

Senate Education Committee**Testimony on SB 361
Excellence in Education Act School Finance Provisions**

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on behalf of United School Administrators of Kansas

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My name is Justin Henry and I am the superintendent of Goddard Public Schools and a member of the USA|Kansas Board of Directors. Thank you for the opportunity to appear before the Committee and share concerns and recommendations on SB 361, the Excellence in Education Act.

USA|Kansas applauds the Governor's stated support for education as the most important function of state government, as it impacts our most important resource -- our children. Administrators also recognize that there is a lot of interest in discussing how education in Kansas is funded. Certainly, funding for education programs comprises the largest portion of the State's budget.

Over the past two years, K-12 education funding has been significantly reduced. Base State Aid Per Pupil (BSAPP), currently at \$3,870, is well below the \$4,492 set in current law. While administrators recognize that the State was struggling with the recession and made difficult decisions about reducing and eliminating programs and support services, our hope was that as the economy improved, we would begin work to restore funding over the next few years.

USA|Kansas maintains support for funding the current formula and believes we should work to restore funding over the next three to five years. At the same time, we recognize that there may be areas in the current formula that could be improved and remain committed to working with you.

Today, we will briefly address several provisions of SB 361 that are of particular interest to administrators. We recognize that this Committee will hear testimony on Career and Technical Education separately, so our remarks are limited to the remaining school finance provisions.

SB 361 establishes baseline funding at \$4,492 and eliminates weighting factors. Several questions and concerns have arisen:

- If this formula were enacted, some districts would receive increases in funding, while others receive nothing. This does not seem equitable.
- Funding increases only when enrollment increases. Unfortunately, there does not appear to be a mechanism for addressing changes in student demographics over time (without enrollment growth). Without weightings (e.g., At-Risk or Bilingual), a district will not receive additional funds to maintain or develop programs to support students with the greatest needs.
- Although the Governor has indicated that he believes the \$4,492 should be a “floor” and not a “ceiling,” there is currently no mechanism to calculate a cost of living or inflation index to increase funding in the future.

Beyond these initial observations, there are some specific areas that we would like to offer additional feedback.

Multi-year Funding. Administrators support a multi-year funding plan. We believe that long-term planning for school finance creates stability and allows for the efficiencies and effectiveness that can be gained through advanced planning.

Kindergarten Counts/Funding. Administrators were pleased to see that the Excellence in Education Act proposed increasing the count for kindergartners from .5 to 1.0. Students enrolled in quality kindergarten programs typically score higher on standardized assessments and require less remediation than those who do not have the same opportunity. The most significant impacts are often seen in students from educationally disadvantaged backgrounds. **If SB 361 moves forward, we believe that there should be a plan for phasing in the full-funding cost (\$75 million) over the next three to five years.**

Equalization. Administrators believe that equalization is an especially powerful and important aspect of any funding formula given the significant variance in the value of a mill across the state. In the Excellence in Education Act, it does not appear that the property value equalization fund (PVEF) equalizes dollars to all districts. **Administrators strongly encourage equalization on local mill levies.**

Bond and Interest. SB 361 calls for the elimination of state aid on capital improvements for bonds approved by voters, effective July 1, 2012. We have several concerns with this provision.

First, school districts are committed to ensuring safe and modern facilities that are conducive to student learning. We are concerned that elimination of state aid for bond and interest will result in postponed capital improvements and ultimately create a backlog of maintenance issues.

We are also concerned about the potentially disequalizing effects this could have on districts; specifically, those districts that can generate enough local revenue for these projects and those who cannot.

Finally, there is a significant amount of preparation involved in a bond campaign before going to a vote. In many districts, bond campaigns are underway and part of that process has been the calculation of state aid – not only have school districts factored that in, but so have voters. **We encourage further consideration of this provision. If the goal is to identify a way to control**

escalating costs, a viable alternative might be allocating a set amount for projects each year and/or establishing a process whereby school districts seeking state aid would submit projects for approval.

Cash Balances. The Government Financial Officers Association best practices document recommends that entities maintain, at a minimum, an unrestricted fund balance of *no less than two months* of general fund operating revenues. Sound cash management policy dictates that districts should have enough cash on hand to pay bills and be able to operate for a period of time until new revenue comes in. It has not been uncommon for school districts to receive state aid payments late, so having cash on hand to cover obligations is especially important.

In addition, bond companies caution that dropping below two months can negatively impact bond ratings. Lower ratings can adversely impact districts and increase the costs associated with doing business.

Funding for Innovative Programs. In early discussion drafts of the Excellence in Education Act, there was discussion about block grants or “seed” money for innovative programs. As evidenced by the districts that visited with your Committee recently, Kansas schools are doing some great and innovative things. Our hope is that, with your support, we could create additional opportunities for students. **We encourage the Committee to consider adding funds that would help schools implement new and innovative ideas.**

In closing, I would like to thank you for your continued support of education and for realizing the important of investing in education. Preparing our children requires a shared commitment, collaboration, and an open dialogue among all stakeholders. Thank you for your leadership and for being our partners in education.

The mission of United School Administrators of Kansas (USA|Kansas), through collaboration of member associations, is to serve, support, and develop educational leaders and to establish USA|Kansas as a significant force to improve education.

Kansas Association of Elementary School Principals
Kansas Association of Middle School Administrators
Kansas Association of School Business Officials
Kansas Association of School Personnel Administrators
Kansas Association for Supervision and Curriculum Development
Kansas Association of Special Education Administrators
Kansas Association of Secondary School Principals
Kansas Council of Career and Technical Education Administrators
Kansas School Public Relations Association
Kansas School Superintendents’ Association