With the state revenue hole deepening, Gov. Sam Brownback signed a bill that cuts public schools 1.5 percent, which is a $28.3 million reduction, delays $54 million in equalization aid to schools and calls for reform of the equalization formula.

Brownback also announced cutting higher education by 2 percent, or $16.2 million for a total reduction of $44.5 million. The cuts will take effect March 7.

Brownback said the cuts are needed to address a growing revenue shortfall that he blamed on lower-than-expected sales tax revenue. But Democrats and moderate Republicans have said the state’s budget crisis is the direct result of huge income tax cuts Brownback signed into law in 2012.

The Legislative Session started with a $280 million shortfall in the current fiscal year and an additional $435 million deficit in the next fiscal year, starting July 1. The revenue situation worsened in January as tax receipts fell $47 million below estimates that had already been lowered.

Brownback said the Legislature needed to delay payments of capital outlay and local option budget equalization aid to school districts and in the next 30 days change the way those amounts are calculated. Some Republicans have said increases in those areas have been much higher than they expected. He said delaying the $54 million payment and reforming the equalization factors, could allow the Legislature could to restore the 1.5 percent cut.

KASB issued the following statement in response

The $28.3 million cut to public schools announced by Gov. Sam Brownback is another indication the state’s budget crisis is getting worse and revenue must be raised to fix the problem or else much deeper cuts will be required in future years. School officials across the state will handle the mid-year cuts, but we are alarmed by the continued decrease of state revenues below even lowered expectations.

Kansas simply doesn’t have a dependable revenue stream, and that will jeopardize the future of our highly-rated school system.

It is time for legislators and Gov. Brownback to come together on a package that will raise the revenue necessary to produce successful students. KASB stands ready to work with the Governor and legislators in this endeavor.

It should be noted the cuts announced by Gov. Brownback come after years of school funding falling behind in inflation.

In addition, the governor’s proposal to reform state equalization aid in the next 30 days and stall $54 million in capital outlay aid will simply shift the reduction to those districts that need the aid the most and have budgeted those funds for the current year.

KASB is willing to help in any attempt to improve the current school finance formula, but will oppose changes that fail to address differences in student needs, program costs and local district resources.

Gov. Brownback cuts schools $28.3 million in face of worsening revenue situation

The House Education Committee rejected a compromise sought by the state’s major education organizations concerning changes to the Professional Negotiations Act, and instead approved one recommended by a minority of members of an interim commission on school efficiency.

The Education Committee approved, 11-8, House Bill 2034, which makes compensation and hours worked the only mandatory negotiable items between school boards and teachers. Other items could be discussed if agreed to by both sides.

Before the committee voted on that, Rep. Sue Boldra, R-Hays, offered an amendment that would have incorporated the compromise put together by USA|Kansas, KASB, K-NEA and KSSA. That would have made mandatory negotiations on compensation and hours and then allowed each side to pick five additional items from the current list of mandatory items. Additional items could have been added if agreed to by both sides.

“This is a compromise of all the major players,” Boldra said. “They have come up with a solution,” she said.

But Rep. Charles Maechers, R-Shawnee, said reducing the number of negotiated items would promote stability.

Boldra’s amendment failed 8-10 and then HB 2034 was approved 11-7.
Through SB 171 we see a move to change election times, methods, and structure. Some legislators want to add party politics to the local mix, move election dates, and change representative voting plans. State politicians want to meddle in local government.

Local officials consistently trump state and federal representatives when it comes to the trust and confidence of the general population. Surveys consistently say that the electorate supports their local officials, including those they send to Topeka and Washington, far more than the state’s as a whole. A Phi Delta Kappa/Gallup Poll reported that nationwide, 64 percent of respondents wanted more local government influence on schools, while only 24 percent said there should be less. An Ohio study done by Fallon Research found that 85 percent of respondents said they had the most trust and confidence in their local school board, by far outpacing their governor, legislature, and state school superintendent combined. Local control is a Kansas value. Unwarranted interference from the state level will create less focus on local issues and more on party positions and ... and contact your legislator to tell them how you feel about state-imposed changes on your local governance structure.

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A Phi Delta Kappa/Gallup Poll reported that nationwide, 84 percent of respondents wanted more local government influence on schools, while only 24 percent said there should be less. For a student at the University of Kansas, being from Hutchinson was considered being from “western Kansas,” or as we referred to it “God’s country.” I got closer to learning the truth about the westernmost meridians when I taught government and history at Bazin Jr.-Sr. High School. But it wasn’t until I moved to Leoti as superintendent that I really knew how far west Kansas goes. At the time, Leoti had the westernmost Kansas stoplight on Highway 96. Teaching government and history, I thought I knew something about politics, but Leoti taught me the real meaning of Tip O’Neill’s famous statement that “all politics is local.” Being superintendent one sees the pride of community and begins to really understand the Kansas value of local control. I remember our Representative (a Democrat) and Senator (a Republican) talking to me about solving problems at the lowest level. It made sense then, and it continues to stick with me. State interference isn’t needed in local matters. Local control is a Kansas value.

Kansas has a history of rugged individualism. We stepped up and fought against slavery. We formed communities to help us be more efficacious in tough times. Those communities drew strength from hard-times in the depression, the dust bowl, WWII, and the divisive 60s. Every community did this in their own way. Every community set their own standards and solved problems in a unique manner. The state helps with resources, but making decision has always been best when done at the local level.

Our system of local governance is being challenged now by some members of the state legislature. Through SB 171 we see a move to change election times, methods, and structure. Some legislators want to add party politics to the local mix, move election dates, and change representative voting plans. State politicians want to meddle in local government.

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Don’t Mess with Kansas...ELECTIONS! by: John Heim

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Opponents of legislation that would mandate sweeping changes to school board and city elections traveled from across the state, but got less than 20 minutes to testify against the bill on Wednesday while supporters of Senate Bill 171 were afforded nearly an hour and allowed to testify via Skype and the telephone.

“Sorry it came out this way,” said Senate Ethics and Elections Committee Chairman Mitch Holmes, R-St. John. “That is just the way the schedule happened,” he said. He suggested those who came to testify try to catch legislators in the hallway.

SB 171 would make school board and city elections partisan and move them from the spring to November of even-numbered years. Holmes said he would allow a portion of his committee meeting Thursday for those who still wanted to testify. But several school board members who came from far distances said they couldn’t return Thursday and would submit their testimony in written form.

“By the time opponents were called to testify on Wednesday, several members of the committee were leaving to attend other committee meetings,” said Wakeeny USD 208 Superintendent George Griffith, who finished his testimony, Holmes was the only committee member left.

Earlier, city officials from Larned and Pratt, Sedgwick County Commissioner Jim Howell, former Kansas State Board of Education member Walt Chappell, former Douglass USD 396 school board member Larry Alley and Kansas Republican Party Executive Director Clay Barker testified in favor of the bill.

They said putting the races on the November ballot would increase voter turnout in those races, and making the campaigns partisan would give voters more information about what the candidates stood for.

One school board member, Joy Eakins of Wichita USD 259, testified in support of moving the elections to November of odd-numbered years, but opposed making the elections partisan and strongly opposed a part of the bill that would allow local county election officials to order schools to provide buildings for polling places and require schools to hold in-service days for teachers on those election days. She said that was a broad overreach by the state and legislators wouldn’t stand for such intrusion from the federal government.

In addition to Griffith, Gary Yost, school board member from Otis-Bison USD 403, testified against the bill, saying that partisan elections would deter candidates from wanting to run for school board and that the local campaigns would get overwhelmed by top of the ballot races in November. Yost said a former Otis-Bison school board member who now lives in Nebraska reported to him that their ballot in November was five pages long, and that she believes most voters voted for the major of races and left some of the local races blank.

Several other school board members and members of the KASB board of directors attended the hearing.
The recent decline in interest rates and near record low levels have caused many school districts to consider refinancing outstanding bonds to lower interest expenses or have allowed school districts to consider a bond election to take advantage of the record low interest rates.

During 2014, interest rates were in a steady decline throughout the year and by year-end were approaching the all-time record low. Interest rates have declined over 100 basis points (1 percent) in the past year. During the past 16 months interest rates have declined over 150 basis points (1.5 percent).

Interest rates have been in a relatively low environment for several years, but this recent decline is significant and has pushed interest rates on municipal bonds to near record lows. This has included a recent decline in interest rates for school bond issues.

The chart, from Bond Buyer 20 General Obligation Bond Index, shows the current interest rate for a 20-year “AAA”-rated General Obligation Bond. We are currently close to record low interest rates according to this index and the only period interest rates were lower was briefly during December, 2012. Interest rates on municipal bonds have been higher 99.9 percent of the time since 1987 according to this index.

KASB’s prestigious partner, Piper Jaffray, is the Association’s preferred provider for refinancing outstanding bond issues and delivering new facility financing solutions for our member districts and organizations. The company provides municipal bond underwriting and financial advisory services to clients in the public sector, including school districts and higher education.

To learn more contact Randy Weseman, KASB assistant executive director/operations, rweseman@kasb.org, 800-432-2471, or Greg Vahrenberg, managing director at Piper Jaffray & Co., 913-345-3374, Gregory.M.Vahrenberg@pjc.com.
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