

Approved March 9, 1992

**MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.**

The meeting was called to order by Senator August "Gus" Bogina, Chairperson, at 11:14 a.m. on March 3, 1992 in Room 123-S of the Capitol.

All members were present except:

No one was absent

Conferees appearing before the committee:

None

**SB 497 - Appropriations for FY93, department of education.**

Senator Harder reviewed the FY92 subcommittee report, Attachment 1. The Committee discussed the impact of requests made by the Legislature for school finance computer runs on the SGF (item 4).

There was discussion of legal expenses associated with litigation against the state regarding school finance. Mr. Dale Dennis, Deputy Commissioner of Education, told the Committee that approximately \$45,000 has been spent to date on attorney fees.

Senator Winter noted that he had not signed the subcommittee report because the recommendations regarding community college aid (items 1 & 2, Attachment 1-2), did not seem consistent with committee action to delete salary increases and because all post-secondary education should be treated the same in terms of providing percentage increases of SGF monies. The Chairman stated that the subcommittee had tried to treat all higher education systems similarly, but noted that whatever the state does not fund in state aid to community colleges will have to be made up by local property taxes. He noted that last year approximately half of the enrollment adjustment of the regents' institutions was funded and the subcommittee's recommendation funds approximately half the credit hour aid of community colleges. Senator Harder moved, Senator Gaines seconded, the adoption of the FY92 subcommittee report. The motion carried.

Senator Gaines and Senator Parrish reviewed the FY93 subcommittee report, Attachment 2. Senator Parrish expressed concern regarding the subcommittee's decision to delete the Governor's funding for general state aid (item 1, Attachment 2-4), noting her preference to leave the money in for the purpose of planning. Other members stated that it was first important to develop the school finance plan, realizing that the amount appropriated for general state aid last year will not be acceptable to the Court this year.

Senator Kerr expressed concern regarding the recommendation to consider funding excess costs of special education at the 90% level (item 2, Attachment 2-4). He noted that experts have cautioned the state against funding certain areas at higher levels because it leads to distorted decision-making at the local level. As an example of that, he cited item 1a, Attachment 2-2.

The Chairman called attention to the Governor's recommendation which included \$500,000 EDIF for postsecondary area vocational school aid. Senator Parrish moved, Senator Moran seconded, that the subcommittee report be amended by deleting EDIF funding in the amount of \$500,000 from postsecondary area vocational school aid. The motion carried.

In answer to Senator Winter, Dale Dennis stated that assuming a 4% increase in revenues and a 5% growth in student enrollment, teacher salaries at the community colleges would increase approximately 2-2.5%.

Senator Winter moved, Senator Moran seconded, that the FY93 subcommittee report be amended by deleting the \$2,079,625 from the SGF for the 3 community college aid programs. (item 9, Attachment 2-5)

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.

Senator Kerr voiced his opposition to the motion, stating that it doesn't recognize the growth in credit hour experienced by a number of institutions. He pointed out that the university system benefited substantially from the Margin of Excellence and that SGF and taxpayer savings are realized when credit hours are shifted from the university system to the community college system.

The motion failed.

Senator Brady moved, Senator Rock seconded, that the subcommittee report be amended by deleting only 50% of the \$1,711,481 from community college general state aid and by deleting the remaining 50% proportionately from the subcommittee's recommendation for credit hour aid and out-district state aid. Senator Brady explained that his recommendation would help provide base funding for community college districts and would make a difference for those districts that have high property taxes. The motion carried on a show of hands.

Senator Moran explained his objection to the word "available" (last sentence of item 1, Attachment 2-4) by suggesting that the Legislature view funding of education from the perspective of what is "required" to educate students. Senator Moran moved, Senator Winter seconded, that the FY93 subcommittee report be amended by striking the word "available" and inserting the word "required" in the last sentence of item 1 under state aid programs. The motion carried.

Senator Winter moved, Senator Rock seconded, that the subcommittee report be amended by inserting a period after the word "program" and deleting the remainder of the first sentence of item 2 under state aid programs. The motion failed.

It was moved by Senator Gaines and seconded by Senator Harder that the FY93 subcommittee report as amended be recommended favorable for passage. (The report is further amended by previous action to delete the salary increases.) The motion carried.

Senator Gaines moved, Senator Harder seconded, that SB 497 as amended be recommended favorable for passage. The motion carried on a roll call vote.

The Chairman adjourned the meeting at 12:25 p.m.



**SUBCOMMITTEE REPORT**

**Agency:** Department of Education

**Bill No.** 547

**Bill Sec.** New

**Analyst:** Rampey

**Analysis Pg. No.** 339

**Budget Page No.** 172

<u>Expenditure Summary</u>	<u>Agency Est. FY 92</u>	<u>Gov. Rec. FY 92</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 13,193,427	\$ 12,927,163	\$ 202,946
Local Aid	1,087,312,957	1,092,589,957	2,000,000
Other Assistance	30,630,486	30,630,486	--
<b>Total</b>	<b>\$ 1,131,136,870</b>	<b>\$ 1,136,147,606</b>	<b>\$ 2,202,946</b>
<b>State General Fund:</b>			
State Operations	\$ 5,679,569	\$ 5,555,850	\$ 70,127
Local Aid	965,418,240	970,695,240	2,000,000
Other Assistance	110,486	110,486	--
<b>Total</b>	<b>\$ 971,208,295</b>	<b>\$ 976,361,576</b>	<b>\$ 2,070,127</b>
 FTE Positions	 194.0	 194.0	 --

**Agency Estimate/Governor's Recommendation**

In FY 1992, the State Board is requesting a \$50,000 supplemental appropriation for legal fees connected with court cases concerning the School District Equalization Act filed by school districts. In addition, the State Board requests supplemental appropriations totaling \$2,307,655 for community colleges.

The Governor recommends total expenditures of \$1,136,147,606, of which \$976,361,576 is from the SGF. The Governor reduces the State Board's estimate of agency operating expenditures by \$266,264, of which \$123,719 is from the SGF and \$142,545 is from federal and other special revenue funds. The reductions are in salaries (\$154,453), communications (\$47,792), and travel (\$64,019). State and federal aid programs are unchanged by the Governor from their approved levels, except that the Governor's recommendations reflect a revised figure for the income tax rebate which is higher than the estimate submitted by the State Board prior to the meeting of the Consensus Estimating Group and accounts for the fact that, overall, the Governor's recommendations for FY 1992 appear to be higher than the agency's request. The Governor recommends no supplemental appropriations for FY 1992. The Governor concurs with the State Board's request for an additional \$50,000 for legal expenses, but makes that amount available by reducing expenditures in other areas.

**Senate Subcommittee Recommendations**

The Senate Subcommittee concurs with the recommendations of the Governor, with the following exceptions:

*SWAM  
March 3, 1992  
Attachment 1*

### State Operations Budget

1. **Salaries.** Restore \$115,925 from federal and other funds so that no shrinkage rate is applied to salaries that are not funded from the SGF. It has been the policy of the Subcommittee for several years to recommend that the use of federal and other funds be maximized, particularly when it is necessary to make reductions in the SGF. The money added by the Subcommittee was approved for expenditure by the 1991 Legislature.
2. **Communications.** Restore \$15,127 from the SGF and \$6,349 from federal funds that the 1991 Legislature approved for expenditure in FY 1992. The effect of the Subcommittee's recommendation is to provide adequate funding for the increase in the postage rate that occurred in FY 1991. (The postage rate increased by 16 percent over FY 1991.) Based on the Subcommittee's recommendation, a total of \$495,213 would be available for communications in the current year.
3. **Travel.** Restore \$30,000 from the SGF and \$10,545 from federal and other funds that the 1991 Legislature approved for expenditure in FY 1992. The effect of the Subcommittee's recommendation is to restore the amount the Governor deleted for in-state travel. Based on the Subcommittee's recommendation, a total of \$759,264 would be available for travel in the current year.
4. **Office Supplies.** Add \$25,000 from the SGF in recognition of the demands that have been placed on the State Department to supply school finance computer runs to the Legislature. The State Department has \$152,189 available in the current year for office supplies. At this time, it has produced between 45 and 50 school finance computer runs, which cost between \$400 and \$500 each. The total expended thus far is approximately \$20,000. Considering the fact that school finance is far from resolved, the Subcommittee thinks it is necessary to add money to the State Department's budget to enable it to respond to anticipated requests from the Legislature for the remainder of the Session.

### State Aid Programs

1. **Community College Credit Hour Aid.** Add \$1.5 million from the SGF for community college credit hour aid, for a total of \$34,333,481. Based on information supplied by the State Department, the amount necessary to fund the credit hour aid program at the statutory rate would be \$34,502,349.
2. **Community College Out-District State Aid.** Add \$500,000 from the SGF for community college credit hour state aid, for a total of \$10,453,183. Based on information supplied by the State Department, the amount necessary to fund the out-district state aid program at the statutory rate would be \$10,591,970.

*August Bogina, Jr.*

Senator August Bogina, Jr.  
Subcommittee Chair

*Frank Gaines*

Senator Frank Gaines

*Joseph C. Harder*

Senator Joseph Harder

*Nancy Parrish*

Senator Nancy Parrish

\_\_\_\_\_  
Senator Wint Winter, Jr.

**SUBCOMMITTEE REPORT**

**Agency:** Department of Education

**Bill No.** 497

**Bill Sec.** 2

**Analyst:** Rampey

**Analysis Pg. No.** 339

**Budget Page No.** 172

<u>Expenditure Summary</u>	<u>Agency Req. FY 93</u>	<u>Gov. Rec. FY 93</u>	<u>Subcommittee Adjustments</u>
<b>All Funds:</b>			
State Operations	\$ 13,761,460	\$ 13,163,160	\$ 446,173
Local Aid	1,345,049,896	1,642,766,749	(1,454,549,576)
Other Assistance	37,367,486	37,313,486	50,000
<b>Total</b>	<b>\$ 1,396,178,842</b>	<b>\$ 1,693,243,395</b>	<b>\$ (1,454,053,403)</b>
<b>State General Fund:</b>			
State Operations	\$ 6,201,264	\$ 5,959,089	\$ 218,247
Local Aid	1,214,686,277	972,922,527	(915,781,576)
Other Assistance	110,486	110,486	--
<b>Total</b>	<b>\$ 1,220,998,027</b>	<b>\$ 978,992,102</b>	<b>\$ (915,563,329)</b>
<b>FTE Positions</b>	<b>195.0</b>	<b>192.0</b>	<b>--</b>

**Agency Request/Governor's Recommendation**

For FY 1993, the State Board is requesting one new position, a federally-funded food service specialist to work in the child and adult care food program. The State Board is requesting funding from the SGF for the third year of the math and communications assessment program, hoping to expand the math and reading components to include a writing component. The total cost of the program in FY 1993 would be \$569,000. No new state aid programs are proposed, although the State Board continues to advocate five-year plans for community colleges and area vocational schools that would increase the level of state funding for these schools. A large increase in general aid to school districts is proposed -- from \$526,977,000 in the current year to \$699,595,000 in FY 1993 -- an increase of \$172,618,000. The State Board is requesting \$54,620,511 for school district transportation (compared to \$44,550,000 in FY 1992), which would fund the transportation formula at the 95.0 percent level. Special education excess aid funding, which is \$121,275,000 in the current year, is requested at \$157,306,352, which would fund 95.0 percent of excess costs.

For FY 1993, the Governor recommends expenditures of \$1,693,243,395, of which \$978,992,102 would be from the SGF. (This figure and the table above are based on the Governor's "current resources" recommendation. Under a proposal for a higher level of spending from the SGF for general aid to schools, \$217.0 million would be shifted from a state property tax levy to the SGF.) The Governor's recommendation for agency operating expenditures is \$13,163,160, a reduction of \$598,300 from the State Department's request. Of the reduction, \$242,175 is from the SGF and \$356,125 is from federal and other special revenue funds. The reductions are primarily in salaries (\$230,131), travel (\$68,340), communications (\$28,319), capital outlay (\$47,200), and support for campus-based vocational education student organizations (\$184,000). Savings in salaries are generated by applying a shrinkage rate to all positions, not just those funded from the SGF, and

*SWAM  
March 3, 1992  
Attachment 2*

deleting funding for three positions funded from the SGF and two positions funded from federal funds that are currently vacant. The Governor adds 3.0 FTE new positions: a federally-funded Food Service Specialist, as requested by the Department at a salary of \$26,952 (excluding benefits), and two architect positions at a cost of \$52,776 for salaries (excluding benefits) who would be involved in implementing new responsibilities for school district capital improvements that are recommended by the Governor. The net change to the Department's workforce is a reduction from 194.0 FTE to 192.0. Funding is included in the Governor's budget for the continued remodeling of the State Department's offices and for the requested expansion of the math and communications assessment program. The Governor recommends significant changes to certain state aid programs administered by the State Department, many of which would require statutory changes to implement. In total, the amount of SGF aid to school districts recommended in the current resources budget for FY 1993 is \$905.1 million, approximately \$139,000 less than her recommendation of \$905.2 million for the current year. A major change recommended by the Governor is the consolidation of selected state aid programs into a single general fund appropriation for school districts and the imposition of a uniform statewide property tax levy for school district operations and a uniform statewide property tax levy for school district capital improvements. Two other assistance programs, the Cultural Heritage Center and the Kansas Foundation for Agriculture, are not funded under the Governor's FY 1993 recommendations. Total funding for community colleges is \$45.3 million, an increase of \$1.7 million (4.0 percent) over approved funding of \$43.6 million in the current year.

### **Senate Subcommittee Recommendations**

The Senate Subcommittee concurs with the Governor's recommendations, with the following exceptions:

#### **State Operations Budget**

1. **Salaries.**
  - a. Restore \$33,798 in federal funds for an existing position the Governor deleted because it is vacant. The Subcommittee sees no reason not to use available federal money to fund a position that the State Department thinks is necessary.
  - b. Restore \$3,600 from the SGF and \$3,012 from federal funds for the wages of seasonal and temporary employees (for a total of \$6,612). The Subcommittee's recommendation would make \$63,600 available for seasonal and temporary employees, which is still a reduction from the current year (\$72,924). The amounts recommended by the Subcommittee reflect its policy of maximizing the use of federal funds whenever possible. The amount recommended from the SGF is necessary in order to meet a federal matching requirement.
  - c. Restore \$96,452 in federal and other special revenue funds so that no shrinkage rate is applied to salaries that are not funded from the SGF. This recommendation continues the policy of the Subcommittee to maximize the use of federal and other funds.



- d. Concur with the Governor's recommendation to add \$52,776, plus benefits, from the SGF for the salaries of two new positions, but allow the State Department to use the money to pay the salaries of other positions it considers necessary. The Governor added two new architect positions who would be necessary if the Governor's state capital improvement plan is implemented. She also deleted 3.0 FTE positions funded from the SGF that are currently vacant, which the State Department would like to retain. The Subcommittee's recommendation would permit the State Department to keep the money the Governor added for the two new positions and use the money to continue to fund existing positions the Department would like to keep. The Subcommittee leaves it to the State Department's discretion as to which of the deleted positions it wishes to restore. (The amount it would take to completely restore the three positions is \$72,366.)
  - e. Delete the State Department's position limitation and control the number of employees through the appropriations process. The 1991 Legislature recommended that there be no position limitation set for the Department of Education in FY 1992. The position of the Subcommittee is that the policy should continue in FY 1993 so that the State Department may have the flexibility to hire the staff it needs within the amounts of money the Legislature appropriates. An example of the advantage of this flexibility is illustrated by the Subcommittee's recommendation in item g above, which directs the State Department to decide how best to spend the amount of money it has available.
2. **Communications.** Add \$15,127 from the SGF, for a total of \$506,078 from all funds for communications in FY 1993. The total would be a 2.2 percent increase over the Subcommittee's recommended communications expenditures in FY 1992.
  3. **Travel.** Add \$30,000 from the SGF and \$17,329 from federal and other special revenue funds (for a total of \$47,329). The recommendation would make a total of \$780,631 from all funds available for travel in FY 1993, which would be a 2.8 percent increase over the Subcommittee's FY 1992 recommendation.
  4. **Repairs and Servicing.** Add \$3,555 from federal funds for repairs and servicing, for a total available from all funds of \$101,878. The recommendation reflects the Subcommittee's policy of maximizing federal funds.
  5. **Fees for Professional Services.** Add \$143,300 from the SGF and \$72,000 from federal vocational education funds. The effect of the Subcommittee's recommendation would be to completely restore funding for campus-based student occupational organizations. In addition, the recommendation would make an additional \$51,300 available to the State Board for legal and other expenses associated with continued litigation against the State Board in the area of school finance.
  6. **Capital Outlay.** Add \$26,220 from the SGF for interactive video equipment and add \$1,780 from the Certificate Fee Fund for other capital equipment items. The

effect of the Subcommittee's recommendation would be to make a total of \$150,214 from all funds available for capital outlay in FY 1993.

### State Aid Programs

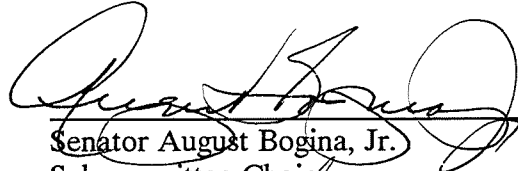
1. **General State Aid.** Delete \$899,187,074 from the SGF, \$507,640,000 from the State School Property Tax Fund for operations, and \$32,628,000 from the State School Property Fund for capital improvements. These amounts represent the Governor's current resources recommendation for the following programs combined: general state aid, the income tax rebate, aid to the Fort Leavenworth School District, school district transportation, special education, educable deaf-blind and severely handicapped children aid, bilingual education, inservice education, area vocational school aid for secondary students, funding for at risk students, and capital improvements. In some cases, the Subcommittee recommends that certain of these consolidated programs remain separate categorical aid programs, as noted in the recommendations that follow. In general, the Subcommittee recommends that the money be deleted because it is not possible at this point in the Session to know how much money is available for elementary-secondary school funding or what changes will be made in the statutes that affect these programs.
2. **Special Education.** The Subcommittee recommends that special education be continued as a separate categorical aid program and that the Legislature consider funding excess costs at the 90 percent level. However, the Subcommittee recommends no specific appropriation at this time because, until other issues relating to school finance are resolved, it is not possible to know what level of funding would be necessary to implement the Subcommittee's general statement of policy.
3. **Inservice Education.** Add \$2.5 million for inservice education and continue the appropriation as a separate categorical aid program. (The Governor combines this program with others in FY 1993). The amount available for the program in FY 1992 is \$990,000.
4. **Educable Deaf-Blind and Severely Handicapped Children Aid.** Add \$100,000 and continue the appropriation as a separate categorical aid program. (The Governor combines this program with others in FY 1993.) The amount available for the program in FY 1992 is \$99,000.
5. **At Risk and Innovative Program Assistance.** Add \$250,000 from the SGF and \$1.5 million from the Economic Development Initiatives Fund (EDIF) for at risk and innovative programs and continue the appropriation as a separate categorical aid program. Under the Governor's recommendation, separate funding for at risk programs would cease and only innovative programs would continue to be funded as a categorical aid program. (The Governor recommends \$1,250,000 for innovative programs.) The effect of the Subcommittee's recommendation would be to continue the program as it is currently and make \$3.0 million available for grants in FY 1993, of which half would be from the SGF and half would be from


the EDIF. The amount available for at risk and innovative programs in FY 1992 is \$2,386,000, of which \$1.0 million is from the EDIF.

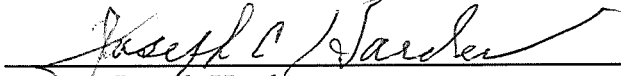
6. **Area Vocational School Aid.** The Subcommittee recommends that area vocational school aid be continued as a separate categorical aid program. However, until other issues relating to school finance are resolved, the Subcommittee makes no recommendation as to a specific level of funding at this time. (The Governor combines secondary vocational education aid with other programs in FY 1993.)
7. **Postsecondary Area Vocational School Aid.** Delete \$22,024,127 from the SGF, which is the Governor's recommended amount for postsecondary area vocational school aid. The Subcommittee recommends that postsecondary aid remain a separate categorical aid program, as does the Governor, but makes no recommendation as to a specific level of funding at this time and recommends that the issue be resolved later in the Session when the broader issue of school finance in general is settled.
8. **Vocational Education Capital Outlay Aid.** The Subcommittee concurs with the Governor's recommendation of \$1.0 million from the EDIF for vocational education capital outlay aid, but recommends that the proviso limiting expenditures to the acquisition of equipment be removed and that the State Board have the option of approving grants based on what the statutes say the money can be used for -- construction, building repairs, and equipment. Because many of the area school facilities were built in the 1960s and because the schools have limited access to funds for capital improvements, the Subcommittee sees a need for the schools to have access to funds for emergency repair and construction projects approved by the State Board.
9. **Community College Aid Programs.** For the three community college aid programs combined, add \$2,079,625 from the SGF (for a total of \$47,420,951), which is an increase of 4.0 percent over the Subcommittee's recommendation for FY 1992. Unlike the Governor who recommended a 4.0 percent increase for all programs combined (without any supplemental appropriations in FY 1992) and put the entire increase in the general aid program, the Subcommittee recommends that each program be increased by 4.0 percent. The effect of the Subcommittee's recommendation on each program is shown below:
  - a. Add \$2,872,979 for community college credit hour aid, for a total of \$35,706,820.
  - b. Add \$918,127 for community college out-district state aid, for a total of \$10,871,310.
  - c. Delete \$1,711,481 for community college general state aid, for a total of \$842,821.
10. **Parent Education Program.** Add \$500,000 from the SGF for the parent education program, for a total of \$2.5 million. The Subcommittee recommends

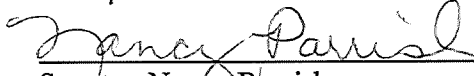
that this appropriation continue as a separate categorical aid program, as does the Governor.

- 11. **Kansas Cultural Heritage Center.** Add \$25,000 from the EDIF for the Kansas Cultural Heritage Center. (The Governor does not fund this program in FY 1993.)
- 12. **Kansas Foundation for Agriculture.** Add \$25,000 from the EDIF for the Kansas Foundation for Agriculture. (The Governor does not fund this program in FY 1993.)

  
 \_\_\_\_\_  
 Senator August Bogina, Jr.  
 Subcommittee Chair

  
 \_\_\_\_\_  
 Senator Frank Gaines

  
 \_\_\_\_\_  
 Senator Joseph Harder

  
 \_\_\_\_\_  
 Senator Nancy Parrish

\_\_\_\_\_  
 Senator Wint Winter, Jr.