

Approved: 3-11-97
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:40 p.m. on March 6, 1997 in Room 514-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Carolyn Rampey, Stuart Little, Legislative Research Department;
Jim Wilson, Mike Corrigan, Revisor of Statutes Office;
Marcia Ayres, Appropriations Secretary; Helen Abramson, Administrative Aide

Conferees appearing before the committee:

Others attending: See attached list

Representative Wilk presented the subcommittee report for FY 97 for the State Department of Education. The subcommittee concurred with the recommendations of the Governor with a couple exceptions. (Attachment 1) Representative Minor read the Minority Report to the FY 97 subcommittee report. (See Attachment 1)

Considerable discussion followed, especially regarding the money used to conduct a pilot project to implement the "Finance Analysis Model for Education" in 15 to 25 school districts.

A motion was made by Representative Reinhardt, seconded by Representative Minor, to amend the subcommittee report for FY 97 by adopting the Minority Report which would remove the \$100,000 for the pilot project and revert it back to the State Department of Education. Discussion. The motion failed.

Discussion continued.

A motion was made by Representative McKechnie, seconded by Representative Packer, to amend the subcommittee report for FY 97 by requiring competitive requests for proposal (RFPs) bids for the pilot project rather than having it assigned to Coopers and Lybrand as the sole source. Discussion. The motion carried.

Representative Helgerson requested a subcommittee be formed of Representatives Landwehr, Minor, Wilk and/or Farmer charging them with coming back to the full committee in the Omnibus Session with a list of information needed for this study and anything else necessary to evaluate the performance of schools.

A motion was made by Representative Wilk, seconded by Representative Farmer, to adopt the FY 97 subcommittee report for the State Department of Education as amended. Discussion. The motion carried.

Representative Wilk presented the subcommittee report for FY 98 for the State Department of Education. The subcommittee concurred with the Governor's recommendations with several exceptions. (Attachment 2) Representative Farmer read the Minority Report to the FY 98 subcommittee report. (See Attachment 2)

Discussion followed. Representative Farmer referred to the handout showing the trend of general and supplemental general fund budgets for school districts from 1991 to 1998. (Attachment 3)

A motion was made by Representative Farmer, seconded by Representative Edmonds, to amend the subcommittee report by approving the Minority Report for FY 98 which provides funding under current law. The motion failed.

A motion was made by Representative Minor, seconded by Representative Reinhardt, to adopt the FY 98 subcommittee report for the State Department of Education. Discussion followed. A substitute motion was made by Representative Neufeld, seconded by Representative Landwehr, to amend the FY 98 subcommittee report by inserting a new subsection in **HB 2160**. (Attachment 4) The motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, Room 514-S Statehouse, at 1:30 P.M. on March 6, 1997.

A motion was made by Representative Landwehr, seconded by Representative Edmonds, to further amend the FY 98 subcommittee report by adding a proviso to repeal the law that allows the district to not report all funds and dollars spent. Discussion followed. The motion was clarified to amend the subcommittee report by requiring the introduction of legislation which would require the inclusion of data regarding all funds and dollars spent. Continued discussion. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Farmer, to further amend the FY 98 subcommittee report by requesting the subcommittee to come back in the Omnibus Session with a new set of outcomes that adequately reflect the intent of the subcommittee and the full appropriations committee in how to evaluate the educational performance of students. No discussion. The motion carried.

A motion was made by Representative Helgerson, seconded by Representative Dean, to further amend the FY 98 subcommittee report by directing the State Department of Education to report back by Omnibus on specific strategies to deal with the increased cost in special education. No discussion. The motion carried.

A motion was made by Representative Wilk, seconded by Representative Reinhardt, to adopt the FY 98 subcommittee report for the State Department of Education as amended. No discussion. The motion carried. Representative Landwehr and Representative Edmonds are recorded as voting no.

The meeting adjourned at 4:20 p.m.

The next meeting is scheduled for March 7, 1997.

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: March 6, 1997

NAME	REPRESENTING
Josie Torrez	Families Together, Inc.
Bob Vancrum	USD 229 Blue Valley
Jacquie Oakes	SDF
Meggan Griggs	KAAUTS
Amie Glaves	Intern-Rep. Mincer
Wale M. Muri	KSD E.
Ron Nitcher	- -
Hershel Boer	cit.
Karilyn Ewing	Intern. John Edmonds
Annie Gimto	Intern Rep. Pottorff
Keith Haxton	SEAK
Ken Sahr	KACC
Denise Apt	USA
Karen Buckley	HSB
Robin Lehman	Olathe USD 235
Pat Lehman	Olathe USD 235
Craig Grant	KNEA
Doug Bowman	CCECD S
Carol DeRmyer	KSDE

FY 1997

HOUSE SUBCOMMITTEE REPORTS

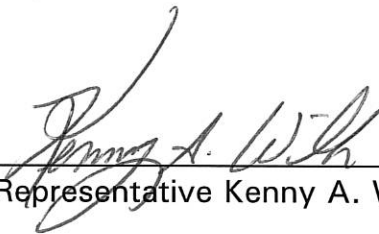
DEPARTMENT OF EDUCATION



Representative Michael P. Farmer
Subcommittee Chair



Representative John Edmonds



Representative Kenny A. Wilk

Appropriations
3-6-97
Attachment 1

SUBCOMMITTEE REPORT

Agency: State Department of Education

Bill No. --

Bill Sec. --

Analyst: Rampey

Analysis Pg. No. 141

Budget Page No. 154

<u>Expenditure Summary</u>	<u>Agency Estimate FY 97</u>	<u>Gov. Rec. FY 97</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 16,727,769	\$ 16,727,769	\$ 0
Aid to Local Units	1,958,695,979	1,953,917,979	1,906
Other Assistance	36,259,611	36,259,611	0
TOTAL	\$ 2,011,683,359	\$ 2,006,905,359	\$ 1,906
State General Fund:			
State Operations	\$ 8,207,322	\$ 8,207,322	\$ 0
Aid to Local Units	1,749,988,025	1,748,520,025	0
Other Assistance	222,978	222,978	0
TOTAL	\$ 1,758,418,325	\$ 1,756,950,325	\$ 0
FTE Positions	205.0	205.0	0.0
Unclass. Temp. Positions	38.8	38.8	0.0
TOTAL	243.8	243.8	0.0

Agency Overview

The State Board of Education is a ten-member elected board established by the Kansas Constitution. It is responsible for the general supervision of public schools and all other educational interests of the state that are not under the jurisdiction of the Kansas Board of Regents. Its duties include accrediting elementary and secondary schools; establishing standard courses of study in the public schools; certifying teachers and administrators; approving public and private teacher education programs; administering a variety of state and federal aid programs; licensing proprietary schools; and supervising area vocational schools, technical colleges, and community colleges.

Agency Estimate/Governor's Recommendation

For FY 1997, the State Department estimates expenditures of slightly more than \$2.0 billion, of which approximately \$1.8 billion is from the State General Fund. The revised estimate exceeds the approved amount by almost \$7.7 million. However, some of the estimates have changed again since the budget was submitted, some of the revisions were expected when the budget was approved by the 1996 Legislature, and some of the change is due to the difficulty in estimating federal funds. Only one revision amounting to \$47,967 from the State General Fund requires legislative action.

Specifically, the changes to the current year budget are the following:

Supplemental Appropriation of \$47,967 for Education Commission of the States Dues. From 1972 through July 1, 1996, Kansas was a member of the Education Commission of the States (ECS). ECS is a national compact that provides information to members on elementary, secondary, and higher education topics; conducts research and issues publications; provides consulting and planning services; and serves as a network for state boards of education, state boards of regents, governors, and legislators.

Additional Reappropriated Balance of \$136,811. Last year, the Governor's approved budget for FY 1997 included a balance of \$62,364 to be carried forward from FY 1996 to be used to finance FY 1997. Recognizing that revenues are constricted and wanting to give the State Department as much flexibility as possible to manage scarce resources, the Legislature gave the State Department an unlimited State General Fund reappropriation, the effect being that any savings generated in FY 1996 could be used to help fund the FY 1997 budget. Primarily because some positions were held vacant for some months (most notably that of the Commissioner of Education), the State Department generated total savings of \$199,175, which exceed the original estimate of \$62,364 by \$136,811.

Increased General State Aid. Based on revised estimates made by the State Department, the Legislative Research Department, and the Division of the Budget, it is estimated that there will be an increase in general state aid of almost \$6.7 million over what was approved, offset in part by a reduction in supplemental general state aid of \$3,358,000 from the approved amount.

Revised Estimates for Special Revenue Funds. Expenditures from all other funds are expected to exceed the original estimates by almost \$6.2 million. In most cases, the funds involved are federal and reflect the difficulty in estimating federal funding in a time of flux at the national level.

Governor's Recommendation. The Governor's recommendation for FY 1997 essentially approves the State Department's revised estimate, except that the Governor's budget uses more recent estimates than were available to the State Department when its budget was submitted, which accounts for the differences between the Governor's recommendation and the budget the State Department submitted.

Senate Subcommittee Recommendations

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

1. Transfer \$1,906 from the State General Fund to the Tuition and Fee Reimbursement Fund of the State Department of Education. The Fund was created pursuant to the enactment of 1996 S.B. 325 which requires public postsecondary educational institutions to waive the tuition and fees of dependents of deceased public safety officers killed in the line of duty. A proviso to the Fund stipulates that expenditures will be made during the fiscal year in which any tuition and fees are waived. That is, it is the policy of the Legislature to wait until there actually are students who qualify for the waivers and then consider a supplemental appropriation. In February, 1997, a claim was submitted to the State Department of Education for \$1,906 in tuition and fees waived by Kansas City Kansas Community College for the tuition and fees of two dependents of a deceased public safety officer.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee's recommendations.

Senate Recommendation

The full Senate has not taken action on the agency's budget.

Agency: State Department of Education	Bill No. --		Bill Sec. --
Expenditure Summary	Agency Estimate FY 97	Gov. Rec. FY 97	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 16,727,769	\$ 16,727,769	\$ 0
Aid to Local Units	1,958,695,979	1,953,917,979	1,906
Other Assistance	36,259,611	36,259,611	0
TOTAL	<u>\$ 2,011,683,359</u>	<u>\$ 2,006,905,359</u>	<u>\$ 1,906</u>
State General Fund:			
State Operations	\$ 8,207,322	\$ 8,207,322	\$ 0
Aid to Local Units	1,749,988,025	1,748,520,025	0
Other Assistance	222,978	222,978	0
TOTAL	<u>\$ 1,758,418,325</u>	<u>\$ 1,756,950,325</u>	<u>\$ 0</u>
FTE Positions	205.0	205.0	0.0
Unclass. Temp. Positions	38.8	38.8	0.0
TOTAL	<u>243.8</u>	<u>243.8</u>	<u>0.0</u>

House Subcommittee Recommendations

The House Subcommittee concurs with the recommendations of the Governor, with the following exception:

1. Transfer \$1,906 from the State General Fund to the Tuition and Fee Reimbursement Fund of the State Department of Education. The Fund was created pursuant to the enactment of 1996 S.B. 325 which requires public postsecondary educational institutions to waive the tuition and fees of dependents of deceased public safety officers killed in the line of duty. A proviso to the Fund stipulates that expenditures will be made during the fiscal year in which any tuition and fees are waived. That is, it is the policy of the Legislature to wait until there actually are students who qualify for the waivers and then consider a supplemental appropriation. In February,

1997, a claim was submitted to the State Department of Education for \$1,906 in tuition and fees waived by Kansas City Kansas Community College for the tuition and fees of two dependents of a deceased public safety officer.

2. Use \$100,000 in existing funding from the State Department's budget for payment to Coopers and Lybrand to conduct a pilot project to implement the "Finance Analysis Model for Education" in 15 to 25 school districts. The money would be used to pay for software and staff training at the school district level. The Subcommittee notes that the State Department had savings in FY 1996 that were almost \$137,000 more than had been estimated originally and that those savings were carried forward to FY 1997.

Representatives of Coopers and Lybrand, a Dallas-based consulting firm, met this Session with members of the House and Senate Education Committees and other legislators to describe how they have worked with a number of school districts across the nation to reformat financial accounting data into management reports that help school district officials, school patrons, policy makers, and members of the public more easily understand how public education dollars are spent.

The Subcommittee supports school district efforts to show how school district funds are used to educate students and commends the districts that already have made strides toward providing clearer information to the public. One example is USD 259 (Wichita). Several years ago, the district explored ways in which it could summarize its approximately 300-page budget in an easily-understood abbreviated format. The result is a 21-page document that can be used by the public to better understand how the district spends its money. The Subcommittee hopes its recommendation will make it possible for more districts to make a similar effort and that the resulting data will be comparable from district to district.

Under the Subcommittee's recommendation, participating districts for the pilot project would be selected by the chairs, vice-chairs, and ranking minority members of the House and Senate Education Committees. The money would be available in the current fiscal year, but would be reappropriated in order for the pilot project to be completed in FY 1998.

The Subcommittee acknowledges the legitimate concerns that have been raised about the necessity of a pilot study and the difficulties involved in making school district accounting systems comparable. The national reputation of Coopers and Lybrand and the experience the firm has had with similar projects in other states leads the Subcommittee to support the study, with the understanding that it is making no commitment beyond a pilot project and that it expects Coopers and Lybrand to make a report on the project to the Legislature at the beginning of the 1998 Session.

Current Status Comparison

	Gov. Rec. FY 1997	Senate Committee Rec. FY 1997	House Subcommittee Rec. FY 1997	House Subcommittee Change from Senate FY 1997
All Funds:				
State Operations	\$ 16,727,769	\$ 16,727,769	\$ 16,827,769	\$ 0
Aid to Local Units	1,953,917,979	1,953,919,885	1,953,919,885	0
Other Assistance	36,259,611	36,259,611	36,259,611	0
TOTAL	<u>\$ 2,006,905,359</u>	<u>\$ 2,006,907,265</u>	<u>\$ 2,007,007,265</u>	<u>\$ 0</u>
State General Fund:				
State Operations	\$ 8,207,322	\$ 8,207,322	\$ 8,307,322	\$ 0
Aid to Local Units	1,748,520,025	1,748,520,025	1,748,520,025	0
Other Assistance	222,978	222,978	222,978	0
TOTAL	<u>\$ 1,756,950,325</u>	<u>\$ 1,756,950,325</u>	<u>\$ 1,757,050,325</u>	<u>\$ 0</u>
FTE Positions	205.0	205.0	205.0	0.0
Unclass. Temp. Positions	38.8	38.8	38.8	0.0
TOTAL	<u>243.8</u>	<u>243.8</u>	<u>243.8</u>	<u>0.0</u>

MINORITY REPORT

We commend any effort to convert school district accounting systems to a format that is easy to understand and comparable from district to district. However, we believe the job will be more difficult than it seems at first glance and that the information we obtain either will be information we already can get or will cost more than we have been led to believe. Money in the State Department's budget could be better spent on projects that have a higher priority and are of more educational benefit to students. For that reason, we cannot support the Coopers and Lybrand pilot project.


 Representative Melvin Minor


 Representative Richard Reinhardt


FY 1998

HOUSE SUBCOMMITTEE REPORTS


DEPARTMENT OF EDUCATION



Representative Melvin Minor



Representative Richard Reinhardt



Representative Kenny A. Wilk

Appropriations
3-6-97
Attachment 2

SUBCOMMITTEE REPORT

Agency: State Department of Education

Bill No. 178

Bill Sec. 64

Analyst: Rampey

Analysis Pg. No. 141

Budget Page No. 154

<u>Expenditure Summary</u>	<u>Agency Request FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 16,381,672	\$ 16,270,678	\$ (292,713)*
Aid to Local Units	2,305,960,937	2,093,173,084	119,506
Other Assistance	36,486,633	36,466,611	0
TOTAL	\$ 2,358,829,242	\$ 2,145,910,373	\$ (173,207)
State General Fund:			
State Operations	\$ 8,728,257	\$ 8,396,348	\$ (181,992)
Aid to Local Units	2,089,584,178	1,888,723,380	94,506
Other Assistance	243,000	247,978	0
TOTAL	\$ 2,098,555,435	\$ 1,897,367,706	\$ (87,486)
FTE Positions	209.0	205.0	1.0
Unclass. Temp. Positions	36.8	36.8	0.0
TOTAL	245.8	241.8	1.0

* Includes a reduction of \$342,965 (\$181,992 from the State General Fund) for the Governor's employee salary adjustments.

Agency Request/Governor's Recommendation

The request for FY 1998 totals \$2,358,829,242, of which slightly less than \$2.1 billion would be from the State General Fund. The total is an increase of \$347,145,883 over FY 1997, of which \$340,137,110 would be from the State General Fund. The request for agency operating expenditures includes funding for 4.0 FTE new positions, but by far the overall increase is accounted for by proposed increases in state aid programs to school districts, community colleges, area vocational schools, and technical colleges. Major changes proposed include increasing Base State Aid Per Pupil from \$3,648 to \$4,000 (an increase over FY 1997 of \$194.4 million); increasing credit hour aid to community colleges by \$3.00 per hour and funding all vocational courses at two times the academic hour rate (an increase of approximately \$7.4 million); and funding 90 percent of special education excess costs (an increase of \$35.4 million). The State Department also includes \$10.0 million for a new program to provide technology grants to school districts.

Governor's Recommendation. The Governor recommends expenditures of \$2,145,910,373 for FY 1998, an increase of \$139.0 million over his recommendation for the current year. The recommended amount from the State General Fund is \$1,897,367,706, an increase over his FY 1997 recommendation of \$140,417,381. A large portion of the increase is due to proposed changes to school

finance, include increasing Base State Aid Per Pupil by \$22, increasing the weight for at-risk children, accelerating correlation weighting, and reducing school district property taxes.

Senate Subcommittee Recommendations

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

1. Delete \$342,965, including \$181,992 from the State General Fund, based on the recommendation to delete funding for the 3.5 percent unclassified merit pool (\$89,488); classified step movement (\$66,626); longevity bonus payments (\$70,680); and the 1.0 percent classified base salary adjustment (\$116,171) from individual agency budgets.
2. Add \$50,252 for the salary and associated operating costs of an Auditor I position to audit payments to child and adult care food programs. Funding for the new position would be from federal food service audit funds and would consist of \$34,070 for the salary, \$12,000 for travel, and \$4,182 for a notebook computer. On July 1, 1996, the federal government increased the threshold on child and adult food programs that must be audited by an independent audit from \$25,000 to \$300,000. This means that if the State Department of Education does not audit food service programs that are under \$300,000, they will go unaudited. It is estimated that the number of additional audits would be 400 on a biennial basis or 200 a year. Because the state still would be liable for any misspent federal funds, the Subcommittee agrees with the State Board that all food service programs should be audited.
3. Amend the proviso to the appropriation for operating expenses to provide for an unlimited reappropriation of State General Fund money from FY 1997 to FY 1998. The effect of the recommendation would be to make it possible for the State Department to better manage its resources by making whatever reductions in expenditures it can in the current year in order to reallocate savings to FY 1998. This continues a policy the 1996 Legislature began with this agency.
4. Add \$115,000 from the State General Fund for the Educational Excellence Grant Program, for a total of \$1.6 million. Under the program, grants to school districts are made on a competitive grant basis for special enhancements and innovative programs. State money must be matched dollar-for-dollar at the local level.
5. Add \$4,506 from the State General Fund for Adult Basic Education, for a total of \$904,506. The additional amount is to meet the required 25 percent state match for \$2,713,519 in federal Adult Basic Education funds. The increase in the state match is needed because the State Department only recently learned that Kansas will receive more federal funds than originally had been expected.

In addition, the Subcommittee requests that the State Department provide the 1998 Legislature information that would enable it to evaluate the success of the program. Items addressed in the study should include the number of participants enrolled in programs; unmet demands and program waiting lists; the number of GEDs awarded and the ratio of program completers to program participants; and, if possible, follow up information about job placement or ongoing education of program completers.

6. Switch the funding (\$25,000) for Environmental Education Grants from the State General Fund to the State Water Plan Fund for FY 1998. Funding for the program in the current year is also \$25,000 from the State Water Plan Fund.
7. Add the Tuition and Fee Waiver Reimbursement Fund to the State Department's appropriation for FY 1998, with an expenditure limit of \$0 and a proviso stating that expenditures from the Fund for tuition and fee waivers for the dependents of public safety officers killed in the line of duty will be considered in the year in which waivers are made. The only expenditure from the Fund would be if the Legislature were to authorize a transfer from the State General Fund to reimburse a public postsecondary institution for tuition and fees that actually have been waived.
8. The Subcommittee calls attention to information it received about Medicaid reimbursements to school districts. School districts are eligible to receive Medicaid payments for certain special education services they provide to students whose families meet income guidelines for Medicaid eligibility. Of the special education students in the state, it is estimated that approximately 30 percent are Medicaid eligible. Although it is estimated that 80 percent of the school districts in Kansas have received Medicaid payments for special education services they provide, the bookkeeping and paperwork involved are so time consuming and expensive that, in some cases, participating in the program is not worth it.

In 1996, the Department of Social and Rehabilitation Services contracted with a consulting firm to assist the state in recouping Medicaid payments for children who have received special education and related services. The amount of money that is to be recouped for the period from October, 1995, through April, 1997, is estimated to be between \$8.0 million to \$10.0 million. In addition, the process of claiming reimbursement has been greatly simplified by "bundling" services for reimbursement at a monthly rate instead of requiring school districts to itemize each special education service. As a result, it is likely that the level of participation by school districts will increase and more Medicaid money will be claimed. The amount of Medicaid funding school districts might receive in the future is not known at this time, partly because of recent changes that have been in the Medicaid law. Medicaid reimbursement received by school districts may not be used to supplant state funding for special education.

Senate Committee Recommendations

The Senate Committee concurs with the Subcommittee recommendations.

Senate Recommendations

The full Senate has not taken action on this agency's budget.

Expenditure Summary	Agency Request FY 98	Gov. Rec. FY 98	Senate Committee Adjustments	House Subcommittee Adjustments
All Funds:				
State Operations	\$ 16,381,672	\$ 16,270,678	\$ (292,713)*	\$ 50,252
Aid to Local Units	2,305,960,937	2,093,173,084	119,506	(1,589,421,000)**
Other Assistance	36,486,633	36,466,611	0	0
TOTAL	<u>\$ 2,358,829,242</u>	<u>\$ 2,145,910,373</u>	<u>\$ (173,207)</u>	<u>\$ (1,589,471,252)</u>
State General Fund:				
State Operations	\$ 8,728,257	\$ 8,396,348	\$ (181,992)	\$ 0
Aid to Local Units	2,089,584,178	1,888,723,380	94,506	(1,505,716,494)
Other Assistance	243,000	247,978	0	0
TOTAL	<u>\$ 2,098,555,435</u>	<u>\$ 1,897,367,706</u>	<u>\$ (87,486)</u>	<u>\$ (1,505,716,494)</u>
FTE Positions	209.0	205.0	1.0	1.0
Unclass. Temp. Positions	36.8	36.8	0.0	0.0
TOTAL	<u>245.8</u>	<u>241.8</u>	<u>1.0</u>	<u>1.0</u>

* Includes a reduction of \$342,965 (\$181,992 from the State General Fund) for the Governor's employee salary adjustments.

** Does not reflect an adjustment to estimated expenditures from the State School District Finance Fund.

House Subcommittee Recommendations

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

1. Add \$50,252 for the salary and associated operating costs of an Auditor I position to audit payments to child and adult care food programs. Funding for the new position would be from federal food service audit funds and would consist of \$34,070 for the salary, \$12,000 for travel, and \$4,182 for a notebook computer. On July 1, 1996, the federal government increased the threshold on child and adult food programs that must be audited by an independent audit from \$25,000 to \$300,000. This means that if the State Department of Education does not audit food service programs that are under \$300,000, they will go unaudited. It is estimated that the number of additional audits would be 400 on a biennial basis or 200 a year. Because the state still would be liable for any misspent federal funds, the Subcommittee agrees with the State Board that all food service programs should be audited.
2. Amend the proviso to the appropriation for operating expenses to provide for an unlimited reappropriation of State General Fund money from FY 1997 to FY 1998. The effect of the recommendation would be to make it possible for the State Department to better manage its resources by making whatever reductions in expenditures it can in the current year in order to reallocate savings to FY 1998. This continues a policy the 1996 Legislature began with this agency.

3. Add \$82.8 million for general state aid and \$0.9 million for supplemental general state aid, for a total addition of \$83.7 million over the Governor's school finance proposal. The addition would fund the changes to substantive law contained in H.B. 2031, which was adopted by the House and represents an increase of \$150.2 million over FY 1997. (In addition, adjust the estimate of expenditures from the State School District Finance Fund accordingly.) In accordance with H.B. 2031, the entire appropriation for general and supplemental general state aid would be a revenue transfer from the State General Fund to three special revenue funds, resulting in a total reduction of the Governor's recommended expenditures from the State General Fund of \$1,504,900,000.

The changes the Subcommittee's recommendation would fund are an increase of \$22 in Base State Aid Per Pupil (\$12.2 million over current law); accelerated correlation weighting (an increase of \$9.8 million); an increase in at-risk weighting from 5.0 percent to 6.5 percent (an increase over current law of \$6.0 million and \$2.0 million more than the Governor's recommendation); a declining enrollment provision that allows districts to count the higher unweighted full-time equivalent enrollment of the current or preceding school year (an increase of \$6.0 million over both the current law and the Governor); and reduced property taxes (an increase of \$115.3 million over current law and \$74.8 million more than the Governor).

The majority of the Subcommittee believes the House has made its wishes clear regarding school finance and that the budget for the State Department of Education should provide the funding necessary to implement the changes the House proposes in H.B. 2031.

4. Add \$4,506 from the State General Fund for Adult Basic Education, for a total of \$904,506. The additional amount is to meet the required 25 percent state match for \$2,713,519 in federal Adult Basic Education funds. The increase in the state match is needed because the State Department only recently learned that Kansas will receive more federal funds than originally had been expected.
5. Add the Tuition and Fee Waiver Reimbursement Fund to the State Department's appropriation for FY 1998, with an expenditure limit of \$0 and a proviso stating that expenditures from the Fund for tuition and fee waivers for the dependents of public safety officers killed in the line of duty will be considered in the year in which waivers are made. The only expenditure from the Fund would be if the Legislature were to authorize a transfer from the State General Fund to reimburse a public postsecondary institution for tuition and fees that actually have been waived.
6. The Subcommittee calls attention to the Parent Education Program, funded at \$2,750,000 in both FY 1997 and FY 1998. The money is made available to schools to provide programs to parents of children up to age three. The Subcommittee notes the support for the program evidenced by both the State Department of Education and program patrons and wonders if the program is an example of a service currently provided by school districts that could be privatized successfully. The Subcommittee is aware of privatization efforts being made in other areas of state government and encourages the State Board of Education to consider whether there are programs and services provided by school districts, such as the Parent Education Program, that could be economically and effectively provided by the private sector.

7. Switch funding for the Educational Excellence Grants (\$1,485,000) from the State General Fund to the Economic Development Initiatives Fund. The grants have been funded from the Economic Development Initiatives Fund for a number of years and the Subcommittee sees no reason to change the funding source.

8. The Subcommittee requests that the Joint Committee on Pensions, Investments, and Benefits conduct an interim study of the employers' contribution for school members (elementary and secondary, area vocational, technical college, and community college employees) in the Kansas Public Employees Retirement System. The Subcommittee's concern is that, because the money is an entitlement that is paid by the state on behalf of school districts and educational institutions, employers do not regard the funding as a resource they have to manage wisely. The Subcommittee is aware of times when a school district has agreed to an early retirement package or other contract with an employee that includes retirement benefits the Subcommittee considers excessive. The purpose of the study being recommended would be to see if there are other alternatives to the present method of funding KPERS-School that would make local educational units more responsible and accountable for the dollars they spend.

Current Status Comparison

	Gov. Rec. FY 1998	Senate Committee Action FY 1998	House Subcommittee Action FY 1998	House Subcommittee Change from Senate FY 1998
All Funds:				
State Operations	\$ 16,270,678	\$ 15,977,965 *	\$ 16,320,930	\$ 342,965
Aid to Local Units	2,093,173,084	2,093,292,590	2,176,877,590**	83,585,000
Other Assistance	<u>36,466,611</u>	<u>36,466,611</u>	<u>36,466,611</u>	<u>0</u>
TOTAL	<u>\$ 2,145,910,373</u>	<u>\$ 2,145,737,166</u>	<u>\$ 2,229,665,131</u>	<u>\$ 83,927,965</u>
State General Fund:				
State Operations	\$ 8,396,348	\$ 8,214,356	\$ 8,396,348	\$ 181,992
Aid to Local Units	1,888,723,380	1,888,817,886	383,006,886	(1,505,811,000)
Other Assistance	<u>247,978</u>	<u>247,978</u>	<u>247,978</u>	<u>0</u>
TOTAL	<u>\$ 1,897,367,706</u>	<u>\$ 1,897,280,220</u>	<u>\$ 391,651,212</u>	<u>\$ (1,505,629,008)</u>
FTE Positions	205.0	206.0	206.0	0.0
Unclass. Temp. Positions	<u>36.8</u>	<u>36.8</u>	<u>36.8</u>	<u>0.0</u>
TOTAL	<u>241.8</u>	<u>242.8</u>	<u>242.8</u>	<u>0.0</u>

* Includes a reduction of \$342,965 (\$181,992 from the State General Fund) for the Governor's employee salary adjustments.

* Does not reflect an adjustment to estimated expenditures from the State School District Finance Fund.

MINORITY REPORT

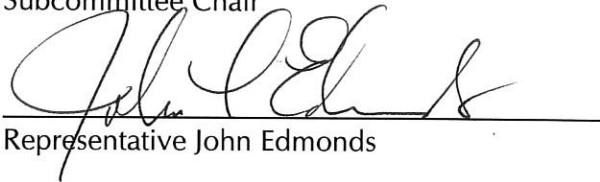
Our concern with the majority report has to do with the decision to recommend funding to implement the school finance changes contained in H.B. 2031. Although there have been exceptions to the rule, it generally has been the practice of the Appropriations and Ways and Means Committees to fund agency budgets based on current law and not upon proposed changes in the law that are contained in pending legislation. Base State Aid Per Pupil, correlation and at-risk weightings, the declining enrollment provision, and the amount of school district property taxes are set by statute and cannot be changed in an appropriations bill. The funding recommended by the majority can be spent only if the substantive law is changed.

It is our position that the tradition of the Appropriations and Ways and Means Committees should be adhered to and that additional funding over current law be considered in the Omnibus Bill when it is known which changes to substantive law both houses have adopted. It would be our intention during consideration of the Omnibus Bill to advocate for the House's position regarding proposed changes to the school finance law.

Our disagreement with the majority is confined to the issue of school finance and we support the other recommendations contained in the majority report.



Representative Mike Farmer
Subcommittee Chair



Representative John Edmonds

State Department of Education

Program	Actual FY 1996	Rev. Agency Est. and Gov. Rec. FY 1997	Agency Req. FY 1998	Gov. Rec. FY 1998	Senate Com. Adj. to Gov. Rec. FY 1998	House Subcom. Adj. to Gov. Rec. FY 1998
STATE GENERAL FUND						
Agency Operations	\$7,922,418	\$8,207,322	\$8,728,257	\$8,396,348	(\$181,992)	\$0
General State Aid	\$1,329,362,262	1,341,260,000 a)	1,618,853,677 a)	1,452,147,000	0	(1,452,147,000)
Supplemental General State Aid	41,007,665	45,700,000 a)	52,089,000 a)	52,089,000	0	(52,089,000)
School District Capital Improvement	15,611,444	17,000,000 a)	19,000,000 a)	19,000,000	0	0
Special Education Aid	185,815,281	190,515,583	225,955,320 a)	200,849,174	0	0
School Food Assistance	2,510,486	2,510,486	2,510,486	2,510,486	0	0
Inservice Education Aid	5,535,060	4,000,000	6,806,250	3,000,000	0	0
Educable Deaf/Blind Aid	110,000	110,000	110,000	110,000	0	0
Adult Basic Education Aid	800,000	815,000	1,200,000	900,000	4,506	4,506
Parent Education Aid	2,694,578	2,750,000	3,000,000	2,750,000	0	0
Postsecondary AVTS Aid	17,850,161	17,439,555	18,311,533	18,405,779	0	0
Community College Credit Hr. Aid	38,643,104	39,293,030	46,683,290	41,457,678	0	0
Community College Out-District Aid	11,737,055	12,225,973	14,263,620	12,225,973	0	0
Community College General Aid	2,642,773	2,642,795	2,642,795	2,642,795	0	0
KPERS--School	62,708,172	69,723,333	82,316,225	76,616,225	0	0
Juvenile Detention Facilities Grant	1,905,510	2,712,248	2,974,154	2,712,248	0	0
NEW -- U.S.D. Technology Grants	0	0	10,000,000	0	0	0
Educational Excellence Grants	0	0	0	1,485,000	115,000	(1,485,000)
Kansas Cultural Heritage Center	0	20,000	20,000	20,000	0	0
Environmental Education	0	0	0 b)	25,000	(25,000) c)	0
Kansas Foundation for Agricultural	0	25,000	25,000	25,000	0	0
TOTAL -- SGF	\$1,726,855,969	\$1,756,950,325	\$2,115,489,607	\$1,897,367,706	(\$87,486)	(\$1,505,716,494)
STATE SCHOOL DISTRICT FINANCE FUND	\$34,976,180	\$31,200,000 a)	\$30,309,000 a)	\$19,903,750	\$0	NA d)
NEW SPECIAL REVENUE FUND	\$0	\$0	\$0	\$0	\$0	\$1,587,936,000
ECONOMIC DEVELOPMENT INITIATIVES FUND						
Postsecondary AVTS Aid	\$6,048,673	\$6,716,110	\$7,051,915	\$6,716,110	\$0	\$0
Vocational Education Capital Outlay Aid	1,649,982	1,650,000	3,000,000	2,000,000	0	0
Educational Excellence Grants	1,485,000	1,485,000	2,000,000	0	0	1,485,000
Technology Innovation	499,480	200,000	200,000	200,000	0	0
Kansas Foundation for Agricultural	25,000	0	0	0	0	0
Kansas Cultural Heritage Center	20,000	0	0	0	0	0
TOTAL -- EDIF	\$9,728,135	\$10,051,110	\$12,251,915	\$8,916,110	\$0	\$1,485,000
GRAND TOTAL	\$1,771,560,284	\$1,798,201,435	\$2,158,050,522	\$1,926,187,566	(\$87,486)	\$83,704,506

a) The State Department's budgeted figure has been changed from what was submitted in the budget document in order to reflect the most recent estimates.

b) Funded with \$25,000 from the State Water Plan Fund.

c) Funding switched back to the State Water Plan Fund (\$25,000).

d) Estimate of expenditures from the State School District Finance Fund not available at this time.

2-10

Appropriations
 2-6-97
 Attachment 3

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 FAX NO. 9132967933
 KSDE
 MAR- 6-97 THU 10:55

School Districts - General and Supplemental General Fund Budgets

	Actual 1991-92	Actual 1992-93	Actual 1993-94	Actual 1994-95	Actual 1995-96	Estimated 1996-97	Gov's Rec. 1997-98	House Proposal (HB 2031) 1997-98
General Fund Budget	1,777,469,000	1,835,201,000	1,890,925,000	1,914,227,000	1,949,887,000	1,993,632,000	2,041,094,000	2,049,094,000
Suppl. General Fund Budget (LOB) *		98,207,000	146,712,000	168,257,000	185,292,000	210,400,000	239,829,000	240,769,000
Total Expenditures	1,777,469,000	1,933,408,000	2,037,637,000	2,082,484,000	2,135,179,000	2,204,032,000	2,280,923,000	2,289,863,000
Total Number of FTE (Unweighted)		431,321	437,210	440,694	442,466	446,280	448,837 **	448,837 **
Total General Fund Expenditures Per Pupil		4,255	4,325	4,344	4,407	4,466	4,548	4,585
Percentage Increase Over Previous Year			1.65%	0.44%	1.45%	1.38%	1.79%	2.17%
Total Expenditures Per Pupil		4,483	4,661	4,726	4,826	4,939	5,082	5,102
Percentage Increase Over Previous Year			3.97%	1.39%	2.12%	2.34%	2.90%	3.30%
							Increases Contained in Gov's Rec. (In Millions)	Increases Contained in HB 2031 (In Millions)
							\$ 11.8	\$ 11.8
							9.6	9.6
							9.8	9.8
							12.2	12.2
							0.0	6.0
							4.0	6.0
							0.0	.9
							\$ 47.4	\$ 56.3

Enrollment/Weighting Growth
 Third Year Correlation Weighting
 Accelerated Correlation Weighting (Fourth Year)
 Increase in Base State Aid Per Pupil
 Declining Enrollment
 Increase in At-Risk Weighting
 Increase in Supplemental General State Aid
 Total Increase

* Approximately 78 percent of local option budgets are currently funded from local property taxes with the state providing the remaining 22 percent.
 ** Estimate submitted by school districts to KSDE.

PROPOSED AMENDMENT TO HB 2160

FOR CONSIDERATION BY HOUSE APPROPRIATIONS COMMITTEE

March 6, 1997

On page 74, preceding line 32, by inserting a new subsection as follows:

"(h) During the fiscal year ending June 30, 1998, no expenditures may be made by the department of education from any moneys appropriated for fiscal year 1998 by this or any other appropriation act of the 1997 regular session of the legislature for any monthly payment to any school district unless (1) the school district has certified to the department of education and the department of social and rehabilitation services whether or not the school district has been approved as a federal medicaid provider and (2), if the school district has been approved as a federal medicaid provider, the school district has certified to the department of education and the department of social and rehabilitation services an accounting of (A) the amount of federal medicaid moneys the school district has received during ~~fiscal year 1998 to date~~ *the preceding 12 months*, the amount expended during such period, including the amount expended to satisfy the federal medicaid matching requirement, and the purposes for which such moneys were expended during such period, and (B) the amounts of federal medicaid moneys the school district anticipates receiving during the ensuing month and during the remainder of fiscal year 1998, and the amount anticipated to be expended during each such period, including the amounts the school district is required to expend to satisfy the federal medicaid matching requirement, and the purposes for which such moneys are to be expended during each such period."

Appropriations
3-6-97
Attachment 4