

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Ty Masterson at 10:30am on Tuesday, February 03, 2015, 548-S of the Capitol.

All members were present

Committee staff present:

Daniel Yoza, Office of Revisor of Statutes
David Wiese, Office of Revisor of Statutes
Jason Long, Office of Revisor
J G Scott, Legislative Research
Justin Carroll, Legislative Research
Ben Wilhelm, Legislative Research
Sharon Wenger, Legislative Research
Mark Skoglund, Legislative Research
Debbie Luper, Chief of Staff
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Mark Tallman, Assistant Director, Kansas Association of School Boards
Cheryl Semmel, Executive Director, United School Administrators
Dr Julie Ford, Superintendent, USD 501, Topeka Public Schools
Diane Gjerstad, Director, Governmental Relations, USD 259, Wichita Schools
Anthony Hensley, Kansas Senator, District 19
Brandi Fisher, Executive Director, MainStream Coalition and Education Foundation
Tammy Bartels, President, Kansas PTA
Stuart Little, Little Government Relations
Dave Trabert, President, Kansas Policy Institute

Others in attendance:

[See Attached List](#)

On a point of personal privilege

Senator Kerschen introduced his pages, Brooke Pitzer, Allyson Williams, Ainsley Vander Giesen, Racquel Reekie and Calista Willig, all 7th graders from Mulvane Middle School.

Senator Francisco introduced her pages, Ava Davis-Leffler and Sati Lynch, 7th graders from Southwest Middle School.

Senator O'Donnell introduced his shadow for the day, Nathan Tokala, a Junior at Wichita Independent School.

Bill introductions

Senator Powell made a motion to introduce legislation concerning health and environment. The motion

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES of the Committee on Ways and Means at 10:30am on Tuesday, February 03, 2015, 548-S of the Capitol.

was seconded by Senator Kerschen and the motion was adopted on a voice vote.

Senator Melcher made a motion to introduce legislation concerning an act on property taxation. The motion was seconded by Senator Denning and the motion was adopted on a voice vote.

Hearing on: SB71 — School districts; amending the supplemental general state aid calculation.

Jason Long, Senior Assistant Revisor of Statutes, explained **SB71** and distributed a bill brief to the committee. He said this bill amends the way supplemental general state aid is provided to school districts that levy a local option budget (LOB) property tax in order to equalize the valuation disparities among school districts. He said there is one technical amendment that is necessary if any action is taken on this bill. He pointed out that lines 7 and 8 of the bill are referring to school year 2014, 2015 and each school year thereafter ([Attachment 1](#)).

Senator Francisco asked why lines 14 and 15 were struck from the bill, "in the preceding school year" and wanted to know what bench mark would be used for the assessed valuation. Mr Long said he didn't know and it may need to be reinserted by a technical amendment. He said he would get the information to her.

PROPOSERS

There were no proposers who came before the committee.

OPPOSERS:

Mark Tallman, Assistant Executive Director, Kansas Association of School Boards, is an opponent to **SB71** because it would reduce Local Option Budget state aid for school districts by \$39.1 million in this year. He also included a spreadsheet showing various State aid amounts in dollars and percentages and highlighted in yellow what the cuts would be as a percent of the Local Option Budget ([Attachment 2](#)).

Senator Masterson stated that the reduced amount of increased spending is referred to as a cut, when the intent is to reduce the increase to match the amount that was voted on last year as it pertains to LOB, in which funding was increased for K-12 funding and equalization approximately \$130 million. He said his biggest concern with the school formula is the definition of wealth which sets the index.

Senator Melcher referred to the budgets that the school districts adopted and asked if they are required to spend all the money they are allocated, or can they make adjustments and spend less to accommodate changes in revenue. Mr Tallman said they certainly can and would have to make adjustments if the revenue isn't provided to them.

Senator Denning asked Mr Tallman when the districts knew they were getting this extra money from the November consensus report. Mr Tallman said it was sometime over the summer when the data is available. They use that information to determine the assessed valuation per pupil under the law, and

CONTINUATION SHEET

MINUTES of the Committee on Ways and Means at 10:30am on Tuesday, February 03, 2015, 548-S of the Capitol.

then the aid ratio is calculated.

Dr George Griffith, Superintendent, USD 208, Trego County, said even though his district does not currently receive State aid for Supplemental General Fund, Capital Outlay Fund, or Bond and Interest, he opposes **SB71** because he supports the Kansas School Superintendents Association's legislative position and their statements that the small and rural schools rely on full funding of equalization for LOB ([Attachment 3](#)).

Senator Francisco asked Dr Griffith if he had an estimate of the percent of this year's budget earmarked for salaries. He said he has budgeted \$1.3 million this year for salaries and his total budget is approximately \$3.8 million. He said his LOB is a little less than \$1 million.

Cheryl Semmel, Executive Director, United School Administrators of Kansas, said in opposition that the bill would be detrimental because the school districts did not plan or budget for the decrease that is proposed. She said according to the Kansas State Department of Education **SB71** would reduce supplemental general state aid by approximately \$39.1 million this year ([Attachment 4](#)).

Senator Fitzgerald asked Ms Semmel what the amount on the Fiscal Note was when the legislature passed the increase in LOB. Ms Semmel said it was approximately \$129 million. He then asked Ms Semmel what was the actual amount of the increase by that legislation. Ms Semmel said the actual increase was \$160 million. Senator Fitzgerald said the Fiscal Note was erroneous and the actual amount was close to \$190 million.

Dr Julie Ford, Superintendent, USD 501, Topeka Public Schools, spoke in opposition and submitted testimony that provided some demographic and other information about USD 501 and its patrons, and the school board's legislative platform for 2015. She said the bill would have a devastating financial impact on her district ([Attachment 5](#)).

Senator Masterson said last year USD 501 received LOB state aid of \$14.2 million. Now under the current law the district is scheduled to receive \$18.9 million and under **SB71** you would get \$18.1 million, so that is an increase of \$4.7 million of which the amount would be reduced \$897,000.

Larry Robbins, Deputy Superintendent of Operations, Topeka Public Schools said he wanted to clarify to the committee that they budgeted to transfer to their general fund and capital outlay approximately \$3 million from their contingency reserves to support ongoing daily operations.

Senator Francisco asked if they knew of the increase in funds when they prepared their budget this summer, because the committee learned of the revenue shortage when the consensus revenues figures were released in November. Dr Ford said they publish their budget in August.

CONTINUATION SHEET

MINUTES of the Committee on Ways and Means at 10:30am on Tuesday, February 03, 2015, 548-S of the Capitol.

Senator Kelly asked Dr Ford if the Board was to give her a \$10,000 wage increase in August and then in February or March asked you to give back \$5,000 of the original amount, would you consider that a reduction in an increase or a cut. Dr Ford said she would have to think about it.

Diane Gjerstad, Director, Governmental Relations, USD 259, Wichita Public Schools, opposes **SB71** because it would reduce state aid for her school districts by \$3.9 million and \$39 million for school districts statewide for the current school year ([Attachment 6](#)).

Senator Anthony Hensley, Kansas Senator, District 19, spoke in opposition to **SB71** because he feels changes to the method for computing supplemental general state aid (LOB) will adversely impact the poorest school districts that now receive the highest amounts of state aid. He said **SB71** should be in the purview of the Senate Education Committee of which he is the ranking minority member. Senator Hensley quoted from pages 87-88 of the Gannon case ([Attachment 7](#)).

Senator Kelly said it appeared we were dealing with two issues, cuts for this year and rewriting the school finance formula. She thinks these two issues need to be separated and each dealt with separately. She asked Senator Masterson if this bill permanently changes the formula and he said that it does.

Brandi Fisher , Executive Director, MainStream Coalition and Education Foundation, explained her organization as grassroots that grew from an outpouring of concerns over the infringement of governmental separation of powers of church and state. She said her organization opposes **SB71** because of the cuts to K-12 school funding ([Attachment 8](#)).

Tammy Bartels, President, Kansas PTA, said she is appearing before the committee because she is opposed to changing the school district supplemental state aid formula as outlined in **SB71** ([Attachment 9](#)).

Devin Wilson, Parent, and Leadership Team Member, Game On for Kansas Schools, said the most significant objection to this bill is that it reduces funding to numerous Kansas school districts in this current year. He said school districts cannot operate at a deficit, and purchasing and employment decisions for the 2014-15 school have already been made ([Attachment 10](#)).

Stuart Little spoke to the committee in opposition to **SB71**. He said he represents Shawnee Mission School District USD 512, Blue Valley School USD 229, and the Olathe Public Schools USD 223. He said this bill amends the school finance formula passed during the 2014 legislative session which was approved by the Governor ([Attachment 11](#)).

OPPONENT WRITTEN ONLY:

Dr Russell Miller, Assistant Superintendent, USD 373, submitted written testimony opposing **SB71**, because it adversely impacts his district ([Attachment 12](#)).

CONTINUATION SHEET

MINUTES of the Committee on Ways and Means at 10:30am on Tuesday, February 03, 2015, 548-S of the Capitol.

Arlo Kinsey, 7th grade student at Hocker Grove Middle School, Shawnee Mission School District submitted written testimony which outlined the negative impact of the budget cuts outlined in this bill ([Attachment 13](#)).

NEUTRAL:

There were no neutral conferees to come before the committee.

PROPONENTS:

Dave Trabert, President, Kansas Policy Institute, said he supports **SB71** which would create a new school finance formula for calculating eligibility for Supplemental General State Aid (SGSA) and result in less funding being required. He believes the formula set forth in the bill conforms to the State Supreme Court ruling. He said the decrease in revenue can be absorbed by the school districts ([Attachment 14](#)).

Senator Kelly asked who funds Kansas Policy Institute. Mr Trabert asked if all conferees are asked that question or just select ones. Mr Trabert said they are funded by hundreds of Kansans across the State, and Kansas Policy Institute is a non- profit organization.

Senator Francisco asked Mr Trabert if the 20 mills in taxes stays in the district and Mr Trabert said that money collected from property taxes stays in that district.

PROPONENTS WRITTEN ONLY:

Chris Brown, Real Estate Developer, Wichita, Kansas, submitted written support of this bill because education in Kansas takes up more than half of the budget, and he is glad to see it is finally being addressed in the appropriate committee. He believes the bill doesn't go far enough in creating an effective education system, but **SB71** establishes a starting point ([Attachment 15](#)).

The next Ways and Means Committee meeting is scheduled for Wednesday, February 4, 2015 at 10:30 am in Room 548-S at the Capitol.

The Chairperson adjourned the meeting at 12:22 pm.