

March 25, 2005

TO: Kansas Legislators

FROM: Mark Tallman, Assistant Executive Director

**SUBJECT: Conference Committee Report on HB 2474**

The Kansas Association of School Boards OPPOSES the passage of the Conference Committee report on **HB 2474**. We do not believe this bill will satisfy the Supreme Court's order to correct flaws in the current school finance system – in fact, it makes those flaws worse. We believe the Legislature can and must do better for ALL school districts and K-12 students in Kansas.

### **More Money for Education**

The only truly positive aspect of this bill is that it provides more money for schools that have received virtually no increase in state funding for general education in recent years. However, the funding is NOT based on actual costs or needs, but simply on what is available. The amount of increase for base state aid and at-risk funding will essentially depend on the next consensus estimates – exactly the opposite of what the court said the Legislature should do.

The base budget per pupil increase is no more than the rate of inflation. After years with NO increase, this is welcome. But for many districts, the base increase will not even cover regular increases in costs, such as the teacher salary schedule and insurance.

The new money for at-risk and special education is less than any credible estimate of actual costs. The bill includes the House proposal for the Skills for Success program designed to help K-3 students in reading and math, but its funding is entirely dependent on appropriations. No funding has been identified. The money is available, but only if the Legislature has the courage to raise it.

### **Local Funding and Local Property Taxes**

Even with the funding increases, many districts will have to turn to other sources, which mean local property taxes. The bill implicitly acknowledges this by phasing in an increase in the Local Option Budget. The LOB is an acceptable option for high wealth, economically strong districts, but for less wealthy communities and most rural districts, this pushes school funding on the LEAST popular tax, the property tax.

This Conference Committee report misses the chance to increase equitable state funding from sales and income taxes for education, and moves toward more local funding and more property tax. School districts that cannot raise those taxes will be left behind, along with their students.

## **Equity in Funding**

For decades, Kansas has tried to allow districts to raise similar amounts of education funding with similar local tax effort with state aid. This bill does the opposite. It increases the Local Option Budget to 30% with no state aid for the top 5%, even though the House voted to phase-in equalization. It adds a cost of living weighting for certain districts without state aid. It adds a declining enrollment provision for districts without state aid. It drops the House position to provide state aid for capital outlay, which would reduce property taxes in low-wealth districts. These changes will make the Kansas school finance system much less equitable.

The clearest example of this is the cost of living weighting. KASB strongly agrees that the school districts on the list need significantly more funding. We strongly DISAGREE that their needs are GREATER than other districts. In fact, in most cases, the high cost of housing districts are very close to districts with much higher numbers of poor and minority students who are lagging behind academically. Shouldn't the state be AT LEAST as concerned about teacher salaries in districts with high cost students as in districts with high cost homes? The additional funding that would be provided to these 16 districts if they use this feature is about \$25 million. The additional at-risk weighting for the ENTIRE state is \$26 million.

These changes mean that most districts in the state will have to tax themselves at many times the rate of the wealthiest districts simply to provide comparable teachers salaries and educational opportunities. It also sends a message that every school and every community is on its own. Every Legislator must consider what that means for the long-term future of your schools.

## **Future Funding**

This bill will certainly make it harder to raise revenue for schools in the future. The Conference Committee report includes NO funding increase for a second year, except for special education. After that, the bill provides for an increase in state aid based on the consumer price index. But this increase is NOT tied to base state aid, or any part of the school budget. The fact is school district costs have been rising, and will certainly continue to rise at more than the rate of inflation, for two reasons. First, salary costs usually rise more than inflation, in both the public and private sector. Second, schools always face new, additional costs for programs and services mandated by the state and federal government or in response to public demands. Once again, the difference would be imposed on local property taxes, which are easy for a few to raise, difficult for most, and impossible for some.

## **Cost of Education**

The Conference Committee report also directs Legislative Post Audit to conduct a new education cost study. But it is not at all clear if this study will really address the important questions: what does it cost schools to bring students to high academic achievement levels? What does it cost to close the achievement gap? Please keep in mind that the state has mandated more than courses of instruction. It has mandated a school accreditation system based on increasing student performance on measurable academic standards. THAT is the cost the court is concerned about, and what we should be talking about.

For these reasons, we urge the Legislature to reject this Conference Committee report, and continue to work on a school funding system that truly meets the needs of all Kansas students.