

Approved: \_\_\_\_\_

Date

## MINUTES OF THE SENATE COMMITTEE ON EDUCATION

The meeting was called to order by Chairperson Barbara Lawrence at 9:00 a.m. on February 21, 1997 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Ben Barrett, Legislative Research Department  
Avis Swartzman, Revisor of Statutes  
Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee: Diane Gjerstad, Wichita Public Schools

Others attending: See attached list

Chairperson Lawrence called the meeting to order.

### Continuation of SB 182--determination of certain weightings

The Chairperson refreshed the committee's thoughts by stating that two amendments had already been passed on the bill - one dealing with the Blue Valley/Olathe problem and the baby LOB.

She called on Senator Downey who continued on her amendment to raise the at-risk percentage from .06 to .075. Senator Downey informed the Committee that the House had passed 6 1/2 last evening. School districts need the percentage raised so they won't be taking money out of the general fund to fund programs when that money needs to be allocated to regular education students. A number of situations have been identified where at-risk money needs to be used. She re-stated the amount is \$6 million above the Governor's proposed amount.

The Chairperson stated that once this is attached to a bill it will be hard to go back and cut because it will be perceived as a vote against education or against children. It is the Committee's job to look at what it wants to do and what it realistically can do given the constraints that we have.

A member commented that the state has some extra money this year; the available revenue is obviously there.

The Chairperson stated that the category of at-risk includes more than just free lunch eligibility. As she understands it, there is a bill in the House that broadens this definition even farther. The question must be asked if the ability is there to adequately fund the burgeoning number of special ed children that seem to be swelling the rolls now and then also face a burgeoning at-risk criteria. It could expand to beyond what we can do. The Governor has already proposed an increase.

The question was asked, if we don't acknowledge these burgeoning special ed and at-risk numbers, what is the alternative?

Chairperson Lawrence replied that, as with the compulsory age legislation, this will have to be a joint effort on the part of the courts, law enforcement, education, the counties and the communities.

A list was read of how many new dollars are going into elementary and secondary education: enrollment growth, \$11.8 million; 3rd year correlation weighting, \$9.6 million; LOB growth, \$6.4 million; Base aid per pupil, \$12.2 million; 4th year correlation weighting 9.8; at-risk from .095 to .06 \$4.0 million; special education to maintain 80% excess cost, \$10.3 million; KPERS employer contribution, \$6.9 million. The state's portion of new facilities is approximately \$2 million.

It was also commented when talking about a dollar a day, it is only a mechanism for distributing money to needy districts. There is some correlation between poorness and at-risk. The Committee member stated that he is comfortable with what the Governor is proposing.

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION, ROOM 123-S-Statehouse, at 9:00 a.m. on February 21, 1997.

The Chairperson commented that not all at-risk attention will be costly. It will vary with the age of the child and the problems of the child. It is not correct to associate overwhelming costs with all at-risk.

Another comment from a member was to the effect that if the House approves in Final Action what it did yesterday, it is almost \$100 million over the Governor's budget. The following year it adds about \$130 million more. They have put at risk at 6 1/2%; if the Committee puts in 7 1/2, it has to be done. You can't go back.

It was stated by another member of the Committee that the Committee took a policy position last week in regard to a number of at-risk students. The Committee realizes that this is a program that needs to be adequately funded. The interim committee's adoption of the 7 1/2% shows that it thought it needed to be raised.

Chairperson Lawrence commented about the baby LOB amendment the Committee had passed the preceding day. There is a cost attached to that also.

Senator Langworthy made a substitute motion to stay at .06 in FY98 and go to .75 in FY 99. Senator Umberger gave a second to the motion. This will take it to a more manageable level in the face of a huge budget challenge. It shows commitment by the Committee to move ahead on this issue.

A member's response to this was that the problem of building in for FY99 is that FY99 is looking like a real tight year. By all projections he has seen, there is very little money in FY99. Although he has some sympathy for the motion, he is reluctant to see a piece built in for this.

The Chairperson stated that this is a huge problem area. The opportunity will return next year to look at it.

A member of the Committee mentioned the tax credits in the budget and gave a list that included: 10% income tax credit on machinery and equipment, \$11.2 million; single's tax equity, \$16.5 million; adoption tax credit \$3.8 million; repeal of the sales tax on remodeling \$65.3 million. This list is ten times what is being talked about for at-risk. There is more talk about this \$6 million than about the \$65 million. We all have priorities and choices. The interim committee's recommendation ought to be considered.

In response to this, a member stated that \$22.9 million can be added to that prior commentor's list to include the 2 mill reduction in the motor vehicle phase out that takes place in 1998. Things are being done to lower taxes. Less money is available because of the reductions made and new spending taking place.

It was stated by one of the members that from what he understood as what was done in the House yesterday, it is not that far apart from this Committee. The House approved \$22. on the base, approved the acceleration of the 4th year on correlation weighting, approved the declining enrollment provision and approved at-risk at 6 1/2. **SB 182** contains \$22. on the base, acceleration of 4th year on correlation weighting, contains the Governor's at-risk issue, but does not contain declining enrollment.

A member spoke of competing issues and stated that these same requests for additional funding come from other Committees and used prisons as an example. The chance to match increases for at-risk students against increases for other problem issues comes from its advocacy in Committee.

It was stated that we have to negotiate with what is passed out of Committee. If the Committee passes out a higher number than the House, there is nothing to work with when it comes to negotiation.

One of the members told the Committee that what the House had done yesterday was to move Education out of the general fund budget and made it a demand transfer; it is taking \$130 million one-time money to fund this plan.

The vote was taken on the substitute motion to leave at-risk at .06 this year and .075 the next.

The motion failed.

Back on the original motion which was to take if from the present .06 to .075.

The motion carried.

The Chairperson asked the people who will have legislation at Monday's meeting to explain it.

Senator Oleen stated her legislation concerned impact aid - money the Department of Education gives to the states that have military installations. The bill, in essence, will reflect a percentage of the money generated by military installations to be retained by those school districts.

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION, ROOM 123-S-Statehouse, at 9:00 a.m. on February 21, 1997.

Senator Downey's legislation deals with the correlation weighting program exactly as developed several years ago. It renews it so that at the end of the Governor's proposal that collapses the last two years, this would renew for the next four years. This was developed because those schools in that 1800 and up category are still at quite a discrepancy in funding.

The Chairperson stated the hearing on **SB 182** would continue on Monday. She directed the Committee's attention to **SB 222**--relating to lease-purchase and lease purchase agreements

Diane Gjerstad, Wichita Public Schools, distributed her testimony (Attachment 1) and addressed the Committee.

The bill is a cleanup of the statute that deals with lease purchase agreements. The Wichita district was working on a \$17 million telecommunications and technology upgrade and it wanted to do it through the lease purchase provisions of the statute. During the full disclosure process the attorneys went through with the bond houses Standard and Poors and Moodys, the attorneys made them aware of KSA 72-8225. The rating services looked at lines 26-30 where basically the language says that the legislature can terminate these agreements at any time and were shocked and appalled. Moody's was not going to rate them. Standard and Poors wanted to give them a lower rating which would result in a higher interest rate.

By striking this language, it will allow the district to have this bonding authority. The Revisor has added language ensuring the provision is subject to protest. This would not affect the prior problem; it was worked out through the City's public bond commission, which is a very time consuming avenue and one which the district does not care to pursue again. It would be for future agreements.

One of the Committee commented the language giving the legislature the right to termination seemed rather odd.

The Revisor responded that this language was probably put in back in the days when school boards weren't as sophisticated as they are now. They probably didn't have attorneys. If a board got over its head moneywise, the legislature could bail them out.

The Chairperson called for action on the bill.

Senator Emert moved that **SB 222** be passed and placed on the consent calendar. Senator Lee gave a second to the motion.

The motion carried.

The meeting was adjourned. The next meeting is scheduled for February 24, 1997.



**Senate Education Committee  
Senator Barbara Lawrence, Chair**

**SB 222**

*Diane Gjerstad  
Wichita Public Schools*

February 21, 1997

Madam Chair, members of the committee:

The Wichita Public Schools requested the introduction of SB 222 to amend language in KSA 72-8225. This statute gives lease purchase authority to enter into limited lease purchase agreements.

The Board of Education recently authorized a \$17M telecommunications and technology equipment upgrade. The district intended on bonding this purchase under KSA 72-8225, until under full disclosure the rating services we were in contact with became aware of the language on lines 26 - 30, page 1. The rating services determined that if the bonds were subject to termination by the legislature a higher interest rating would be issued.

This was an unexpected hurdle. The rating agencies advised the district that they had been unaware of this provision. The district abandoned this financing route to work through the city's public bond commission.

The language struck on lines 26 - 30, page 1 are surplus and serve in increase cost to school districts attempting to use this authority.

I would ask your favorable consideration of this bill.

Thank you, Madam Chair, I would stand for questions.

*Senate Education  
2-21-97  
Attachment 1*