 MR. LONG: Well, this would work in
24 similar fashion in that school districts adopt a
25 local option budget and that's made up of both



1 what they raise locally and what the State
2 provides as equalization. So, to the extent that
3 the State is providing more equalization next
4 year, then the property tax that they can levy is
5 going to go down, so, the school districts would
6 have less -- you know, you would see property tax
7 relief in that school district because more of
8 that pot of money, that supplemental general fund,
9 is made up for with the equalization state aid
10 from the State and that will vary district to
11 district depending on what their cap is currently
12 for LOB, what their local levy is making up that,
13 their portion of the LOB.

14 SENATOR FRANCISCO: So, these estimated
15 payments for hold harmless, do some of those go to
16 make up the LOB aid? What can -- or are those
17 direct monies to the schools? I think that's my
18 question is what does the school end up with?

19 CHAIRMAN MASTERSON: If I might, the hold
20 harmless equalization aid, if you're one getting a
21 hold harmless that is an amount of money bringing
22 you up to where you would have been, so, it would
23 have no effect necessarily on your local tax.
24 Those districts that would receive more would have
25 more money through this equalization formula,



1 would see a potential change in their local rate,
2 but it would be along the lines of what the court
3 are asking for. It would be a narrowing of the
4 poles, the highest and lowest. You would see some
5 changes that should bring that closer together
6 because they'd be receiving more aid.

7 SENATOR FRANCISCO: I'll study these
8 more.

9 CHAIRMAN MASTERSON: Senator Melcher.

10 SENATOR MELCHER: Thank you, Mr.
11 Chairman. Jason, when you were giving that
12 explanation of those components and you came up
13 with a total of those and said that the, as more
14 money is added in one bucket the other one has to
15 be reduced providing for property tax relief, is
16 that because if that were used to increase that
17 number then it would put us at odds with the
18 courts where we would be outside of equalization
19 again?

20 MR. LONG: No. I believe it's based on
21 your LOB budget authority. You can only levy --
22 you can only -- you're subject to law as to how
23 much you can adopt as a local option budget based
24 on the prior school finance formula and, so, you
25 can only have that much budget and, so, to the



1 extent that a portion of that budget is provided
2 for through equalization state aid to the
3 supplemental general state aid coming from the
4 State, you can't raise more money, otherwise you
5 would be going over what you are legally capped at
6 in terms of the local option budget. That's why
7 it results in a, in a decrease in property tax.

8 SENATOR MELCHER: But if they were
9 allowed to exceed that, would that then be in
10 conflict with what the court has asked for?

11 MR. LONG: If they were allowed to
12 maintain their same tax levy and get the
13 equalization on top so that it actually popped the
14 LOB cap above the current statutory amount?

15 SENATOR MELCHER: Correct.

16 MR. LONG: Well, you would have
17 additional tax levy by school districts which
18 brings in other considerations with respect to the
19 equity concerns that the court has raised with
20 school finance. So, I guess this bill keeps that
21 in the status quo in terms of moving forward so as
22 not to raise any additional issues with respect to
23 equity?

24 SENATOR MELCHER: So then if you were
25 allowed to pop that cap then that would put that



1 particular district outside of equity that the
2 courts have dealt with, is that right?

3 MR. LONG: Yeah. You would potentially
4 have some additional equity issues since you're
5 authorizing additional tax levy authority to
6 school districts that hasn't been authorized, you
7 know, that wasn't authorized this school year.
8 So, certain school districts, to the extent that
9 they could, could raise their tax levy and that
10 would then have implications on what the State's
11 obligation for equalizing those local tax levies
12 are.

13 SENATOR MELCHER: Okay, thank you.

14 CHAIRMAN MASTERSON: Jason, on that
15 question myself, do you have any concerns given
16 the testimony yesterday or in your opinion, as the
17 court said, reviving the two relevant portions.
18 Do you have any concerns about us moving to the
19 similar formula for the pot of equalized funds?

20 MR. LONG: The court's language dealt in
21 terms of what the court stated would comply with
22 the equity standard was reinstating the formulas
23 from the prior school finance law for each one.
24 The court, however, was silent as to -- I think it
25 was silent as to distinguishing the two



1 equalization formulas and why two different
2 formulas were, were to be applied in the two
3 different tax levy areas and I think the court was
4 also silent as to the ability to apply a broad,
5 uniform equalization formula to all local tax-
6 levying authority granted by the State. That's
7 the best I can do in terms of -- I don't know if
8 concerns is the right term, but there's certainly
9 -- there was no language in the court's opinion
10 approving what's in 515 explicitly in terms of
11 applying the capital outlay state aid formula to
12 supplement general state aid determination.

13 CHAIRMAN MASTERSON: So, the other --
14 severability is new in this bill and for those
15 that were involved in the language developing this
16 bill, the consensus among those were that
17 equalization in and of itself is such a small part
18 of the overall pie, if you will, of equal funding
19 that we wanted to make sure that if for whatever
20 reason the courts had issue with any smaller piece
21 of the pie, that they wouldn't close the doors on
22 the entire pie. So, could you elaborate a little
23 bit on how that severability actually works in
24 this bill.

25 MR. LONG: Well, yeah, the amendment of



1 72-6481 would take it to a more traditional
2 severability provision as opposed to a
3 nonseverability provision, which it is in current
4 law, and when we say severability, that simply
5 means that if a court is to review the Act because
6 there's a challenge to let's say the
7 constitutionality of the Act and there's a
8 challenge in particular as to one particular
9 provision of that Act and the court finds that
10 provision unconstitutional by having a
11 severability provision, the legislature is telling
12 the court that the legislature's intention is to
13 allow the rest of the Act to still have full force
14 and effect going forward and simply cut off the
15 unconstitutional provision, sever it as it would,
16 from the rest of the Act, but allow the rest of
17 the Act to continue in full force and effect
18 moving forward and, so, that's what the amendment
19 to 72-6481 in this bill would be telling the court
20 with respect to the CLASS Act.

21 CHAIRMAN MASTERSON: Senator Denning.

22 SENATOR DENNING: Thank you, Mr.
23 Chairman. Jason, I think the chairman just asked
24 this question, but I want to ask it just so I can
25 get it straight in my, in my mind. The capital



1 outlay formula, you say it's in House Bill 2731,
2 but it's the same capital outlay formula that we
3 used prior to Senate Bill 7?

4 MR. LONG: Yes. It is the -- it is the
5 same formula that was in K.S.A. 72-8814 prior to
6 its repeal under Senate Bill 7.

7 SENATOR DENNING: So, that formula's been
8 in place for a while, so, it's passed the
9 constitutional muster as far as we can determine?

10 MR. LONG: Well, the court indicated that
11 a return to that formula that you see here in 515
12 for capital outlay state aid would meet the
13 equitable standard that the court has, has laid
14 out for satisfying the Constitution obligations as
15 far as Section 6.

16 SENATOR DENNING: And then if I
17 understand correctly, the supplemental
18 equalization is very similar in mathematical logic
19 that the capital outlay calculation is?

20 MR. LONG: Under 515, yes, it's the same
21 calculation using the assessed valuation per pupil
22 for the school district to arrive at a state aid
23 computation percentage.

24 SENATOR DENNING: And as far as the
25 median assessed, is that in both capital outlay



1 and supplemental?

2 MR. LONG: In 515, yes.

3 SENATOR DENNING: In 515. Thank you, Mr.
4 Chairman.

5 CHAIRMAN MASTERSON: On that subject
6 matter, those trying to compile the bill and
7 respond in an appropriate manner felt that what we
8 wanted to use was a formula that had been
9 predetermined by the court to be a proper method
10 mathematically to calculate equalization and apply
11 that equally. Further questions?

12 Seeing none, I've had a request from one
13 member, Dale, would you be available to at least
14 just explain the run? You have a run, so people
15 understand, that are district by district
16 comparisons just for the overnight. Welcome you
17 back with the conferees tomorrow, but had a
18 request for you to just explain the paperwork, if
19 you will, so that we can set that overnight.
20 Thank you for being willing.

21 MR. DENNIS: Yes, sir. Let's go, if you
22 would, please, you should have three printouts?
23 You just have the summary?

24 CHAIRMAN MASTERSON: I think they just
25 have the summary, Dale. The printouts, by the



1 way, three printouts would be an individual one,
2 each of these columns for those --

3 MR. DENNIS: That's available on the web
4 if you want it, and the printout you have before
5 you in the first column is capital outlay and that
6 is very similar to the current law. It's tied to
7 the median at 25 percent. We computed that for
8 each district based on the latest valuation we
9 have and the mill levy. Now, the chairman
10 mentioned about we allowed a little bit for
11 growth. The LOB mill levies could grow. You with
12 me? Somebody maybe at five mills, they want to go
13 to six or seven mills and that could affect that,
14 so, we allowed a little bit to cover that. The
15 LOB right now is at the 81st percentile
16 theoretically and we changed that this year, '15-
17 '16, as part of the block grant and it's computed
18 under the same formula in column two. Instead of
19 the 81st percentile, the median is set at 25
20 percent and it goes up and down in thousand dollar
21 intervals just like Jason mentioned. So, that's
22 in column two. Since you're dropping from 81 to a
23 lower level, the median's at 25 percent, those
24 rates, you're going to see a lot of minuses when
25 you look at that. Column three, we've totaled up



1 the capital outlay and the LOB and you're going to
2 see a lot of minuses there. Then in column 4 is a
3 hold harmless. That brings you back up to where
4 you started out, so, you break even and the --
5 that is referred to I think as -- what did we call
6 that in the bill? State school equalization aid
7 or something. Anyway, that's going to the general
8 fund. That's hold harmless. That brings you back
9 to where you were in the current year. And you
10 may want to take a look at those. Those printouts
11 are online, they're available, we'll give you
12 copies if you have trouble finding them, but each
13 one of them, there's a printout for column 2,
14 column 3, and then column -- the last one is the
15 summary.

16 CHAIRMAN MASTERSON: So with that, Dale
17 will also be here in the morning and be able to
18 answer questions. Is there a question on the --
19 Senator Powell.

20 SENATOR POWELL: Thank you, Mr. Chairman.
21 What if it's all zeros, what does that mean?

22 MR. DENNIS: That means you're rather
23 affluent in valuation and you don't get any
24 capital outlay state aid, don't get any LOB state
25 aid, and therefore there would be no grandfather



1 clause. So, and I want you to know you're going
2 to see some changes in that valuation in some
3 districts. Like out in your area, one I got
4 memorized, like in Satanta, they won't get state
5 aid, but they lost half their valuation last year,
6 this year we're in right now.

7 SENATOR POWELL: So, the block grant,
8 they will get the same amount they got last year?

9 MR. DENNIS: Yes, sir.

10 SENATOR POWELL: Thank you. Thank you,
11 Mr. Chairman.

12 CHAIRMAN MASTERSON: And again, Dave will
13 be here -- Dale will be here in the morning.
14 Question from Senator Kelly.

15 SENATOR KELLY: You know, I don't serve
16 on education either and, so, this always puzzles
17 me. Are we essentially changing the local option
18 budget formula?

19 MR. DENNIS: Yes. The formula is
20 changing from the 81st percentile concept we had
21 before where you equalize up to 81st. We're
22 changing to the same formula that's in capital
23 outlay, which means at the median percentage you
24 get 25 percent state aid and it goes up and down
25 in thousand dollar intervals. So, if you go up a



1 thousand dollars more in wealth, you lose a
2 percent. The more affluent you become, you drop
3 one percentage point each --

4 CHAIRMAN MASTERSON: The court in effect
5 had approved two different formulas for
6 equalization. This bill would contemplate using
7 the single formula.

8 SENATOR KELLY: So, the numbers that
9 we're looking at in column 2, could there be other
10 LOB aid that remains; that this is just the
11 reduction based on the new formula? We don't know
12 whether this is what each of the school districts
13 is actually getting?

14 MR. DENNIS: This is the amount of the
15 reduction, that's correct, and there could be some
16 left. For example, on the cover sheet you'll
17 notice we reduced that 82 million dollars and the
18 appropriation I believe this year, 450,500,000 and
19 we reduced it down to 367 million, I believe it
20 is, okay? 367 something. So, that's on -- that's
21 on one of the, one of the printouts that has the
22 LOB on it. I think we, we -- you may want to
23 take a look at that and we reduced it --

24 SENATOR KELLY: That's one of the runs on
25 this?



1 MR. DENNIS: Yeah, and it's run number
2 126 and it drops from 450,500,000 to 367,582,000,
3 a drop of 82.9 million. So, to give you an
4 example -- let me grab one right quick-like. Oh,
5 take Seaman. Their block grant, 3.3, under this
6 formula they get 2.6. So, they get 714,000 in
7 hold harmless. So, they will still continue to
8 get some.

9 CHAIRMAN MASTERSON: That's where you'll
10 see, Senator Kelly, the hold harmless state aid of
11 61 million. That is the difference between
12 roughly 59 million, which is the difference in
13 equalization, plus two million from the
14 extraordinary need fund to make sure no district,
15 no district is harmed. Senator Melcher.

16 SENATOR MELCHER: Thank you, Mr.
17 Chairman. When I'm looking at these runs it's
18 kind of reminiscent of a little while back where
19 we had particular runs and then we got a surprise
20 later that those runs weren't actually reflective
21 of reality. Do we run that same risk here?

22 MR. DENNIS: I don't think so, sir. No,
23 because we know what the assessed valuation is.
24 It's been certified, so, we know that. It
25 shouldn't change much. It would be insignificant,



1 any changes. The changes would be probably due to
2 other things. Assessed value is pretty well
3 locked in.

4 SENATOR MELCHER: Well, I mean, it's
5 always related to other things, so, what --

6 MR. DENNIS: You could have a minor --
7 somebody could decide to raise their capital
8 outlay levy. Somebody might open a new building,
9 get new facilities weighting, that would be a
10 small amount, and then you could have a little bit
11 of growth in virtual, virtual enrollment, but it
12 shouldn't be large dollars. That's the reason we
13 put a couple million in there to take care of
14 potential growth so you wouldn't have surprises.

15 SENATOR MELCHER: So, do you expect any
16 of those other things to exceed two million?

17 MR. DENNIS: Not at this time, sir. No,
18 sir.

19 SENATOR MELCHER: What about later?

20 MR. DENNIS: Well, down the road five or
21 ten years, I mean, you know, two or three or four
22 years who knows, because I think this formula ends
23 on June 30th.

24 SENATOR MELCHER: Thank you.

25 CHAIRMAN MASTERSON: Last question this



1 afternoon, Senator Denning. Again, everybody will
2 be available in the morning. Senator Denning.

3 SENATOR DENNING: Thank you, Mr.
4 Chairman. Again, Senator Melcher's concern. The
5 way I'm interpreting this is it's very similar to
6 a block grant approach is where we're fixing the
7 formula for a year so we don't get a property
8 valuation surprise and from the testimony
9 yesterday when we were in deposition mode there
10 was a superintendent that said that he supported
11 the block grant mostly because it gave him two
12 years of certainty. He's in the budget planning
13 for next year. The governor has a budget
14 shortfall, so, he was worried about allocations,
15 but the reason why he was supportive is that it
16 gave him a two-year certainty, so, I think what
17 this does, it brings -- with the hold harmless it
18 brings it back basically to the block grant number
19 that they've been planning on in their budget and
20 going forward, so, if this would go forward they
21 would have that number in their block grant that
22 they have done their preliminary budget work on
23 and they can complete that work?

24 NEW SPEAKER: That would be correct, sir.

25 SENATOR DENNING: Thank you. Thank you,



1 Mr. Chairman.

2 CHAIRMAN MASTERSON: Thank you, Dale, for
 3 being spontaneous for us there. So, Committee, as
 4 a reminder, we will be in at 8 a.m. to continue
 5 the hearing. We will have a transcriptionist as
 6 well for tomorrow. We will have the hearing in
 7 the morning, we have session, we will come back at
 8 1:00 and it would be my intention to work the
 9 bill. With nothing further, we are adjourned.

10 (THEREUPON, the hearing adjourned at 2:00
 11 p.m.)

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CERTIFICATE

STATE OF KANSAS

SS:

COUNTY OF SHAWNEE

I, Barbara J. Hoskinson, 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 23rd day of March, 2016.

Barbara J. Hoskinson

Barbara J. Hoskinson, C.C.R. No. 0434



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SENATE BILL No. 515

By Committee on Ways and Means

3-22

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

7
8 *Be it enacted by the Legislature of the State of Kansas:*

9 Section 1.

10 DEPARTMENT OF EDUCATION

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

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

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

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

21 (c) On July 1, 2016, of the \$2,759,751,285 appropriated for the above
22 agency for the fiscal year ending June 30, 2017, by section 54(c) of 2016
23 House Substitute for Senate Bill No. 161 from the state general fund in the
24 block grants to USDs account (652-00-1000-0500), the sum of
25 \$477,802,500 is hereby lapsed.

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

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

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

1 supplemental general state aid. A school district's eligibility to receive
2 supplemental general state aid shall be determined by the state board as
3 provided in this subsection. The state board of education shall:

4 (1) Determine the amount of the assessed valuation per pupil (AVPP)
5 of each school district in the state and round such amount to the nearest
6 \$1,000. The rounded amount is the AVPP of a school district for the
7 purposes of this section;

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

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

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

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

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

37 (b) The state board shall prescribe the dates upon which the
38 distribution of payments of supplemental general state aid to school
39 districts shall be due. Payments of supplemental general state aid shall be
40 distributed to school districts on the dates prescribed by the state board.
41 The state board shall certify to the director of accounts and reports the
42 amount due each school district, and the director of accounts and reports
43 shall draw a warrant on the state treasury payable to the treasurer of the

1 school district. Upon receipt of the warrant, the treasurer of the school
2 district shall credit the amount thereof to the supplemental general fund of
3 the school district to be used for the purposes of such fund.

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

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

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

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

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

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

29 (1) Determine the amount of the assessed valuation per pupil (AVPP)
30 of each school district in the state and round such amount to the nearest
31 \$1,000. The rounded amount is the AVPP of a school district for the
32 purposes of this section;

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

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

43 (4) determine a state aid percentage factor for each school district by

1 assigning a state aid computation percentage to the amount of the median
2 AVPP shown on the schedule, decreasing the state aid computation
3 percentage assigned to the amount of the median AVPP by one percentage
4 point for each \$1,000 interval above the amount of the median AVPP, and
5 increasing the state aid computation percentage assigned to the amount of
6 the median AVPP by one percentage point for each \$1,000 interval below
7 the amount of the median AVPP. The state aid percentage factor of a
8 school district is the percentage assigned to the schedule amount that is
9 equal to the amount of the AVPP of the school district, except that the state
10 aid percentage factor of a school district shall not exceed 100%. The state
11 aid computation percentage is 25%;

12 (5) determine the amount levied by each school district pursuant to
13 K.S.A. 72-8801 et seq., and amendments thereto; and

14 (6) multiply the amount computed under subsection (b)(5), but not to
15 exceed 8 mills, by the applicable state aid percentage factor. The resulting
16 product is the amount of payment the school district is to receive from the
17 school district capital outlay state aid fund in the school year.

18 (c) The state board shall certify to the director of accounts and reports
19 the amount of school district capital outlay state aid determined under the
20 provisions of subsection (b), and an amount equal thereto shall be
21 transferred by the director from the state general fund to the school district
22 capital outlay state aid fund for distribution to school districts. All transfers
23 made in accordance with the provisions of this subsection shall be
24 considered to be demand transfers from the state general fund.

25 (d) Payments from the school district capital outlay state aid fund
26 shall be distributed to school districts at times determined by the state
27 board of education. The state board of education shall certify to the
28 director of accounts and reports the amount due each school district, and
29 the director of accounts and reports shall draw a warrant on the state
30 treasury payable to the treasurer of the school district. Upon receipt of the
31 warrant, the treasurer of the school district shall credit the amount thereof
32 to the capital outlay fund of the school district to be used for the purposes
33 of such fund.

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

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

37 New Sec. 4. (a) For school year 2016-2017, the state board of
38 education shall disburse school district equalization state aid to each
39 school district that is eligible to receive such state aid. In determining
40 whether a school district is eligible to receive school district equalization
41 state aid, the state board shall:

42 (1) Determine the aggregate amount of supplemental general state aid
43 and capital outlay state aid such school district is to receive for school year

- 1 2016-2017 under sections 2 and 3, and amendments thereto, respectively;
- 2 (2) determine the aggregate amount of supplemental general state aid
3 and capital outlay state aid such school district received as a portion of
4 general state aid for school year 2015-2016 under K.S.A. 2015 Supp. 72-
5 6465, and amendments thereto;
- 6 (3) subtract the amount determined under subsection (a)(1) from the
7 amount determined under (a)(2). If the resulting difference is a positive
8 number, then the school district is eligible to receive school district
9 equalization state aid.
- 10 (b) The amount of school district equalization state aid an eligible
11 school district is to receive shall be equal to the amount calculated under
12 subsection (a)(3).
- 13 (c) The state board shall prescribe the dates upon which the
14 distribution of payments of school district equalization state aid to school
15 districts shall be due. Payments of school district equalization state aid
16 shall be distributed to school districts on the dates prescribed by the state
17 board. The state board shall certify to the director of accounts and reports
18 the amount due each school district, and the director of accounts and
19 reports shall draw a warrant on the state treasury payable to the treasurer
20 of the school district. Upon receipt of the warrant, the treasurer of the
21 school district shall credit the amount thereof to the general fund of the
22 school district to be used for the purposes of such fund.
- 23 (d) The provisions of this section shall be part of and supplemental to
24 the classroom learning assuring student success act.
- 25 (e) The provisions of this section shall expire on June 30, 2017.
- 26 Sec. 5. K.S.A. 2015 Supp. 72-6463 is hereby amended to read as
27 follows: 72-6463. (a) The provisions of K.S.A. 2015 Supp. 72-6463
28 through 72-6481, *and sections 2 through 4*, and amendments thereto, shall
29 be known and may be cited as the classroom learning assuring student
30 success act.
- 31 (b) The legislature hereby declares that the intent of this act is to
32 lessen state interference and involvement in the local management of
33 school districts and to provide more flexibility and increased local control
34 for school district boards of education and administrators in order to:
- 35 (1) Enhance predictability and certainty in school district funding
36 sources and amounts;
- 37 (2) allow school district boards of education and administrators to
38 best meet their individual school district's financial needs; and
- 39 (3) maximize opportunities for more funds to go to the classroom.
- 40 To meet this legislative intent, state financial support for elementary
41 and secondary public education will be met by providing a block grant for
42 school years 2015-2016 and 2016-2017 to each school district. Each
43 school district's block grant will be based in part on, and be at least equal

1 to, the total state financial support as determined for school year 2014-
2 2015 under the school district finance and quality performance act, prior to
3 its repeal. All school districts will be held harmless from any decreases to
4 the final school year 2014-2015 amount of total state financial support.

5 (c) The legislature further declares that the guiding principles for the
6 development of subsequent legislation for the finance of elementary and
7 secondary public education should consist of the following:

8 (1) Ensuring that students' educational needs are funded;

9 (2) providing more funding to classroom instruction;

10 (3) maximizing flexibility in the use of funding by school district
11 boards of education and administrators; and

12 (4) achieving the goal of providing students with those education
13 capacities established in K.S.A. 72-1127, and amendments thereto.

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

16 Sec. 6. K.S.A. 2015 Supp. 72-6465 is hereby amended to read as
17 follows: 72-6465. (a) For school year 2015-2016 ~~and school year 2016-~~
18 ~~2017~~, the state board shall disburse general state aid to each school district
19 in an amount equal to:

20 (1) Subject to the provisions of subsections ~~(b)~~ (c) through ~~(f)~~ (g), the
21 amount of general state aid such school district received for school year
22 2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as
23 prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:

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

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

30 (C) the amount directly attributable to declining enrollment state aid
31 as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-
32 6452, prior to its repeal; and

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

36 (2) the amount of supplemental general state aid such school district
37 received for school year 2014-2015, if any, pursuant to K.S.A. 72-6434,
38 prior to its repeal, as prorated in accordance with K.S.A. 72-6434, prior to
39 its repeal, plus;

40 (3) the amount of capital outlay state aid such school district received
41 for school year 2014-2015, if any, pursuant to K.S.A. 2014 Supp. 72-8814,
42 prior to its repeal, plus;

43 (4) (A) an amount that is directly attributable to the proceeds of the

- 1 tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,
2 and amendments thereto, provided; the school district has levied such tax;
- 3 (B) an amount that is directly attributable to the proceeds of the tax
4 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and
5 amendments thereto, provided; the school district has levied such tax; *and*
6 (C) an amount that is directly attributable to the proceeds of the tax
7 levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and
8 amendments thereto, provided; the school district has levied such tax, plus;
- 9 (5) the amount of virtual school state aid such school district is to
10 receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;
- 11 (6) an amount certified by the board of trustees of the Kansas public
12 employees retirement system which is equal to the participating employer's
13 obligation of such school district to the system, less;
- 14 (7) an amount equal to 0.4% of the amount determined under
15 subsection (a)(1).
- 16 (b) *For school year 2016-2017, the state board shall disburse*
17 *general state aid to each school district in an amount equal to:*
- 18 (1) *Subject to the provisions of subsections (c) through (g), the*
19 *amount of general state aid such school district received for school year*
20 *2014-2015, if any, pursuant to K.S.A. 72-6416, prior to its repeal, as*
21 *prorated in accordance with K.S.A. 72-6410, prior to its repeal, less:*
- 22 (A) *The amount directly attributable to the ancillary school facilities*
23 *weighting as determined for school year 2014-2015 under K.S.A. 72-6443,*
24 *prior to its repeal;*
- 25 (B) *the amount directly attributable to the cost-of-living weighting as*
26 *determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-6450,*
27 *prior to its repeal;*
- 28 (C) *the amount directly attributable to declining enrollment state aid*
29 *as determined for school year 2014-2015 under K.S.A. 2014 Supp. 72-*
30 *6452, prior to its repeal; and*
- 31 (D) *the amount directly attributable to virtual school state aid as*
32 *determined for school year 2014-2015 under K.S.A. 2015 Supp. 72-3715,*
33 *and amendments thereto, plus;*
- 34 (2) (A) *an amount that is directly attributable to the proceeds of the*
35 *tax levied by the school district pursuant to K.S.A. 2015 Supp. 72-6473,*
36 *and amendments thereto, provided the school district has levied such tax;*
37 (B) *an amount that is directly attributable to the proceeds of the tax*
38 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6474, and*
39 *amendments thereto, provided the school district has levied such tax; and*
40 (C) *an amount that is directly attributable to the proceeds of the tax*
41 *levied by the school district pursuant to K.S.A. 2015 Supp. 72-6475, and*
42 *amendments thereto, provided the school district has levied such tax, plus;*
43 (3) *the amount of virtual school state aid such school district is to*

1 receive under K.S.A. 2015 Supp. 72-3715, and amendments thereto, plus;
2 (4) an amount certified by the board of trustees of the Kansas public
3 employees retirement system which is equal to the participating employer's
4 obligation of such school district to the system, less;

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

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

17 ~~(e)~~ (d) For any school district formed by consolidation in accordance
18 with article 87 of chapter 72 of the Kansas Statutes Annotated, and
19 amendments thereto, prior to the effective date of this act, and whose state
20 financial aid for school year 2014-2015 was determined under K.S.A.
21 2014 Supp. 72-6445a, prior to its repeal, the amount of general state aid
22 for such school district determined under subsection (a)(1) or (b)(1) shall
23 be determined as if such school district was not subject to K.S.A. 2014
24 Supp. 72-6445a, prior to its repeal, for school year 2014-2015.

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

32 ~~(e)~~ (f) (1) For any school district that was entitled to receive school
33 facilities weighting for school year 2014-2015 under K.S.A. 2014 Supp.
34 72-6415b, prior to its repeal, and which would not have been eligible to
35 receive such weighting for school year 2015-2016 under K.S.A. 2014
36 Supp. 72-6415b, prior to its repeal, an amount directly attributable to the
37 school facilities weighting as determined for school year 2014-2015 under
38 K.S.A. 72-6415, prior to its repeal, for such school district shall be
39 subtracted from the amount of general state aid for such school district
40 determined under subsection (a)(1) or (b)(1).

41 (2) For any school district which would have been eligible to receive
42 school facilities weighting for school year 2015-2016 under K.S.A. 2014
43 Supp. 72-6415b, prior to its repeal, but which did not receive such

1 weighting for school year 2014-2015, an amount directly attributable to
2 the school facilities weighting as would have been determined under
3 K.S.A. 72-6415, prior to its repeal, for school year 2015-2016 shall be
4 added to the amount of general state aid for such school district
5 determined under subsection (a)(1) *or* (b)(1).

6 (3) For any school district which would have been eligible to receive
7 school facilities weighting for school year 2016-2017 under K.S.A. 2014
8 Supp. 72-6415b, prior to its repeal, but which did not receive such
9 weighting for school year 2014-2015, and which would not have been
10 eligible to receive such weighting for school year 2015-2016 under K.S.A.
11 2014 Supp. 72-6415b, prior to its repeal, an amount directly attributable to
12 the school facilities weighting as would have been determined under
13 K.S.A. 72-6415, prior to its repeal, for school year 2016-2017 shall be
14 added to the amount of general state aid for such school district
15 determined under subsection (a)(1) *or* (b)(1).

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

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

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

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

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

1 prescribed by the state ~~finance council~~ board, and shall include a
2 description of the extraordinary need of the school district that is the basis
3 for the application.

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

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

35 (d) There is hereby established in the state treasury the school district
36 extraordinary need fund which shall be administered by the state
37 department of education. All expenditures from the school district
38 extraordinary need fund shall be used for the disbursement of
39 extraordinary need state aid as approved by the state ~~finance council~~ board
40 under this section. All expenditures from the school district extraordinary
41 need fund shall be made in accordance with appropriation acts upon
42 warrants of the director of accounts and reports issued pursuant to
43 vouchers approved by the state board of education, or the designee of the

1 state board of education. ~~At the end of each fiscal year, the director of~~
2 ~~accounts and reports shall transfer to the state general fund any moneys in~~
3 ~~the school district extraordinary need fund on each such date in excess of~~
4 ~~the amount required to pay all amounts of extraordinary need state aid~~
5 ~~approved by the state finance council for the current school year.~~

6 ~~(e) For school year 2015-2016 and school year 2016-2017, the state~~
7 ~~board of education shall certify to the director of accounts and reports an~~
8 ~~amount equal to the aggregate of the amount determined under K.S.A.~~
9 ~~2015 Supp. 72-6465(a)(7), and amendments thereto, for all school~~
10 ~~districts. Upon receipt of such certification, the director shall transfer the~~
11 ~~certified amount from the state general fund to the school district~~
12 ~~extraordinary need fund. All transfers made in accordance with the~~
13 ~~provisions of this subsection shall be considered to be demand transfers~~
14 ~~from the state general fund.~~

15 ~~(f) The approvals by the state finance council required by this section~~
16 ~~are hereby characterized as matters of legislative delegation and subject to~~
17 ~~the guidelines prescribed in K.S.A. 75-3711c(c), and amendments thereto.~~
18 ~~Such approvals may be given by the state finance council when the~~
19 ~~legislature is in session.~~

20 ~~(g) The provisions of this section shall expire on July 1 June 30,~~
21 ~~2017.~~

22 Sec. 8. K.S.A. 2015 Supp. 72-6481 is hereby amended to read as
23 follows: 72-6481. (a) The provisions of K.S.A. 2015 Supp. 72-6463
24 through 72-6481, *and sections 2 through 4*, and amendments thereto, shall
25 ~~not~~ be severable. If any provision of K.S.A. 2015 Supp. 72-6463 through
26 72-6481, *and sections 2 through 4*, and amendments thereto, *or any*
27 *application of such provision to any person or circumstance* is held to be
28 invalid or unconstitutional by court order, ~~all provisions the invalidity~~
29 ~~shall not affect other provisions or applications~~ of K.S.A. 2015 Supp. 72-
30 6463 through 72-6481, *and sections 2 through 4*, and amendments thereto,
31 ~~shall be null and void which can be given effect without the invalid~~
32 ~~provision or application.~~

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

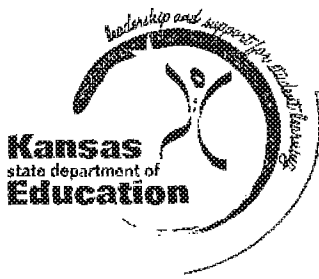
35 Sec. 9. K.S.A. 2015 Supp. 74-4939a is hereby amended to read as
36 follows: 74-4939a. On and after the effective date of this act for each fiscal
37 year commencing with fiscal year 2005, notwithstanding the provisions of
38 K.S.A. 74-4939, and amendments thereto, or any other statute, all moneys
39 appropriated for the department of education from the state general fund
40 commencing with fiscal year 2005, and each ensuing fiscal year thereafter,
41 by appropriation act of the legislature, in the KPERS — employer
42 contributions account and all moneys appropriated for the department of
43 education from the state general fund or any special revenue fund for each

1 fiscal year commencing with fiscal year 2005, and each ensuing fiscal year
2 thereafter, by any such appropriation act in that account or any other
3 account for payment of employer contributions for school districts, shall
4 be distributed by the department of education to school districts in
5 accordance with this section. Notwithstanding the provisions of K.S.A. 74-
6 4939, and amendments thereto, *for school year 2015-2016*, the department
7 of education shall disburse to each school district that is an eligible
8 employer as specified in K.S.A. 74-4931(1), and amendments thereto, an
9 amount in accordance with K.S.A. 2015 Supp. 72-6465(a)(6), and
10 amendments thereto, which shall be disbursed pursuant to K.S.A. 2015
11 Supp. 72-6465, and amendments thereto. *Notwithstanding the provisions*
12 *of K.S.A. 74-4939, and amendments thereto, for school year 2016-2017,*
13 *the department of education shall disburse to each school district that is*
14 *an eligible employer as specified in K.S.A. 74-4931(1), and amendments*
15 *thereto, an amount in accordance with K.S.A. 2015 Supp. 72-6465(b)(4),*
16 *and amendments thereto, which shall be disbursed pursuant to K.S.A.*
17 *2015 Supp. 72-6465, and amendments thereto.* Upon receipt of each such
18 disbursement of moneys, the school district shall deposit the entire amount
19 thereof into a special retirement contributions fund of the school district,
20 which shall be established by the school district in accordance with such
21 policies and procedures and which shall be used for the sole purpose of
22 receiving such disbursements from the department of education and
23 making the remittances to the system in accordance with this section and
24 such policies and procedures. Upon receipt of each such disbursement of
25 moneys from the department of education, the school district shall remit,
26 in accordance with the provisions of such policies and procedures and in
27 the manner and on the date or dates prescribed by the board of trustees of
28 the Kansas public employees retirement system, an equal amount to the
29 Kansas public employees retirement system from the special retirement
30 contributions fund of the school district to satisfy such school district's
31 obligation as a participating employer. Notwithstanding the provisions of
32 K.S.A. 74-4939, and amendments thereto, each school district that is an
33 eligible employer as specified in K.S.A. 74-4931(1), and amendments
34 thereto, shall show within the budget of such school district all amounts
35 received from disbursements into the special retirement contributions fund
36 of such school district. Notwithstanding the provisions of any other statute,
37 no official action of the school board of such school district shall be
38 required to approve a remittance to the system in accordance with this
39 section and such policies and procedures. All remittances of moneys to the
40 system by a school district in accordance with this subsection and such
41 policies and procedures shall be deemed to be expenditures of the school
42 district.

43 Sec. 10. K.S.A. 2015 Supp. 72-6463, 72-6465, 72-6476, 72-6481 and

1 74-4939a are hereby repealed.

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



Division of Fiscal and Administrative Services

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March 22, 2016

FROM: Dale M. Dennis, Deputy
Commissioner of Education

SUBJECT: Proposed Plan

Attached is a computer printout (SF16-133) which summarizes the effects of a proposed plan on supplemental general (LOB) state aid, capital outlay state aid, and hold harmless state aid. Provisions of this bill include the following.

- Capital outlay state aid is the same as provided in House Bill 2731 (see computer printout SF16-117 for school district detail).
- Supplemental general (LOB) state aid using median assessed valuation per pupil (see computer printout SF16-126 for school district detail)

SUMMARY—STATE AID

Capital Outlay State Aid	\$	23,489,840
Supplemental General (LOB) State Aid		(82,908,792)
Hold Harmless State Aid		61,792,947
Growth		2,000,000
TOTAL	\$	4,373,995

COLUMN EXPLANATION

- | | | |
|--------|------|--|
| Column | 1 -- | 2016-17 Estimated capital outlay state aid increase/decrease
(see computer printout SF16-117 for school district detail). |
| | 2 -- | 2016-17 Estimated supplemental general (LOB) state aid
increase/decrease
(see computer printout SF16-126 for school district detail) |
| | 3 -- | 2016-17 Estimated total increase/decrease
(Columns 1 + 2) |
| | 4 -- | 2016-17 Estimated hold harmless state aid |

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
256	Allen	Marmaton Valley	0	-400,146	-400,146	400,146
257	Allen	Iola	89,321	-189,235	-99,914	99,914
258	Allen	Humboldt	59,573	-485,907	-426,335	426,335
365	Anderson	Garnett	82,131	-429,918	-347,786	347,786
479	Anderson	Crest	0	-104,821	-104,821	104,821
377	Atchison	Atchison Co Comm Schools	4,289	-434,626	-430,337	430,337
409	Atchison	Atchison Public Schools	112,164	-223,242	-111,078	111,078
254	Barber	Barber County North	0	0	0	0
255	Barber	South Barber	0	0	0	0
355	Barton	Ellinwood Public Schools	45,148	190,623	235,771	0
428	Barton	Great Bend	129,100	-434,133	-305,033	305,033
431	Barton	Hoisington	48,885	166,216	215,100	0
234	Bourbon	Fort Scott	-28,319	-429,972	-458,290	458,290
235	Bourbon	Uniontown	0	-93,554	-93,554	93,554
415	Brown	Hiawatha	0	-197,162	-197,162	197,162
430	Brown	South Brown County	39,756	-252,507	-212,752	212,752
205	Butler	Bluestem	57,613	-56,881	732	0
206	Butler	Remington-Whitewater	23,597	-201,860	-178,263	178,263
375	Butler	Circle	72,089	-293,716	-221,627	221,627
385	Butler	Andover	445,569	-1,224,162	-778,593	778,593
394	Butler	Rose Hill Public Schools	104,596	-179,755	-75,159	75,159
396	Butler	Douglass Public Schools	47,544	-52,688	-5,144	5,144
402	Butler	Augusta	193,229	-380,141	-186,912	186,912
490	Butler	El Dorado	78,638	-269,181	-190,544	190,544
492	Butler	Flinthills	5,625	-170,372	-164,747	164,747
284	Chase	Chase County	0	-4,647	-4,647	4,647
285	Chautauqua	Cedar Vale	0	-3,358	-3,358	3,358
286	Chautauqua	Chautauqua Co Community	6,395	-16,048	-9,653	9,653
404	Cherokee	Riverton	-6,456	-122,514	-128,970	128,970
493	Cherokee	Columbus	34,756	-387,249	-352,494	352,494
499	Cherokee	Galena	26,348	-102,278	-75,930	75,930
508	Cherokee	Baxter Springs	83,323	-40,859	42,465	0
103	Cheyenne	Cheylin	0	0	0	0
297	Cheyenne	St Francis Comm Sch	0	-92,022	-92,022	92,022
219	Clark	Minneola	0	-84,689	-84,689	84,689
220	Clark	Ashland	0	0	0	0
379	Clay	Clay Center	-78,661	-369,689	-448,351	448,351
333	Cloud	Concordia	67,847	-262,440	-194,593	194,593
334	Cloud	Southern Cloud	0	-119,683	-119,683	119,683
243	Coffey	Lebo-Waverly	8,467	-270,076	-261,609	261,609
244	Coffey	Burlington	0	0	0	0
245	Coffey	LeRoy-Gridley	0	0	0	0
300	Comanche	Comanche County	0	0	0	0
462	Cowley	Central	17,280	-129,589	-112,309	112,309
463	Cowley	Udall	14,687	-206,438	-191,751	191,751
465	Cowley	Winfield	164,626	-571,881	-407,256	407,256
470	Cowley	Arkansas City	51,508	-383,843	-332,335	332,335
471	Cowley	Dexter	16,970	-31,423	-14,453	14,453
246	Crawford	Northeast	43,287	-144,553	-101,266	101,266
247	Crawford	Cherokee	15,868	-369,680	-353,812	353,812
248	Crawford	Girard	30,793	-170,283	-139,490	139,490
249	Crawford	Frontenac Public Schools	21,842	-111,824	-89,982	89,982

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid Inc / Dec	LOB Aid Inc / Dec	Estimated Inc / Dec	Estimated Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
250	Crawford	Pittsburg	130,319	-282,583	-152,264	152,264
294	Decatur	Oberlin	0	-49,926	-49,926	49,926
393	Dickinson	Solomon	22,574	-145,883	-123,309	123,309
435	Dickinson	Abilene	178,373	-184,899	-6,527	6,527
473	Dickinson	Chapman	-17,436	-226,618	-244,053	244,053
481	Dickinson	Rural Vista	0	-141,353	-141,353	141,353
487	Dickinson	Herington	0	-47,114	-47,114	47,114
111	Doniphan	Doniphan West Schools	0	0	0	0
114	Doniphan	Riverside	0	12,411	12,411	0
429	Doniphan	Troy Public Schools	13,545	-136,658	-123,114	123,114
348	Douglas	Baldwin City	120,067	-258,149	-138,082	138,082
491	Douglas	Eudora	109,827	-164,977	-55,150	55,150
497	Douglas	Lawrence	656,309	-2,377,404	-1,721,096	1,721,096
347	Edwards	Kinsley-Offerle	37,583	-111,390	-73,807	73,807
502	Edwards	Lewis	0	0	0	0
282	Elk	West Elk	20,962	-36,436	-15,474	15,474
283	Elk	Elk Valley	0	-156,179	-156,179	156,179
388	Ellis	Ellis	63,307	91,079	154,386	0
432	Ellis	Victoria	0	0	0	0
489	Ellis	Hays	0	-317,906	-317,906	317,906
112	Ellsworth	Central Plains	0	0	0	0
327	Ellsworth	Ellsworth	31,417	-187,355	-155,937	155,937
363	Finney	Holcomb	0	0	0	0
457	Finney	Garden City	293,038	-595,555	-302,517	302,517
381	Ford	Spearville	13,053	-133,059	-120,006	120,006
443	Ford	Dodge City	419,403	-788,687	-369,283	369,283
459	Ford	Bucklin	0	0	0	0
287	Franklin	West Franklin	56,631	-147,513	-90,882	90,882
288	Franklin	Central Heights	39,054	-130,682	-91,628	91,628
289	Franklin	Wellsville	71,910	-206,772	-134,862	134,862
290	Franklin	Ottawa	199,433	-382,498	-183,065	183,065
475	Geary	Geary County Schools	-154,601	-1,363,276	-1,517,877	1,517,877
291	Gove	Grinnell Public Schools	0	0	0	0
292	Gove	Wheatland	0	0	0	0
293	Gove	Quinter Public Schools	36,505	-16,562	19,943	0
281	Graham	Graham County	0	0	0	0
214	Grant	Ulysses	0	0	0	0
102	Gray	Cimmaron-Ensign	18,267	-285,031	-266,764	266,764
371	Gray	Montezuma	9,554	-101,046	-91,492	91,492
476	Gray	Copeland	0	0	0	0
477	Gray	Ingalls	7,671	24,186	31,858	0
200	Greeley	Greeley County Schools	0	0	0	0
386	Greenwood	Madison-Virgil	10,160	-86,657	-76,497	76,497
389	Greenwood	Eureka	10,316	-183,480	-173,164	173,164
390	Greenwood	Hamilton	0	-7,136	-7,136	7,136
494	Hamilton	Syracuse	35,806	-15,072	20,734	0
361	Harper	Anthony-Harper	0	-80,374	-80,374	80,374
511	Harper	Attica	11,276	-2,523	8,754	0
369	Harvey	Burrton	40,259	51,513	91,772	0
373	Harvey	Newton	236,161	-689,770	-453,610	453,610
439	Harvey	Sedgwick Public Schools	12,600	-48,449	-35,849	35,849
440	Harvey	Halstead	24,940	-291,933	-266,992	266,992

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid Inc / Dec	LOB Aid inc / Dec	Estimated Inc / Dec	Estimated Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
460	Harvey	Hesston	46,316	-270,744	-224,427	224,427
374	Haskell	Sublette	0	0	0	0
507	Haskell	Satanta	0	0	0	0
227	Hodgeman	Hodgeman County Schools	0	0	0	0
335	Jackson	North Jackson	3,723	-160,826	-157,103	157,103
336	Jackson	Holton	65,919	-239,384	-173,465	173,465
337	Jackson	Royal Valley	41,950	-246,065	-204,116	204,116
338	Jefferson	Valley Falls	23,067	-141,638	-118,571	118,571
339	Jefferson	Jefferson County North	20,071	-139,362	-119,291	119,291
340	Jefferson	Jefferson West	63,272	-145,711	-82,439	82,439
341	Jefferson	Oskaloosa Public Schools	9,290	-111,831	-102,541	102,541
342	Jefferson	McLouth	22,281	-194,210	-171,929	171,929
343	Jefferson	Perry Public Schools	23,623	-289,101	-265,478	265,478
107	Jewell	Rock Hills	0	-21,459	-21,459	21,459
229	Johnson	Blue Valley	0	-2,407,372	-2,407,372	2,407,372
230	Johnson	Spring Hill	0	-293,948	-293,948	293,948
231	Johnson	Gardner Edgerton	532,373	-706,254	-173,881	173,881
232	Johnson	De Soto	495,480	-2,022,965	-1,527,485	1,527,485
233	Johnson	Olathe	557,018	-9,575,361	-9,018,343	9,018,343
512	Johnson	Shawnee Mission Pub Sch	0	-3,040,285	-3,040,285	3,040,285
215	Kearny	Lakin	0	0	0	0
216	Kearny	Deerfield	0	0	0	0
331	Kingman	Kingman - Norwich	113,499	-35,949	77,551	0
332	Kingman	Cunningham	0	0	0	0
422	Kiowa	Kiowa County	0	0	0	0
474	Kiowa	Haviland	0	0	0	0
503	Labette	Parsons	44,300	-218,717	-174,417	174,417
504	Labette	Oswego	17,712	-56,487	-38,775	38,775
505	Labette	Chetopa-St. Paul	24,411	-108,219	-83,808	83,808
506	Labette	Labette County	91,923	-215,501	-123,578	123,578
468	Lane	Healy Public Schools	0	0	0	0
482	Lane	Dighton	0	0	0	0
207	Leavenworth	Ft Leavenworth	3,023	9,108	12,132	0
449	Leavenworth	Easton	28,299	-235,822	-207,523	207,523
453	Leavenworth	Leavenworth	226,875	-587,559	-360,684	360,684
458	Leavenworth	Basehor-Linwood	183,164	-279,044	-95,880	95,880
464	Leavenworth	Tonganoxie	-26,998	-322,038	-349,035	349,035
469	Leavenworth	Lansing	109,147	-301,893	-192,746	192,746
298	Lincoln	Lincoln	-10,762	-327,143	-337,905	337,905
299	Lincoln	Sylvan Grove	0	-72,558	-72,558	72,558
344	Linn	Pleasanton	18,628	-192,875	-174,247	174,247
346	Linn	Jayhawk	-27,233	-660,809	-688,042	688,042
362	Linn	Prairie View	0	0	0	0
274	Logan	Oakley	0	0	0	0
275	Logan	Triplains	0	0	0	0
251	Lyon	North Lyon County	0	0	0	0
252	Lyon	Southern Lyon County	50,257	-133,607	-83,350	83,350
253	Lyon	Emporia	557,901	-633,906	-76,005	76,005
397	Marion	Centre	45,106	-8,485	36,621	0
398	Marion	Peabody-Burns	0	-125,290	-125,290	125,290
408	Marion	Marion-Florence	0	-134,098	-134,098	134,098
410	Marion	Durham-Hillsboro-Lehigh	58,680	-186,307	-127,627	127,627

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid	LOB Aid	Estimated	Estimated
			Inc / Dec	Inc / Dec	Inc / Dec	Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
411	Marion	Goessel	9,414	-85,801	-76,387	76,387
364	Marshall	Marysville	0	-173,754	-173,754	173,754
380	Marshall	Vermillion	30,491	-260,333	-229,841	229,841
498	Marshall	Valley Heights	24,965	-161,729	-136,764	136,764
400	McPherson	Smoky Valley	110,105	-249,239	-139,135	139,135
418	McPherson	McPherson	148,145	-688,878	-540,733	540,733
419	McPherson	Canton-Galva	13,823	-188,068	-174,245	174,245
423	McPherson	Moundridge	0	-121,534	-121,534	121,534
448	McPherson	Inman	24,032	-220,421	-196,389	196,389
225	Meade	Fowler	0	-89,000	-89,000	89,000
226	Meade	Meade	0	0	0	0
367	Miami	Osawatomie	78,675	-313,930	-235,255	235,255
368	Miami	Paola	231,900	-47,738	184,162	0
416	Miami	Louisburg	149,710	-172,834	-23,125	23,125
272	Mitchell	Wacanda	0	-197,983	-197,983	197,983
273	Mitchell	Beloit	76,722	-203,131	-126,409	126,409
436	Montgomery	Caney Valley	22,058	-239,531	-217,473	217,473
445	Montgomery	Coffeyville	55,251	-389,721	-334,470	334,470
446	Montgomery	Independence	70,276	-627,014	-556,737	556,737
447	Montgomery	Cherryvale	44,627	-103,575	-58,948	58,948
417	Morris	Morris County	56,732	-164,849	-108,118	108,118
217	Morton	Rolla	0	0	0	0
218	Morton	Elkhart	151,571	60,515	212,086	0
113	Nemaha	Prairie Hills	72,950	-383,134	-310,184	310,184
115	Nemaha	Nemaha Central	0	-15,619	-15,619	15,619
101	Neosho	Erie-Galesburg	42,938	-165,559	-122,621	122,621
413	Neosho	Chanute Public Schools	202,967	-319,215	-116,253	116,253
106	Ness	Western Plains	0	0	0	0
303	Ness	Ness City	0	0	0	0
211	Norton	Norton Community Schools	36,424	-253,864	-217,440	217,440
212	Norton	Northern Valley	14,466	-89,530	-75,064	75,064
420	Osage	Osage City	24,153	-131,009	-106,857	106,857
421	Osage	Lyndon	29,991	-105,099	-75,108	75,108
434	Osage	Santa Fe Trail	34,670	-212,642	-177,972	177,972
454	Osage	Burlingame Public School	0	-68,019	-68,019	68,019
456	Osage	Marais Des Cygnes Valley	0	-155,879	-155,879	155,879
392	Osborne	Osborne County	19,440	-150,376	-130,936	130,936
239	Ottawa	North Ottawa County	-29,753	-222,723	-252,476	252,476
240	Ottawa	Twin Valley	29,667	-258,276	-228,609	228,609
495	Pawnee	Ft Larned	-74,248	-389,566	-463,813	463,813
496	Pawnee	Pawnee Heights	0	-85,280	-85,280	85,280
110	Phillips	Thunder Ridge Schools	1,237	-205,051	-203,813	203,813
325	Phillips	Phillipsburg	32,150	-92,430	-60,280	60,280
326	Phillips	Logan	0	-46,844	-46,844	46,844
320	Pottawatomie	Wamego	61,788	-327,496	-265,708	265,708
321	Pottawatomie	Kaw Valley	0	0	0	0
322	Pottawatomie	Onaga-Havensville-Wheaton	31,240	-145,165	-113,925	113,925
323	Pottawatomie	Rock Creek	0	-164,492	-164,492	164,492
382	Pratt	Pratt	109,265	-373,782	-264,517	264,517
438	Pratt	Skyline Schools	31,108	-181,179	-150,071	150,071
105	Rawlins	Rawlins County	5,221	-218,936	-213,715	213,715
308	Reno	Hutchinson Public Schools	163,146	-762,972	-599,826	599,826

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid Inc / Dec	LOB Aid Inc / Dec	Estimated Inc / Dec	Estimated Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
309	Reno	Nickerson	54,188	-272,711	-218,523	218,523
310	Reno	Fairfield	0	0	0	0
311	Reno	Pretty Prairie	12,863	-164,188	-151,324	151,324
312	Reno	Haven Public Schools	66,528	-383,753	-317,224	317,224
313	Reno	Buhler	238,318	-331,796	-93,478	93,478
109	Republic	Republic County	0	-241,846	-241,846	241,846
426	Republic	Pike Valley	8,614	-152,081	-143,467	143,467
376	Rice	Sterling	49,189	-126,574	-77,386	77,386
401	Rice	Chase-Raymond	0	0	0	0
405	Rice	Lyons	70,841	19,028	89,869	0
444	Rice	Little River	0	0	0	0
378	Riley	Riley County	45,573	-292,576	-247,003	247,003
383	Riley	Manhattan-Ogden	0	-1,536,205	-1,536,205	1,536,205
384	Riley	Blue Valley	0	-62,896	-62,896	62,896
269	Rooks	Palco	0	0	0	0
270	Rooks	Plainville	0	0	0	0
271	Rooks	Stockton	0	-80,629	-80,629	80,629
395	Rush	LaCrosse	7,025	-90,382	-83,358	83,358
403	Rush	Otis-Bison	0	0	0	0
399	Russell	Paradise	0	0	0	0
407	Russell	Russell County	70,624	257,388	328,012	0
305	Saline	Salina	560,848	-1,248,914	-688,066	688,066
306	Saline	Southeast Of Saline	0	-255,415	-255,415	255,415
307	Saline	Ell-Saline	33,772	-252,817	-219,044	219,044
466	Scott	Scott County	21,880	-135,092	-113,212	113,212
259	Sedgwick	Wichita	4,508,756	-6,045,648	-1,536,892	1,536,892
260	Sedgwick	Derby	822,104	-735,024	87,080	0
261	Sedgwick	Haysville	-24,663	-422,672	-447,335	447,335
262	Sedgwick	Valley Center Pub Sch	176,871	-299,711	-122,841	122,841
263	Sedgwick	Mulvane	246,570	-55,372	191,198	0
264	Sedgwick	Clearwater	99,239	-194,003	-94,764	94,764
265	Sedgwick	Goddard	417,394	-680,851	-263,457	263,457
266	Sedgwick	Maize	629,126	-1,165,811	-536,684	536,684
267	Sedgwick	Renwick	154,108	-486,381	-332,273	332,273
268	Sedgwick	Cheney	49,452	-138,423	-88,971	88,971
480	Seward	Liberal	0	-495,290	-495,290	495,290
483	Seward	Kismet-Plains	0	0	0	0
345	Shawnee	Seaman	354,751	-714,134	-359,383	359,383
372	Shawnee	Silver Lake	45,831	-157,086	-111,255	111,255
437	Shawnee	Auburn Washburn	776,699	-622,735	153,964	0
450	Shawnee	Shawnee Heights	307,760	-596,977	-289,218	289,218
501	Shawnee	Topeka Public Schools	829,524	-1,804,935	-975,411	975,411
412	Sheridan	Hoxie Community Schools	0	-64,249	-64,249	64,249
352	Sherman	Goodland	-22,702	-568,624	-591,325	591,325
237	Smith	Smith Center	11,968	-274,626	-262,658	262,658
349	Stafford	Stafford	6,337	-145,450	-139,113	139,113
350	Stafford	St John-Hudson	0	0	0	0
351	Stafford	Macksville	0	0	0	0
452	Stanton	Stanton County	0	0	0	0
209	Stevens	Moscow Public Schools	0	0	0	0
210	Stevens	Hugoton Public Schools	0	0	0	0
353	Sumner	Wellington	164,453	-349,018	-184,565	184,565

	3/22/2016		Col 1	Col 2	Col 3	Col 4
			Cap Outlay Aid Inc / Dec	LOB Aid Inc / Dec	Estimated Inc / Dec	Estimated Payment
USD#	County Name	USD Name	SF16-117 Col 4	SF16-126 Col 4	(Cols 1+2+3)	Hold Harmless
356	Sumner	Conway Springs	49,413	-135,100	-85,687	85,687
357	Sumner	Belle Plaine	38,894	-118,039	-79,145	79,145
358	Sumner	Oxford	45,956	67,172	113,128	0
359	Sumner	Argonia Public Schools	0	-73,925	-73,925	73,925
360	Sumner	Caldwell	10,773	-143,827	-133,054	133,054
509	Sumner	South Haven	9,665	44,602	54,267	0
314	Thomas	Brewster	0	0	0	0
315	Thomas	Colby Public Schools	44,730	-457,878	-413,148	413,148
316	Thomas	Golden Plains	0	-162,331	-162,331	162,331
208	Trego	Wakeeney	0	0	0	0
329	Wabaunsee	Mill Creek Valley	9,206	-290,683	-281,477	281,477
330	Wabaunsee	Mission Valley	52,513	-136,896	-84,383	84,383
241	Wallace	Wallace County Schools	0	0	0	0
242	Wallace	Weskan	0	-17,107	-17,107	17,107
108	Washington	Washington Co. Schools	3,908	-166,153	-162,245	162,245
223	Washington	Barnes	0	-175,837	-175,837	175,837
224	Washington	Clifton-Clyde	0	-127,159	-127,159	127,159
467	Wichita	Leoti	0	-157,678	-157,678	157,678
387	Wilson	Altoona-Midway	0	-39,888	-39,888	39,888
461	Wilson	Neodesha	46,331	-250,286	-203,955	203,955
484	Wilson	Fredonia	20,189	-140,475	-120,285	120,285
366	Woodson	Woodson	2,648	-33,810	-31,162	31,162
202	Wyandotte	Turner-Kansas City	218,981	-484,713	-265,733	265,733
203	Wyandotte	Piper-Kansas City	162,149	-269,147	-106,997	106,997
204	Wyandotte	Bonner Springs	281,143	-427,970	-146,826	146,826
500	Wyandotte	Kansas City	1,262,158	-2,502,864	-1,240,706	1,240,706
	TOTALS		23,489,840	-82,908,792	-59,418,952	61,792,947

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KANSAS HOUSE APPROPRIATIONS COMMITTEE

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TRANSCRIPT

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OF

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PROCEEDINGS,

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12 beginning at 2:30 p.m. on the 22nd day of March,

13 2016, in Room 112-N, Kansas State Capitol

14 Building, Topeka, Kansas, before the Kansas House

15 Appropriations Committee, Representative Ron

16 Ryckman, Chairman.

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Recording transcription by Computerized Systems

1 CHAIRMAN RYCKMAN: Representative
2 Highland.

3 REPRESENTATIVE HIGHLAND: I'd like to
4 introduce RS No. 16, RS 4098, having to do with
5 school finance on behalf of Senator Abrams and my
6 fingerprints are on it as well.

7 CHAIRMAN RYCKMAN: Is there a second?
8 Second by Representative Rhoades. Again, this is
9 a complete school finance solution that Senator
10 Abrams has been working on that Representative
11 Highland is introducing. We have a motion and a
12 second. Any discussion? All in favor of this
13 bill's introduction say aye. Opposed? Bill's
14 introduced. Committee, we're having an informal
15 hearing on House Bill 2740. It's my understanding
16 the identical bill was introduced in the Senate
17 who also just had an informal hearing, but it is
18 our response to the courts and what I interpret
19 are a good effort to, to keep our schools open and
20 to answer the courts in a way that is the best for
21 all schools and for our taxpayers as well. To
22 that I'd ask for a -- Jason Long to brief us on
23 the bill. In addition, I think you've been handed
24 out what we call runs provided by the Department
25 of Education. Jason, thank you for being here.



1 MR. LONG: Thank you, Mr. Chairman,
2 members of the committee. House bill 2740 does
3 make amendments regarding school finance. You
4 have a copy of the bill there at your seat along
5 with a copy of the Memorandum summarizing the bill
6 from our office. What the bill does is address
7 supplemental general state aid and capital outlay
8 state aid. This may sound familiar to you as you
9 had a hearing just last week on a separate bill.

10 Under this one, if you think back, under
11 current law as a portion of the block grant under
12 Senate Bill 7 school districts received an amount
13 of supplemental general state aid that was equal
14 to what the school district received for school
15 year '14-'15 and that's equalization state aid for
16 school districts, you levy a local option budget
17 property tax levy. Under House Bill 2740, instead
18 of going through the block grant there would be a
19 separate statutory formula for determining that
20 supplemental general state aid and it would be
21 distributed pursuant to a specific appropriation.
22 You can see that on page 1, line 13, is the
23 appropriated amount for next school year, school
24 year '16-'17.

25 The statutory formula is in Section 2 of the



1 bill and what it does, you've seen this before, it
2 takes the assessed valuation per pupil of the
3 district, rounds that to the nearest one-
4 thousandth dollar amount, sets up a schedule in
5 thousand dollar increments. You find the median
6 point of that schedule and that gets assigned a
7 state aid computation percentage of 25 percent,
8 and then as you go up in wealth, go up in those
9 thousand dollar increments your percentage goes
10 down one percent per one thousand increment or if
11 you're a poverty, a poorer district and you're
12 below that median point, for every thousand dollar
13 increment you're below your percentage goes up one
14 percent up to a maximum of a hundred percent. And
15 then that percentage computation that's assigned
16 to your district based on where you fall in that
17 schedule is multiplied by your local option budget
18 and that's the amount of supplemental general
19 state aid that a school district will receive in
20 school year '16-'17 under House Bill 2740.

21 That section is made a part of the CLASS Act
22 and expires on June 30th, 2017, along with the
23 rest of the CLASS Act, and then in addition to
24 that, Section 3 of the bill deals with capital
25 outlay state aid and again, under current law



1 that's a portion of your block grant, but under
2 House Bill 2740 that is being pulled out of the
3 block grant and going to be calculated and
4 distributed through a separate item of
5 appropriation. On page 1, line 20, is that line
6 item and this would be calculated in the same
7 manner as the supplemental general state aid. So,
8 again, rounding the AVPP, doing the schedule,
9 finding the median point, the computation
10 percentage, and for capital outlay state aid it's
11 that percentage times the capital outlay levy that
12 the school district makes for school year '16-'17;
13 and, so, we're using the same equalization formula
14 for both capital outlay state aid and LOB state
15 aid for next school year under House Bill 2740.
16 Again, and also that capital outlay state aid is
17 also made a part of the CLASS Act and is set to
18 expire on June 30th of 2017.

19 Then the other form of equalization state aid
20 provided in this bill is in Section 4 and this is
21 school district equalization state aid and this is
22 based on comparing the school district's total
23 state aid from this current year, '15-'16,
24 compared to what they will receive under the bill
25 in '16-'17. So, we're going to look at the school



1 district's supplemental and capital outlay state
2 aid for next year under this bill, what that total
3 aggregate amount is, compare that to what they
4 receive through the block grant in supplemental
5 and capital outlay state aid this year, and to the
6 extent they receive less next year then they're
7 going to get equalization state aid under Section
8 4. It's an additional amount of equalization
9 state aid for next year, but only those districts
10 that actually have less in supplemental and
11 capital outlay state aid next year than what they
12 received this year and the amount of that
13 additional equalization state aid is that
14 difference. So, you can think of it kind of as a
15 hold harmless in terms of equalization of state
16 aid for the school districts for school year '16-
17 '17 and you can see that is appropriated on page
18 1, line 14, it's the 61 million plus dollars
19 appropriated for that school district equalization
20 state aid. That section also is made a part of
21 the CLASS Act and is set to expire on June 30th of
22 2017.

23 Section 6 of the bill amends the actual block
24 grant calculation. Since we, the bill proposes to
25 distribute supplemental general state aid and



1 capital outlay state aid through direct
2 appropriation it's no longer going to be
3 distributed through the block grant. There's a
4 new calculation for block grant funding for school
5 year '16-'17 that excludes those two amounts, so,
6 that's the amendment in Section 6 of the bill.

7 And then Section 7 amends the extraordinary
8 need fund and if you recall, the extraordinary
9 need fund was a mechanism by which school
10 districts could apply to the State Finance Council
11 if they had extraordinary growth or extraordinary
12 loss in assessed valuation or some other
13 unforeseen circumstance that significantly
14 impacted their general fund budget, they could
15 apply to the State Finance Council for additional
16 extraordinary need state aid, both this year and
17 next year under the, under Senate Bill 7. What
18 House Bill 2740 does is shift that from the State
19 Finance Council to the State Board of Education.
20 So, for next school year school districts would
21 submit their application to the State Board of
22 Education for extraordinary need and then I'll
23 point out that in addition to the current three
24 considerations for extraordinary state aid, on
25 page 10 of the bill, line 16 through 19, the State



1 Board can also consider whether the applicant
2 school district has reasonably equal access to
3 substantially similar educational opportunity
4 through similar tax efforts. That is the
5 equitable standard under the Constitution that the
6 Supreme Court has said is required pursuant to
7 Article 6, Section 6, and, so, to the extent the
8 school district believes it needs more state aid
9 to meet that equitable standard, the State Board
10 of Education can consider that in the application
11 of the school district and grant extraordinary
12 need state aid based on that consideration.

13 Then I'll also point out on page 10 of the
14 bill, lines 30 through 34, the State Board that is
15 conducting these application reviews and having
16 hearings is to act in accordance with the Kansas
17 Administrative Procedure Act and any decisions of
18 the State Board are subject to the Kansas Judicial
19 Review Act.

20 And then finally I'll point out on page 11 of
21 the bill the nonseverability statute, K.S.A. 72-
22 6481, is amended by this bill to make it a
23 severability statute so that, one, the CLASS Act
24 would include the new Sections 2, 3 and 4 as all
25 part of the same act, but then if any provision,



1 including any provision of those sections is found
2 unconstitutional by the court, that portion can be
3 severed from the rest of the Act and the remainder
4 of the Act will be allowed to proceed and be in
5 full force and effect going forward simply without
6 that provision that was found unconstitutional.
7 So, there is that change.

8 If enacted the bill will become effective on
9 July 1 of 2016 and with that, Mr. Chairman, I'll
10 be happy to stand for any questions.

11 CHAIRMAN RYCKMAN: Thank you, Jason. I'd
12 also like to remind the committee that we have a
13 transcriptionist here to help us document the
14 conversations and, so, I know I need to be
15 reminded as some others to speak maybe a little
16 slower as you ask your questions. Any questions
17 for Jason? Well, the first one I would have, and
18 again you touched on it briefly, but can you again
19 kind of give the rationale for the severability
20 versus nonseverability?

21 MR. LONG: Sure. The -- so, with the
22 severability provision, and we put these in a lot
23 of statutory acts, what it is is it's a statement
24 by the legislature that if the court were to find
25 any particular part of the Act to be in violation



1 of the constitutional provision, then it would be
2 the legislature's intention that that portion be
3 severed from the Act and the rest of the Act
4 remain in full force and effect and, so, that is
5 what the change to 72-6481 is doing is it's
6 expressing the intent of the legislature that the
7 provisions of the CLASS Act be severable and that
8 if any provision is found unconstitutional it be
9 cut off from the rest of the Act and the rest of
10 the Act be given full force and effect moving
11 forward in school year '16-'17.

12 CHAIRMAN RYCKMAN: Any questions on that?
13 Jason, another question I have is, give me an
14 understanding of the court's ruling as far as
15 under one formula, you know, referencing the
16 relevant portions of the previous school funding
17 system as fully funded and then the current block
18 system, does this -- how does this address that?

19 MR. LONG: The court stated one way of,
20 in the court's words, curing the constitutional
21 infirmity with regard to equity would be to
22 reenact the school funding formulas for local
23 option budget and for capital outlay as they were
24 prior to Senate Bill 7. What House Bill 2740 does
25 is take the formula, that formula that was in



1 effect prior to Senate Bill 7 for capital outlay
2 and makes it uniform as to both tax levies. So,
3 it applies under this bill to both the local
4 option budget equalization formula and to the
5 capital outlay equalization formula. The court
6 was silent as to why there were two different
7 formulas or even that there was a need for two
8 different formulas. The court simply stated that
9 there was a formula for LOB and there was a
10 formula for capital outlay and, so, there was no
11 language in the court's opinion, to my
12 recollection, distinguishing the two, why there
13 couldn't be a uniform equalization formula, but at
14 the same time there was no language in the court's
15 opinion stating that one formula could be applied
16 to the other. The court didn't have any express
17 language to that effect, so, applying one to the
18 other is kind of a new tact that wasn't -- there
19 was no clear guidance given by the court on this
20 method.

21 CHAIRMAN RYCKMAN: Representative Kleeb.

22 REPRESENTATIVE KLEEB: Thank you, Mr.
23 Chairman. I wanted to, Jason, have you go into
24 Section 4 just a little bit and talk about this
25 hold harmless aspect. In particular, so, we are



1 holding districts that have this change due to
2 this formula, we're holding them even with the
3 financing, is that my understanding?

4 MR. LONG: Yes. To the extent that
5 because of the change in how the supplemental
6 general state aid is being calculated under this
7 bill, to the extent that their total supplemental
8 general state aid and capital outlay state aid
9 amount is less next year than what they received
10 through the block grant this year, Section 4 makes
11 up that difference and provides that difference to
12 the school district so that they would receive the
13 same amount as they received this year.

14 REPRESENTATIVE KLEEB: Past changes to
15 the school finance formula bills have changed the
16 equity piece from 75 to 81.2 and all this sort of
17 thing. Is this hold harmless been in past bills
18 that have come along or has it been a matter of
19 practice?

20 MR. LONG: No, what you see in Section 4
21 would be new school district equalization state
22 aid. I will point out that the formula used in
23 Section 2 and Section 3 is the same formula based
24 on that 25 percent at the median point that the
25 court indicated would be, would meet its equitable



1 standard for capital outlay state aid in its
2 recent opinion; but no, this hold harmless
3 equalization state aid has not been addressed by
4 the court in any prior decision.

5 REPRESENTATIVE KLEEB: No, I'm not saying
6 addressed. Has it been a matter of practice in
7 the past when there have been changes in school
8 finance formula?

9 MR. LONG: Well, in speaking to the prior
10 formula, the SDFQPA, those changes, no, I don't
11 believe there was -- usually when there were
12 tweaks to that formula there was not a new fund
13 created to hold districts harmless as a result of
14 the tweaks to the formula, if that's what you're
15 asking. That's not been the practice over that 20
16 year history of the SDFQPA.

17 REPRESENTATIVE KLEEB: So, this is --
18 certainly equalization means different things to
19 different people and, so, this is to try to buy us
20 a year as we delve into that whole discussion of
21 what is equalization?

22 MR. LONG: Well, I believe this hold
23 harmless amount is called school district
24 equalization state aid because it's predicated on
25 that difference in equalization state aid between



1 next year and this year.

2 REPRESENTATIVE KLEEB: Thank you, Mr.
3 Chairman.

4 CHAIRMAN RYCKMAN: I think it's
5 consistent with what we heard yesterday, that any
6 -- most times when there's been a change there has
7 been a hold harmless provision. We heard that
8 from many of our stakeholders. Representative
9 Claeys.

10 REPRESENTATIVE CLAEYS: Thank you, Mr.
11 Chairman. There was some talk, Jason, last time
12 of AVPP of 81.2. In this is that number
13 essentially picked out of the sky or created at
14 the flip of a coin, does that number still exist
15 or is there some other mechanism for arriving at
16 that?

17 MR. LONG: No, the formula would not be
18 based on any 81.2 percentile threshold under House
19 Bill 2740. Instead it uses that median point and
20 assigns a 25 percent computation factor to that
21 median point just like the formula in 72-8814 did
22 for capital outlay prior to its repeal last year
23 under Senate Bill 7. So, this is an established
24 formula that was in use for several years prior to
25 Senate Bill 7's enactment last year.



1 REPRESENTATIVE CLAEYS: Okay, thank you,
2 Jason. Thank you, Mr. Chairman.

3 CHAIRMAN RYCKMAN: In follow up to that,
4 I don't believe -- Jason, correct me if I'm wrong,
5 the Supremes did not appear to require two
6 formulas or preclude one. Can you respond to that
7 part of the question?

8 MR. LONG: No, the court -- I don't think
9 there's any language in the court's opinion that
10 would clearly preclude what's proposed in 2740 nor
11 clearly endorse what's in House Bill 2740, Mr.
12 Chairman.

13 CHAIRMAN RYCKMAN: Another question,
14 Representative Wolfe Moore.

15 REPRESENTATIVE WOLFE MOORE: I can wait
16 till you're done, Mr. Chairman.

17 CHAIRMAN RYCKMAN: Go ahead.

18 REPRESENTATIVE WOLFE MOORE: Thank you,
19 Mr. Chair. Sir, I don't know if you can answer
20 this, but -- so, the court said that the state aid
21 is, the amount of state aid is inequitable, so,
22 we're essentially using the same amount of money,
23 it appears to me, except maybe for about two
24 million extra that comes from the extraordinary
25 need fund, and, so, not all districts get that and



1 some will still be considered funded inequitably,
2 so, I'm trying to figure out how this solves our
3 problem with the courts.

4 MR. LONG: This is -- I don't know and I
5 can't speak to whether or not this would
6 absolutely solve the problem for the courts.
7 That's up to the court to decide whether or not
8 this meets the constitutional standard. What this
9 is is a change in the distribution of supplemental
10 general state aid and capital outlay state aid
11 from what was used for this current year, for the
12 '15-'16 year. This is proposing a change in that
13 distribution for school year '16-'17 using a
14 distribution formula that was in effect for
15 capital outlay state aid prior to the enactment of
16 Senate Bill 7; but, yeah, I believe the amount --
17 there is some built-in growth amount for any
18 slight adjustments in school district assessed
19 valuation, but I believe it is the same amount
20 that was appropriated for last year.

21 REPRESENTATIVE WOLFE MOORE: That's what
22 I thought. Thank you, Mr. Chair.

23 CHAIRMAN RYCKMAN: And again, we're
24 talking about equity, not adequacy.
25 Representative Claeys.



1 REPRESENTATIVE CLAEYS: Thank you, Mr.
2 Chair, for the second bite at the apple. Can you
3 go into why we would want to send the dollars to
4 the Department of Education? Is there a timing
5 issue behind that? What is the rationale behind
6 that?

7 MR. LONG: Well, I can't speak to the
8 intent of the requester in making that change. I
9 do note in past court decisions there has been
10 some language indicating a question as to why that
11 extraordinary need fund was being overseen by the
12 State Finance Council and not the State Board of
13 Education since it was state aid to go to school
14 districts. Then I do know that the State Board of
15 Education meets on a monthly basis, which is quite
16 a bit more frequently than the State Finance
17 Council and, so, they do have permanent staff over
18 there at the State Board of Education. So, there
19 is that aspect of the transfer over to the State
20 Board of Education.

21 REPRESENTATIVE CLAEYS: So, response
22 times would be improved if they were to use the
23 Department of Education? Reviewers wouldn't come
24 into play as much as they're meeting more
25 frequently.



1 MR. LONG: I would probably have to defer
2 to the State Board in terms of how they would view
3 this change and how they would administer that
4 provision, but presumably meeting more often would
5 allow them to review the applications more often,
6 but again I'd defer to the State Board on that
7 question.

8 REPRESENTATIVE CLAEYS: Thank you, Jason;
9 thank you, Mr. Chairman.

10 CHAIRMAN RYCKMAN: Any other questions
11 for Jason? Representative Lunn.

12 REPRESENTATIVE LUNN: Thank you, Mr.
13 Chairman, and this may be for you but, Jason, your
14 thoughts on this. Is this more of a, you consider
15 this more of a stop gap measure to satisfy the
16 courts and contain their threat of closing our
17 schools or do you see this as a foundational move
18 toward a future formula?

19 MR. LONG: The provisions in House Bill
20 2740 are only in effect for school year '16-'17.
21 The new sections expire at the same time as the
22 CLASS Act does on June 30 of 2017, so, there's no
23 future prospect of this continuing on, at least
24 under this bill, 2740, for any future school years
25 beyond next school year.



1 REPRESENTATIVE LUNN: Thank you.

2 CHAIRMAN RYCKMAN: Representative Barker.

3 REPRESENTATIVE BARKER: Thank you, Mr.
4 Chairman. Jason, just a couple questions on your
5 severability clause and I agree that it's used on
6 a lot of federal legislation and some state
7 legislation, but my experience is, and you can
8 differ with me, I'd love your opinion, normally
9 when the court strikes down certain section of the
10 statutes it's usually the heart of the statute,
11 and the rest of it, the remaining sections could
12 not stand on their own. Are you telling me that
13 Section 6 or Section 4 gets struck that this would
14 still stand?

15 MR. LONG: There are court cases where
16 the courts have, have not strictly adhered to a
17 severability provision given the provisions of the
18 Act that were deemed unconstitutional. This is
19 simply stating that if the remainder of the rest
20 of the Act can be given full force and effect
21 going forward without that provision deemed
22 unconstitutional, then it would be the
23 legislature's intent to maintain that, that
24 effectiveness of the rest of the Act rather than
25 render the entire act unconstitutional.



1 REPRESENTATIVE BARKER: All right, thank
2 you, Mr. Chairman.

3 CHAIRMAN RYCKMAN: And again, I think the
4 purpose of that shift is, do everything we can to
5 assure schools remain open. Any other questions?
6 All right, we do have handouts here if you have
7 questions on the runs, if you want to bring up Jay
8 Gene or Eddie to go over them. Any questions --
9 Mr. Dennis is here. Any questions, if we put him
10 on the spot that he typically is a breath of
11 information? Not seeing any.

12 REPRESENTATIVE BALLARD: Would you repeat
13 that again?

14 NEW SPEAKER: Any questions.

15 CHAIRMAN RYCKMAN: Representative
16 Ballard.

17 REPRESENTATIVE BALLARD: Thank you. I
18 think Representative Wolfe Moore brought it up,
19 but I've tried to read the opinion and it says
20 even though we talked earlier about equalization,
21 we talked about new monies. Now, just because we
22 shifted 15 million to State Board of Education, is
23 there any new money in here? I mean, I don't see
24 any new money. Did they say solely we would deal
25 with equalization part of it or did it say



1 equalization, go back to the areas that we needed
2 to deal with, and new money and we're making a
3 choice to go with one?

4 CHAIRMAN RYCKMAN: This is a response to
5 the equity portion of the lawsuit and the, and the
6 -- there is a little bit of additional money
7 that's a little over two million dollars that has
8 been, that was part of the extraordinary needs
9 fund. The extraordinary needs fund in this bill
10 is going to the Department of Education to
11 administer to our school districts.

12 REPRESENTATIVE BALLARD: And where is the
13 two million going?

14 CHAIRMAN RYCKMAN: That's to the schools.
15 There's a few districts that under the
16 capitalization formula for the LOB, I think
17 probably -- haven't studied them directly, but
18 probably ones that lost significant valuation,
19 they do get increased LOB aid when you run it
20 through the capitalization formula.

21 REPRESENTATIVE BALLARD: Okay. So, I
22 guess you could say, we could say we have some new
23 monies going here, so, we're addressing both
24 areas, but mainly the equity part?

25 CHAIRMAN RYCKMAN: Yeah, this bill deals



1 with equity.

2 REPRESENTATIVE BALLARD: And you say we
3 could ask -- did you say Dale Dennis?

4 CHAIRMAN RYCKMAN: Sure. Mr. Dennis.

5 MR. DENNIS: Yes, sir.

6 CHAIRMAN RYCKMAN: Representative
7 Ballard.

8 REPRESENTATIVE BALLARD: Thank you, Mr.
9 Chairman, again. In terms of the equalization
10 portion and the way you -- can I ask him any
11 question? Okay. I get to be the attorney today,
12 right? No, but in looking at this, do we address
13 the equalization portion or, or does it lean
14 heavier on new money? That's what I'm unclear
15 about.

16 MR. DENNIS: There's not a significant
17 increase in new money, no.

18 REPRESENTATIVE BALLARD: But does the
19 opinion specifically talk more about new money or
20 did it put more weight on equity?

21 MR. DENNIS: Equity in this case I
22 believe was the issue. Jason is the expert on
23 that, but I think equity was what the emphasis
24 was.

25 REPRESENTATIVE BALLARD: What problems do



1 you see with this bill?

2 MR. DENNIS: The -- nobody loses, okay,
3 and if there's an issue it will be the change and
4 I think anybody involved in it would say this,
5 when you change from 81st percentile to the
6 capital outlay equalization, somebody could raise
7 that issue, that's possible; but how, how somebody
8 may rule on that I don't know, but that issue will
9 no doubt be discussed 'cause you're changing the
10 amount of dollars equalized in the LOB from one
11 formula to another.

12 REPRESENTATIVE BALLARD: And how would
13 2740 help the school districts?

14 MR. DENNIS: Well, probably the biggest
15 help that some of them would say is they don't
16 lose any money. Remember some of the other runs,
17 there was -- you lost. No money loses under this
18 plan.

19 REPRESENTATIVE BALLARD: Thank you very
20 much.

21 CHAIRMAN RYCKMAN: I'll also remind the
22 committee that we will open a full hearing up
23 tomorrow morning at 9:30. This was scheduled for
24 now and this is not your only time to ask
25 questions. We just wanted to get information out



1 so you'd have a little more time to digest it.

2 Mr. Dennis thank you. One more question from
3 Representative Kleeb.

4 REPRESENTATIVE KLEEB: Thank you. Dale,
5 we've made tweaks in the past school formula bill.
6 This concept of hold harmless, is this new?

7 MR. DENNIS: In recent history, yes, but
8 you go back a ways the answer is no. It's not
9 unusual to have a hold harmless when you
10 transition to something else. That's not
11 particularly unusual and usually it's a phase out,
12 with me? You do hold harmless, you're going to
13 something new and you'll phase it out over time.
14 That's not unusual.

15 REPRESENTATIVE KLEEB: So, the hold
16 harmless may be even more than just one school
17 year; it could be phased out over two or three or
18 four.

19 MR. DENNIS: It could be -- in the past
20 if you phased it out over time, why, that's been
21 done before and the -- the, the amount here is
22 rather, is maybe on the high side, but it's been
23 done before, but the number of dollars we're
24 dealing with is a lot higher than it was the last
25 time this happened. A lot more dollars involved.



1 Percentagewise probably not much difference, but
2 this has been done before.

3 REPRESENTATIVE KLEEB: And the losers in
4 this case, so to speak, we have winners and
5 losers, the losers are for the most part taking
6 money out of classrooms or out of actual school
7 functions potentially and buying down the taxes
8 of --

9 MR. DENNIS: Well, a good budget person,
10 I think the answer would be no, I don't think it
11 would take it out of the classroom. I gave you
12 example that the hold harmless money is going to
13 the general fund. That can go to the classroom.
14 The current LOB can go to the classroom, and you
15 brought up the definition of capital outlay that
16 helps that and some of that could go to the
17 classroom like equipment, so, phase of that, so, I
18 don't think there'd be much -- that would be a big
19 issue. I don't think it would be. Going to the
20 classroom part shouldn't be an issue.

21 REPRESENTATIVE KLEEB: Okay, understood.
22 So, the main thing I just wanted to double-check,
23 this hold harmless concept has not only been done,
24 but it's been phased in over the years in the
25 past.



1 MR. DENNIS: Usually when the legislature
2 has done this, you go back umpteen years, why,
3 they phased it out over time. Said, here's what
4 you're guaranteed and as the money goes up,
5 changes come about, then it phased out. Sometimes
6 there's been even a year where it's been good for
7 so long, but it's usually always phased out.

8 REPRESENTATIVE KLEEB: Thank you, Mr.
9 Chairman.

10 CHAIRMAN RYCKMAN: Representative Henry.

11 REPRESENTATIVE HENRY: Real quickly,
12 Dale, the bill we had preceding, 2731, I believe
13 the losers was Johnson County, can't remember, six
14 or seven million, winner was Wichita, about the
15 same amount, if I remember the testimony. How
16 does, what does 2740 do for those two?

17 MR. DENNIS: If you add the -- you have
18 the summary, I might mention to you, there's a
19 printout back, that back supports each one of
20 those columns, like capital outlay, LOB. It's on
21 the website if you want to look at it, KSDE.org
22 and go to school finance and what's new, and staff
23 will be glad to give you one. Now, you asked
24 about the selected districts. If you turn and
25 take a look at Sedgwick County first in the



1 summary page, under this plan Wichita would end up
2 gaining about 1.5 million and that would come
3 under the hold harmless clause. So, in essence,
4 what they do is break even. Wichita breaks even.
5 When you get hold harmless you're breaking even.
6 So, if you go back to Johnson County I think
7 you're going to find them the same way. They get
8 hold harmless and if you get hold harmless you're
9 breaking even.

10 REPRESENTATIVE HENRY: But under 2731
11 they would have, Wichita would have gained money,
12 but under this they break even?

13 MR. DENNIS: That's correct.

14 REPRESENTATIVE HENRY: Under the old, the
15 other formula, Johnson County was losing
16 substantial money, but under this they break even?

17 MR. DENNIS: That's correct. You'll
18 find, sir, anybody that has money, I believe, JG
19 and column 4 are all break even folks. So, if you
20 look at column 4 they're all breaking even. So,
21 you are correct, Wichita, they've gained on that
22 one, and Johnson County as a general rule lost and
23 this time they both break even under this
24 proposal.

25 CHAIRMAN RYCKMAN: Representative Wolfe



1 Moore.

2 REPRESENTATIVE WOLFE MOORE: Thank you,
3 Mr. Chair. I also want to ask my question again
4 because I still don't understand. So, in this
5 bill, except for a few districts most people get
6 the same amount of money, so, I'm trying to
7 understand how that fixes the equity problem.

8 MR. DENNIS: I'll let Jason answer that,
9 he really wants to; but that's, that's an opinion
10 for the attorneys and the court really; but
11 anybody you see in column 4 is break even, that's
12 correct.

13 REPRESENTATIVE WOLFE MOORE: Okay, thank
14 you. Thank you, Mr. Chair.

15 CHAIRMAN RYCKMAN: Representative Hutton.

16 REPRESENTATIVE HUTTON: Thank you, Mr.
17 Chair, and in the last time we had this discussion
18 it was apparent that the bulk of what was going
19 back to some school districts was going to be
20 really returning to taxpayers as property tax
21 reduction. How does this approach jive up with --
22 will this result in all this going still to
23 property tax reductions or will this actually
24 result in more money to the school districts?

25 MR. DENNIS: No, it will not -- this, the



1 effect of this will not reduce property tax
2 overall. The expenditures will stay about the
3 same. There will be -- you won't see any increase
4 in expenditures and anybody in column 4 breaks
5 even in expenditures and, so, no, you will not see
6 that. Now, the reason why I say property tax
7 could go up, if the LOB goes -- they're losing --
8 they lose state aid in their LOB, they make that
9 up in the hold harmless clause. The hold harmless
10 money or equalization money goes to the general
11 fund and that can go to somebody -- that can go to
12 the general fund to be spent in classroom. Now,
13 the board's question then is the money they lost
14 in the state aid, do they want to raise the mill
15 levy or cut the budget.

16 CHAIRMAN RYCKMAN: And what money would
17 they lose in state aid?

18 MR. DENNIS: The money they would lose in
19 LOB state aid would be shown in column 2. That's
20 made up in hold harmless, but the board would have
21 some options. The hold harmless money goes to the
22 general fund and the LOB state aid loss is felt in
23 the LOB fund. Now, there's a way you can do this.
24 The school district could choose to take the hold
25 harmless money and indirectly put it in LOB and



1 not raise the mill levy, but you're more likely to
2 see a little increase in mill levy because the LOB
3 state aid is going down as such. They got the
4 same amount of money, but local boards will decide
5 that and, Representative Hutton, they'll be all
6 over the place. Some will choose to raise the
7 mill levy, some will say my board won't do it; so,
8 they'll be all over the place. Local decision
9 there.

10 CHAIRMAN RYCKMAN: Thanks for clarifying.
11 Again, I think to Representative Hutton's point,
12 this does give a lot more flexibility to our
13 boards, to the school boards. Any other
14 questions? Representative Kleeb.

15 REPRESENTATIVE KLEEB: Mr. Chairman, I
16 just wanted to follow up, Representative Henry
17 brought up and certainly Representative Wolfe
18 Moore, as I recall on 2731, despite Wichita
19 getting a lot more money potentially, et cetera,
20 we had virtually no proponents for that concept,
21 did we?

22 CHAIRMAN RYCKMAN: I think we had four
23 neutrals.

24 REPRESENTATIVE KLEEB: Four neutrals, so,
25 despite more money no school districts showed up



1 to call that a good strategy. Okay, thank you, I
2 just wanted to double-check, and thank you.

3 CHAIRMAN RYCKMAN: Committee, again, we
4 will continue this conversation at the formal
5 hearing tomorrow I believe at 9:30, but stay
6 tuned. As you know, things can change here.
7 Appreciate you being here.

8 (THEREUPON, the meeting adjourned at 3:15
9 p.m.)

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CERTIFICATE

STATE OF KANSAS

SS:

COUNTY OF SHAWNEE

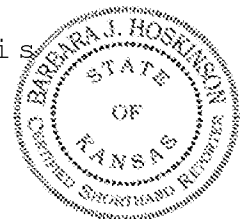
I, Barbara J. Hoskinson, a Certified Court Reporter, Commissioned as such by the Supreme Court of the State of Kansas, and authorized to take depositions and administer oaths within said State pursuant to K.S.A. 60-228, certify that the foregoing was reported by stenographic means, which matter was held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

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Barbara J. Hoskinson

Barbara J. Hoskinson, C.C.R. No. 0434



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MEMORANDUM

To: Chairman Ryckman
Members of the House Committee on Appropriations

From: Jason B. Long, Senior Assistant Revisor

Date: March 22, 2016

Subject: HB 2740 – Amendments to the CLASS Act regarding supplemental general state aid and capital outlay state aid.

House Bill No. 2740 makes various amendments regarding school finance. The bill establishes a statutory formula for determining supplemental general state aid and capital outlay state aid. The statutory formula is the same for both forms of state aid. The bill also places the extraordinary need fund under the administration of the State Board of Education. Finally, the bill makes appropriations for equalization state aid and the extraordinary need fund for fiscal year 2017.

Under current law, as a portion of their block grant, school districts receive an amount equal to the supplemental general state aid the district received for school year 2014-2015. Supplemental general state aid is equalization assistance for school districts that levy a local option budget property tax. Section 2 of HB 2740 establishes a statutory formula for determining supplemental general state aid. Under this section the State Board of Education determines the AVPP of each school district and rounds each figure to the nearest \$1,000. Then, the State Board prepares a schedule listing the rounded AVPP amounts from lowest to highest. The median AVPP is then assigned a state aid computation percentage of 25%. For each \$1,000 increment above the median AVPP the computation percentage decreases by 1%. For each \$1,000 increment below the median AVPP the computation percentage increases by 1% with a maximum of 100%. The state aid computation percentage for a school district's AVPP on the schedule is then multiplied by the school district's local option budget. This section sunsets on June 30, 2017, at the same time as the CLASS Act.