



Senate Judiciary Committee
Potential Hold Harmless Provision
June 23, 2016
Dave Trabert, President

Chairman King and members of the Committee:

We appreciate this opportunity to provide input and encourage you to resist the political pressure to unnecessarily spend more money.

School districts are asking to be 'held harmless' but there's no such thing. The late great Milton Friedman said, "There's no such thing as a free lunch" because someone else is paying the price. School districts are actually asking for more money than the equalization formula says they should get, and their special treatment would come at the expense of higher taxes or resources taken away from other government services.

Further, the wealthiest county would get 43% of 'special treatment' aid. Four Johnson County school districts would absorb over \$5 million of the 'special treatment' aid being requested. The largest recipient of 'special treatment' aid, USD 229 Blue Valley, would get \$2.4 million even though it used \$28 million to increase cash reserves that was intended to educate students. Blue Valley began the 2016 school year with \$56.6 million in operating cash reserves. They had a 26.8% carryover ratio for the 2015 school year, or 3½ times the rate that's statutorily required for the State General Fund.

This is a matter of equity, and even the courts agree that more money isn't needed to remedy the situation. We hope the Legislature resists the political pressure to unnecessarily spend more money on both equalization and special treatment.

Thank you for your consideration.