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House Bill 2374  
House K-12 Education Budget Committee  
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Mr. Chairman, members of the Committee, thank you for the opportunity to speak to you today on House Bill 2410.

We appear today as neutral but let me assure you that my testimony, like Mr. Tallman's yesterday, might be considered insufficiently neutral. We believe the bill has some serious problems that must be addressed.

Let me start by expressing our appreciation to the Chairman who has gone out of his way to ensure that all stakeholders have had a say in these proceedings up to this point. I would also like to commend Rep. Aurand for his work in facilitating the discussion that led to the creation of this bill.

We have long believed that the previous formula – that is, the one before the block grants – was a good formula. It was constitutional but it was underfunded. We have long argued that the formula was not flawed, but that funding had not kept up with rising costs over time.

It is true that changes had been made to that formula from its inception in 1992 until its repeal, but I think it is important to realize that every change was made by the legislature in response to identified needs. Changes in at-risk funding, for example, came about as we found challenges in meeting the needs of some students in schools with very low poverty levels, as we tried to address the challenges of high levels of urban poverty, and in response to cost studies that indicated more funding was needed. All changes were made for a reason; it was not just change for the sake of change.

We continue to believe that the best way to address school finance would be to return to the prior formula and boost funding under that formula. I know that is not where we are today.

We appreciate the fact that the formula proposed in this bill was crafted on the framework of the old formula. There are a number of things in this bill with which we agree. But unfortunately there are many things that we find troubling and we would urge this committee to rethink them.

First, what we support.

We support a base funding modified by weightings.

We believe the proposal is right in basing at-risk funding on poverty by using the free lunch count and we support the high density at-risk weighting to address the challenges of large percentages of students in poverty. We continue to believe, however, that school districts with very low poverty rates still have students that need support in at-risk programs. Whether that is due to chronic absenteeism, behavior issues, or even drug and alcohol issues, there are students who need help and such help comes with an extra cost. We have always supported a “poverty plus” approach to at-risk funding.

We are also pleased that a bilingual weighting is included. Again, this is a special challenge to school districts that takes extra resources. We support the headcount approach to calculating such funding for a number of reasons. First, regular classroom teachers need support in adapting pedagogy and curriculum to make content area instruction meaningful to students with limited proficiency in English. This demands both professional development and specialized instructional materials. Both come at a cost.

We do believe in the critical importance of teaching staff who have specialized training and hold licensure as a bilingual teacher. We believe that bilingual funding should encourage school districts to support teachers willing to seek such licensure and training. We would hope any formula would also look at the importance of finding and hiring more bilingual teachers. By moving to funding solely on the basis of headcount, you might have the unintended consequence of discouraging the recruitment of such specially licensed teachers.

We also are concerned about the limit of five years of funding for a child. Under normal circumstances, when a student comes into our schools with strong literacy skills and a level of education commensurate with his/her age, then five years is probably plenty of time. But unfortunately this is often not true. Children come from rural areas of Mexico and Central America where schooling is spotty at best. We have migrant children who follow their parents from harvest to harvest, change schools frequently and often missing many days of school. And sadly we have children coming to us from refugee camps where access to education might be seriously lacking. These challenges have to be met by our teachers and the job of learning a new language and developing literacy is significantly more difficult.

We are happy to see the inclusion of all-day kindergarten although we would prefer for it to be immediate and not phased in.

There are other factors that we are happy to see back in the bill including capital outlay aid, bond and interest aid, the renewal of the 20 mill levy and supplemental state aid which provides for equity in local tax effort.

Unfortunately there are some parts of the bill with which we disagree. I will address the three which give us the greatest heartburn.

First, we oppose the move from the Local Option Budget of the prior formula to three separate local funds.

As to the Local Foundation Budget, we believe in the original intent of the 1992 formula under which it was anticipated that all schools would have adequate funding for a suitable education from the state and could then raise local funds to provide enrichment to meet the desires of their community. Over time the LOB became de facto state aid in that it was needed to provide the basic mission of districts. This bill effectively rejects enrichment by making the first 20% of local effort a part of the foundation funding for schools. It then further restricts the way in which school districts may use this funding by requiring a portion of it to be transferred to at-risk and bilingual funds.

The Local Enrichment Budget is capped at 5%. This is the only money that local the school district is free to use to meet locally determined needs.

The Local Activities Budget is capped at 4% and restricted to only non-instructional purposes.

These three funds allow a district to raise up to 29% of their budget which is lower than the 33% allowed under the LOB. But the restrictions on the LAB reduce what was the LOB down to 25% and the mandatory transfer to at-risk and bilingual education further reduce the amount of funding available.

We believe that the spending decisions on local effort should be given to the local school district. We further believe that state funding should be adequate to provide for the provision of a suitable education for every child from Johnson City to Johnson County.

The bill also expands the corporate tuition tax credit program. We have opposed this program from the start. The expansion contained in this bill dramatically increases the number of eligible students but does not require that such students are not progressing in the public school. This eligibility expansion simply allows private schools to cherry-pick the best students; perhaps the academically talented or athletically gifted. This should not be allowed. While we oppose the program, we appreciate the requirement that schools receiving funds under this program must be accredited and perform exceptionally on either post-secondary success or ACT performance.

Finally, we believe the funding increase in this bill is woefully inadequate. I would refer you to the testimony of Mr. Tallman of KASB in which he outlined the cost of restoring funding and adjusting it for changes over time. We agree with Mr. Tallman's assessment and believe that this bill, as it is now, will not pass constitutional muster. Simply put, the funding must be boosted significantly.