

Approved: 4/23/98
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Phil Kline at 1:30 p.m. on March 16, 1998 in Room 514-S of the Capitol.

All members were present except: Representative Henry Helgerson - Excused

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

Conferees appearing before the committee:

Others attending: See attached list

Representative Farmer reported for the House Subcommittee on the State Department of Education (Attachment 1). The Subcommittee concurred with the Governor's recommendation for FY 98. The Subcommittee concurred with the FY 99 recommendations with one exception under Agency Operations and nine exceptions under Aid and Other Assistance.

A motion was made by Representative Farmer, seconded by Representative Reinhardt to adopt the Subcommittee report on the Department of Education for FY 98 and FY 99. An extensive discussion followed.

A substitute motion was made by Representative McKechnie, seconded by Representative Reinhardt to amend item #2 pertaining to grants for technology equipment to stipulate that grants to school districts shall be for education technology expenses or enhancements made pursuant to a school district technology plan that has been approved by the State Board of Education. A discussion followed. The substitute motion carried.

The discussion continued on the Subcommittee report.

Representative Neufeld pointed out item #3 on page 7 of the FY 99 report which reads "Family and Children Investment Fund for Communities in Schools" is incorrect and should read "Family and Children Trust Account of the Family and Children Investment Fund."

A motion was made by Representative Neufeld, seconded by Representative O'Connor to amend the report by removing item #1 on FY 99. A discussion followed. The motion failed with 7 in favor and 11 opposed.

Representative Mollenkamp raised the subject of home schoolers of high school age attending community colleges for extra credit hours, but being prevented from receiving the credit because of wording in regulations to the effect that they did not come from an accredited high school or weren't referred from an accredited high school.

A motion was made by Representative Mollenkamp, seconded by Representative Neufeld to amend the report by adding a section which would encourage the change in wording in the regulation so home schoolers would be eligible to receive credit. A discussion followed concerning how this would best be accomplished and whether the Committee would be changing substantive law or funding for substantive law. It was suggested this be tabled until the following week. The motion was withdrawn.

A motion was made by Representative Landwehr, seconded by Representative Neufeld to amend the report by removing and flagging item #1 on page 6 and to revisit the item at Omnibus after obtaining additional details and after the Social Services Subcommittee has had time to take a closer look at the issue. An extensive discussion followed. The motion failed with 7 in favor and 11 opposed.

Representative Farmer reported the 1997 Legislature appropriated \$50,000 for a study project involving seven school districts. The funds were appropriated in the current fiscal year and authorized the State Department of Education to contract with Coopers and Lybrand to serve as consultants on the project. The project has been completed, but one of the pilot districts requested additional funding for a second year of the project in order to complete "unfinished business" with regard to: the need for more staff training; help in understanding how to handle year-end rollover; help in writing reports; telephone support; and software upgrades. Through an oversight the funds were not requested.

A motion was made by Representative Farmer, seconded by Representative Ballard to amend by adding \$50,000 from the State General Fund for FY 99 for the second year of a pilot project to develop an improved management reporting system in seven school districts. A brief discussion followed. The motion carried with

8 in favor and 7 opposed.

A motion was made by Representative Farmer, seconded by Representative Reinhardt to adopt the Subcommittee report on the Department of Education for FY 98 and FY 99 as amended. The motion carried. Representative Landwehr was recorded as voting no for lack of detail provided on page 6, #1 of the FY 99 report.

A motion was made by Representative Landwehr, seconded by Representative Nichols to introduce a bill concerning the Department of Social and Rehabilitation Services relating to foster care services and contracts with service providers. The motion carried.

Chair Kline noted a handout (Attachment 2) from Julian Efird on Automatic COLA Estimates for Employer and Employee, referencing the last plan visited at the KPERS meeting on March 13 . He stressed the importance of reviewing the chart before the Committee meets again on KPERS issues.

Testimony had also been distributed in support of SB 617 from Ronald E. Pickman, Chief of Police in Goodland, Kansas (Attachment 3).

The meeting was adjourned at approximately 3:00 p.m. The next meeting is scheduled for March 17, 1998.

APPROPRIATIONS COMMITTEE GUEST LIST

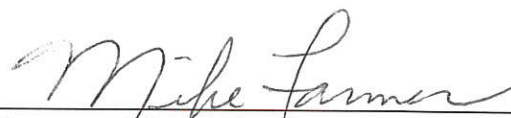
DATE: March 16, 1998

NAME	REPRESENTING
Craig Grant	KWEA
Ken Lohr	USD #489
Susan Lamb	Kearney LD Office
Anne Sutz	Univ of Kansas doc student
Jennifer Kline	KU
Melinda Calderwood	Washburn
Jessie Torres	Families Together, Inc.
Jim Layford	DOB
Dodie Weepshgar Johnson	KCSL
Hayle Shan	KACCT
Jacque Oakes	SQE
Steve Huerbert	NCCC
Jim Allen	KACCT
Diane Gjerstad	USD 259
Mark Tallman	KASB
Stacey Farmer	KASB

House Appropriations
Subcommittee on the

State Department of Education

FY 1998 and FY 1999



Representative Mike Farmer
Subcommittee Chairperson

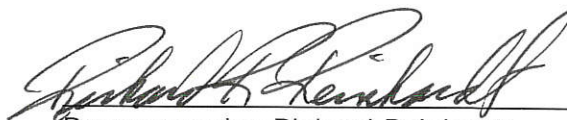


Representative John Edmonds

Representative John M. Toplikar



Representative Henry Helgerson



Representative Richard Reinhardt

Appropriations
3-16-98
Attachment 1

SUBCOMMITTEE REPORT

Agency: State Department of Education

Bill No.

Bill Sec.

Analyst: Rampey

Analysis Pg. No. 25

Budget Page No. 155

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 17,624,321	\$ 17,681,571	\$ —
Aid to Local Units	2,199,320,856	2,174,396,856	—
Other Assistance	35,569,785	35,569,785	—
TOTAL	<u>\$ 2,252,514,962</u>	<u>\$ 2,227,648,212</u>	<u>\$ —</u>
State General Fund:			
State Operations	\$ 8,400,619	\$ 8,400,619	\$ —
Aid to Local Units	1,973,395,741	1,948,571,741	—
Other Assistance	256,631	256,631	—
TOTAL	<u>\$ 1,982,052,991</u>	<u>\$ 1,957,228,991</u>	<u>\$ —</u>
FTE Positions	205.0	205.0	—
Unclass. Temp. Positions	37.8	37.8	—
TOTAL	<u>242.8</u>	<u>242.8</u>	<u>—</u>

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 1998, estimated expenditures from the State General Fund exceed the approved amount by \$62,000. The increase is due to salary savings due to vacancies in FY 1997 that were reappropriated to the current year. The State Department has used the money for technology equipment upgrades.

The increase in the other funds category of \$9.2 million over the original estimate is due to the receipt of more federal funding than had been estimated originally.

The Governor recommends a reduction of \$24,762,000 from the State General Fund in the current year, which is accounted for in its entirety by concurring with the State Board's estimated increase of \$62,000 for agency operations due to carry-forward savings from FY 1997 and to make revisions in school finance to reflect the consensus estimates made in November. Adjustments made by the Governor to other funds differ only slightly from the State Board's revised estimates.

Senate Subcommittee Recommendations

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

1. After submitting its budget, the State Department received information that enrollments in juvenile detention facilities have exceeded its estimate. The additional students will require an increase of \$219,046 over the current appropriation of \$2,712,248. The Department intends to ask the Governor to submit a Governor's Budget Amendment to fund the additional estimated cost. The Subcommittee will review the State Department's request for additional funding when the Governor's response to the State Department's request is known.

Senate Committee Recommendation

The Senate Committee concurs with the recommendations of the Subcommittee.

Agency: State Department of Education

Bill No.

Bill Sec.

<u>Expenditure Summary</u>	<u>Agency Estimate FY 98</u>	<u>Gov. Rec. FY 98</u>	<u>House Subcommittee Adjustments</u>
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Other Assistance	256,631	256,631	—
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TOTAL	<u>242.8</u>	<u>242.8</u>	<u>—</u>

House Subcommittee Recommendation

The House Subcommittee concurs with the recommendations of the Governor.

SUBCOMMITTEE REPORT

Agency: State Department of Education

Bill No. 642

Bill Sec. 62

Analyst: Rampey

Analysis Pg. No. 25

Budget Page No. 155

<u>Expenditure Summary</u>	<u>Agency Request FY 99</u>	<u>Gov. Rec. FY 99</u>	<u>Senate Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 17,967,008	\$ 17,986,443	\$ (443,338)*
Aid to Local Units	2,420,957,708	2,380,110,860	(35,695,793)
Other Assistance	35,585,285	35,625,285	(30,000)
TOTAL	<u>\$ 2,474,510,001</u>	<u>\$ 2,433,722,588</u>	<u>\$ (36,169,131)</u>
State General Fund:			
State Operations	\$ 9,233,881	\$ 8,760,630	\$ (287,176)*
Aid to Local Units	2,196,359,898	2,137,013,050	(35,695,793)
Other Assistance	276,631	316,631	(30,000)
TOTAL	<u>\$ 2,205,870,410</u>	<u>\$ 2,146,090,311</u>	<u>\$ (36,012,969)</u>
FTE Positions	209.0	207.0	1.0
Unclass. Temp. Positions	32.8	32.8	0.0
TOTAL	<u>241.8</u>	<u>239.8</u>	<u>1.0</u>

* Includes a reduction of \$411,283 (\$212,176 from the State General Fund) for the Governor's employee salary adjustments.

Agency Request/Governor's Recommendation

Requested expenditures for FY 1999 total almost \$2.5 billion, of which \$2.2 billion is from the State General Fund. Without \$103.8 million requested for enhancements, the increase from the State General Fund over the current year is \$120.0 million, or 6.1 percent. General and supplemental general state aid account for the largest component of the increase, but special education and the employer contribution for KPERS-School also contribute.

Of the enhancements requested by the State Board totaling \$103.0 million from the State General Fund, the Governor approves almost \$80.0 million. In addition, the Governor adds "enhancements" either not requested by the State Board or requested as part of the regular budget. Examples include almost \$4.7 million recommended by the Governor for the Parent Education Program, which is \$1.8 million more than requested; \$1.0 million for area vocational school and technical college technology grants that was not part of the State Board's request; and \$50,000 for both the Kansas Foundation for

Agriculture and Environmental Education, twice the amount the State Board had requested for each program.

In all, a total of \$13.0 million was approved by the Governor as one-time technology grants. Funding for FY 1999 will be from a transfer in FY 1998 from the State General Fund to the Budget Stabilization Fund using proceeds from the \$66.6 million corporate income tax payment from Western Resources. Elementary-secondary schools will receive \$10.0 million, area vocational schools and technical colleges \$1.0 million, and community colleges and Washburn University \$2.0 million.

Senate Subcommittee Recommendations

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

State Operations

1. Add 1.0 FTE for a Food Service Consultant, at a total of \$42,945 for salary and associated expenditures. The funding for the position would be from federal food service funding. The position would help plan, develop, coordinate, and deliver staff development training for school food service personnel.
2. Delete \$75,000 from the State General Fund that was recommended by the Governor for a new program to provide \$1,000 grants for 75 teachers to participate in a program leading to certification by the National Board for Professional Teaching Standards. The Subcommittee believes the benefits of the program would affect a small number of people and that teachers who are interested in the certification can pursue it on their own.
3. Delete \$411,283, including \$212,176 from the State General Fund, based on the recommendation to delete funding for the 4.0 percent unclassified merit pool (\$125,826); classified step movement (\$107,496); longevity bonus payments (\$75,705); and the 1.5 percent classified base salary adjustment (\$102,256) from individual agency budgets.

Aid and Other Assistance

1. Delete a total of \$35,852,000 from the State General Fund for general state aid to school districts. The funding was added by the Governor to increase Base State Aid Per Pupil from \$3,670 to \$3,705 (\$19,852,000); increase the weighting for at-risk pupils from 6.5 percent to 8.0 percent (\$6.0 million); and lower the correlation weighting threshold from 1,800 students to 1,775 students (\$10.0 million). The remaining amount recommended by the Subcommittee totals \$1,633,277,000 and would fund school finance under current law. The amount also includes \$40,307,000 to replace local resources that would be lost as the result of legislation that has passed the Senate to reduce the school district property tax rate from 27 to 23 mills.

The action of the Subcommittee funds the school finance program under current law and takes into account legislation to change the law that has passed the Senate.

It would be the Subcommittee's intention to reconsider the appropriation for school finance later in the 1998 Session if any substantive changes have been made to the school finance law.

2. Delete \$275,905 for KPERS-School, for a total of \$83,674,552. The total would fund the entitlement under current law. The reduction is the additional amount that would have been necessary as the result of the Governor's recommendation to increase Base State Aid Per Pupil. If legislation is enacted that would change the KPERS-School entitlement, the Legislature can consider an adjustment to the appropriation later in the Session.
3. Concur with the Governor's recommendation of \$212,994,174 for special education, but point out that calculations of special education excess costs in FY 1999 take into account an estimated \$15.8 million that school districts would receive as Medicaid reimbursement for services provided special education students whose families are Medicaid eligible. Assuming that the estimates are correct, the Governor's recommendation would fund approximately 85.5 percent of excess costs. However, if the Medicaid reimbursement is less than estimated, the percentage of excess costs funded would drop. (Excluding the Medicaid reimbursement entirely, the Governor's recommendation would fund 80.4 percent of excess costs.)

The Subcommittee calls attention to the matter because \$15.8 million also was estimated for Medicaid reimbursements in the current year, but only \$1.3 million has been collected as of the end of December, 1997. Reasons for the slow collections include problems school districts are having in getting parents to give permission for districts to bill for Medicaid payments, getting permission from parents to contact physicians to get student medical condition documentation, and getting the necessary referral from a primary care provider every six months. The Subcommittee has been informed that some special education advocacy groups are working with parents to provide information and urge them to cooperate with school officials.

The State Department of Education reports that it is working with the Department of Social and Rehabilitation Services, which has primary responsibility for the state administration of the program, to resolve the problems. It is possible that a report will be available by March 15 identifying steps that have been taken to ensure that school districts will receive maximum reimbursement for services they provide Medicaid-eligible special education students.

It is the Subcommittee's intention to review the special education appropriation later in the Session when updated information provided by the Department of Social and Rehabilitation Services on Medicaid reimbursement is available.

4. Concur with the Governor's recommendation of \$2,712,248 for juvenile detention facilities, but review the recommendation when the Governor's response to a requested budget amendment is known. The State Department learned in December that its estimate of students in juvenile detention facilities who would receive services from school districts in FY 1999 should be increased. Services for the additional students will cost \$669,657 more than the \$2,712,248 recommended by the Governor.

5. Add \$352,618 from the State General Fund for community college credit hour aid, for a total of \$42,846,736. Taking into account recommended funding for technology, the increase of 3.4 percent over FY 1998 for community colleges is the smallest increase of all postsecondary education sectors. The Subcommittee's addition would bring the increase to 4.0 percent. It is the Subcommittee's intention to add community colleges to the list of items to be considered later in the Session for additional funding when updated information about state revenues is available. At that point, the Subcommittee would consider adding another \$515,038, for a total increase over the Governor's recommendation of \$867,656. The total would be an increase of 4.9 percent over FY 1998, which is the percentage increase the Governor recommended for the Regents universities, Medical Center, and Board Office combined.
6. Add \$79,494 from the State General Fund for Adult Basic Education, for a total of \$1.0 million. The Subcommittee can think of few programs that bring a better return on the investment of state funds in terms of program success, partly due to the high motivation of adults who enter the program because they want to learn basic skills in order to get a job.
7. Delete \$15,000 from the State General Fund for Environmental Education, for a total of \$35,000. The amount recommended by the Subcommittee is an increase of \$10,000 (40 percent) over the current year's funding of \$25,000. In addition, the Subcommittee recommends the addition of a proviso to the appropriation that each state dollar be matched by two dollars in private grants or other funding.
8. Delete \$15,000 from the State General Fund for the Kansas Foundation for Agriculture, for a total of \$35,000. The amount is an increase of \$10,000 over the current year's funding of \$25,000. By proviso, the state money must be matched 40 percent by private funds.
9. Concur with the Governor's recommendation of \$3.0 million for inservice education (the same amount as in the current year), but add inservice education to the list of items the Subcommittee will consider later in the Session when updated revenue estimates are available.
10. Concur with the Governor's recommended transfer of \$50,000 from the Family and Children Investment Fund for Communities in Schools, but consider additional funding for the program in the Omnibus Bill when it is known whether a federal HUD grant can be renewed. The Communities in Schools program has been funded with a combination of state, federal, and private support, but there is concern that a \$75,000 HUD grant may have expired.

Senate Committee Recommendations

The Senate Committee concurs with the recommendation of the Subcommittee, with the following exception.

- To Item 1 (above) under "State Operations," add the following sentence regarding the new Food Service Consultant: "The portion would be deleted if federal funding terminates."

Agency: State Department of Education

Bill No. 2893

Bill Sec. 62

Expenditure Summary	Agency Request FY 99	Gov. Rec. FY 99	House Subcommittee Adjustments
All Funds:			
State Operations	\$ 17,967,008	\$ 17,986,443	\$ 42,945
Aid to Local Units	2,420,957,708	2,380,110,860	250,000
Other Assistance	<u>35,585,285</u>	<u>35,625,285</u>	<u>(23,000)</u>
TOTAL	<u>\$ 2,474,510,001</u>	<u>\$ 2,433,722,588</u>	<u>\$ 269,945</u>
State General Fund:			
State Operations	\$ 9,233,881	\$ 8,760,630	\$ 0
Aid to Local Units	2,196,359,898	2,137,013,050	3,250,000
Other Assistance	<u>276,631</u>	<u>316,631</u>	<u>27,000</u>
TOTAL	<u>\$ 2,205,870,410</u>	<u>\$ 2,146,090,311</u>	<u>\$ 3,277,000</u>
FTE Positions	209.0	207.0	1.0
Unclass. Temp. Positions	<u>32.8</u>	<u>32.8</u>	<u>0.0</u>
TOTAL	<u>241.8</u>	<u>239.8</u>	<u>1.0</u>

House Subcommittee Recommendations

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

Agency Operations

- Add 1.0 FTE position for a Food Service Consultant, at a total of \$42,945 for salary and associated expenditures. The funding for the position would be from federal food service money. The position would help plan, develop, coordinate, and deliver staff development training for school food service personnel.

Aid and Other Assistance

1. Add \$5.0 million in federal Child Care Development Block Grant funds and an amount not to exceed \$5.0 million in federal Temporary Assistance for Needy Families (TANF) funds for a competitive grant program to be administered by the State Board of Education. The program would provide grants for community preschool programs for at-risk four-year-old children. Provisions of 1998 H.B. 2844, which would create the Kansas Fast Start School Readiness Program, would be added to the appropriation as a proviso. The proviso would stipulate that, among other things, grants must be jointly submitted by the public school district, a community mental health center, and the county health department, and must be coordinated with other programs and services in the community, both public and private. In addition, direct services to children must be provided by qualified teachers and special services professionals. For purposes of this program, "qualified teachers" would include certified teachers with endorsements in early childhood, elementary education, family and consumer science, or a bachelors degree in early childhood, human development and family life, or any other appropriate area as approved by the State Board of Education.

The recommendation that TANF funding not exceed \$5.0 million is in recognition of a concern raised by the Secretary of Social and Rehabilitation Services. Secretary Chronister told the Subcommittee that TANF funding can only be used for children whose families qualify for the federal assistance program and that, if the Subcommittee's intention is to make the program available to a larger number of children, another funding source would be needed. The intent of the Subcommittee's recommendation is to use as much TANF funding as possible for the grants, subject to a limit of \$5.0 million, and to fund the rest of the program from Child Care Development Block Grant funds. The Subcommittee informed Secretary Chronister that, after she has had time to review the recommendation in detail, it would be willing to consider later in the Session any other concerns or suggestions she has about the use of federal funding for the proposed grant program.

2. Delete a total of \$13.0 million from the Budget Stabilization Fund recommended by the Governor for school district technology grants (\$10.0 million), community college and Washburn University Technology grants (\$2.0 million), and area vocational school and technical college technology grants (\$1.0 million). Instead, add a total of \$3,250,000 from the State General Fund, as follows:
 - a. \$2.5 million for school district technology grants;
 - b. \$500,000 for community college and Washburn University technology grants; and
 - c. \$250,000 for area vocational school and technical college technology grants.

The amount added by the Subcommittee would be the first year of a four-year funding cycle of \$3,250,000 per year that would enable schools and institutions to obtain Internet access and upgrade technical equipment on a rotating basis over

the four-year period. Total funding available at the end of four years would be \$13.0 million. The change in funding from the Budget Stabilization Fund to the State General Fund is recommended in order to accurately reflect the appropriation as an expenditure of state funds.

3. Delete \$50,000 from the Family and Children Investment Fund for Communities in Schools. The effect of the Subcommittee's recommendation would be to delete all state funding for the program.
4. Concur with the Governor's recommendation for school finance, but reconsider the appropriation at the end of the Session when it is known whether legislation changing the school finance formula has been enacted or if revisions have been made in the school finance estimates. The Governor recommends a total of \$1,727,006,000 in general and supplemental general state aid for FY 1999, which includes funding to increase Base State Aid Per Pupil by \$35, increase the at-risk weighting from 6.5 percent to 8.0 percent, and lower the threshold for correlation weighting from 1,800 students to 1,775 students. (Adjustments also would have to be made to the appropriation for KPERS-School to reflect any changes made in school finance.)
5. Concur with the Governor's recommendation of \$212,994,174 for special education, but review the appropriation later in the Session. At that time, more information will be available about the amount of Medicaid reimbursement that has been received by school districts providing special education services to eligible students. The appropriation recommended by the Governor would fund an estimated 85.5 percent of special education excess costs, assuming that an estimated \$15.8 million in Medicaid reimbursement is received. According to the State Department of Education, the prospects of getting the money have improved because the Department of Social and Rehabilitation Services has worked out some of the problems that caused the rate of reimbursement to be slow. The Subcommittee will review the appropriation at the end of the Session when the most recent information about the reimbursement is available.

The Subcommittee also will review the special education appropriation with a view toward possibly adding more funding that would target school districts with unusual needs. It is the Subcommittee's observation that some school districts have a large number of hard-to-serve special education students for whom additional special education funding may be needed. The Subcommittee is mindful that the federal Individuals with Disabilities Education Act prohibits states from using a funding mechanism that promotes the separation of special education children from other children. Nevertheless, the Subcommittee believes the funding formula should be more sensitive to situations when, based on the child's IEP, expensive services are called for and are appropriate. Merely increasing the state-funded percentage of special education excess cost does not address the unique needs of some districts that have large numbers of special education students or have students who need the most costly special education services.

6. Defer until the end of the Session and consider in the Omnibus Bill the following items that pertain to community colleges:
 - a. \$3.0 million to fund approved vocational education courses at the 14 community colleges that are not designated area vocational schools at two times the rate for academic courses. (These community colleges

presently receive vocational course funding at 1.5 times the academic hour rate.)

- b. \$1.5 million to eliminate the 64/72 hour limit on academic courses for purposes of out-district state aid.
- c. Continuation of the present policy not to charge out-district tuition for community college courses offered at Fort Hays State University and Wichita State University that are offered pursuant to an agreement entered into by the university and the community college. (The current policy will terminate June 30, 1998, unless extended by the Legislature. 1998 H.B. 2748, which was referred to the House Select Committee on Higher Education, would continue the policy.)
- d. Additional funding for community colleges to help equalize funding increases among postsecondary institutions. Based on the Governor's recommendations and taking into account funding for technology grants and vocational education capital outlay, community college funding would increase by only 3.8 percent over FY 1998, a lower percentage increase than for the Regents institutions, Washburn University, the technical colleges, and the area vocational schools.

The Subcommittee's rationale for deferring these items until the end of the Session is that Substitute for H.B. 2793, the comprehensive postsecondary education reorganization and funding bill recommended by the House Select Committee on Higher Education, would address several of the Subcommittee's concerns. However, the Subcommittee notes that the implementation date for many of the bill's features is July 1, 2000, and the additional funding for community college enhancements and property tax relief would not address inequities in FY 1999.

- 7. Add the following amounts of money from the State General Fund as multi-year appropriations for community colleges, technical colleges, and area vocational schools to carry out the recommendations of the House Select Committee on Higher Education as contained in Substitute for H.B. 2793. Add a proviso to the appropriations stating that they are contingent upon the adoption of H.C.R. 5049 by the voters at the November 3, 1998, general election and the passage of Substitute for H.B. 2793.

For each of fiscal years 2000, 2001, and 2002:

community college credit hour state aid	\$ 33,089,062
community college out-district state aid	1,335,198
community college operating grants	3,997,444
community college administrative state aid	5,700,000
community college technology improvements	700,000
Total Community Colleges	\$ 44,821,704
technical college and area vocational school	\$ 1,000,000
technology improvements	

The multi-year appropriations recommended by the Subcommittee for community colleges, technical colleges, and area vocational schools would be in addition to the regular funding these institutions normally receive. The enhanced funding would allow community colleges to reduce their property tax levies and all postsecondary institutions to achieve a level of excellence that would not otherwise be possible.

8. The Subcommittee wishes to express its concern about customized training courses offered for credit and state aid reimbursement by community colleges, technical colleges, and area vocational schools. Beginning in 1989, the State Board of Education began approving courses that were specifically geared toward training and upgrading employees of businesses and industries in the service areas of various community colleges and area vocational schools. Indeed, the development was part of the state's economic development effort and received the support and encouragement of the Legislature. Today, customized training courses are offered all over the state by a large majority of community colleges, technical colleges, and area vocational schools. These courses receive hundreds of thousands of dollars in state aid.

The Subcommittee's concern is that it believed customized training was more than on-the-job-training that the business or company could provide on its own, at its own expense. The Subcommittee assumed that customized training, for which credit is awarded and for which state aid is paid, is characterized by a higher degree of rigor or by higher standards than would be the case if a postsecondary education institution were not involved in delivering the instruction.

In some cases, this assumption apparently is wrong. The Subcommittee received information and testimony from postsecondary institutions that leads it to believe that some customized training going on in the state using company facilities, equipment, and employees to teach the courses is no different from what the company could do without a community college or area vocational school being involved.

The Subcommittee believes it is time to reexamine the issue of whether the state's community colleges and area vocational schools should be reimbursed for courses that the private sector more appropriately should be providing. Because there was not enough time to examine the issue in sufficient depth, the Subcommittee recommends that the State Board of Education, the Commissioner, and State Department staff respond to the points listed below. The response should be received by the Subcommittee by the end of the Session so that the Subcommittee can consider any other recommendations it cares to make on the matter in the Omnibus Bill:

- a. How does customized training, as the term generally is used and understood, differ from on-the-job-training that is within the ability of a business or company to provide its employees? What is the rationale for the state paying for such training and for postsecondary education institutions to offer credit for courses that may have limited applicability to a certificate or degree or that do not transfer to other postsecondary institutions?

- b. Is the current approval process for customized training programs adequate to ensure that approved courses meet high standards of quality and that the process is appropriate for the types of courses and programs being reviewed?

The Subcommittee invites the State Board of Education to make any recommendations it cares to that pertain to this issue in an effort to maintain the integrity of the postsecondary institutions involved and to promote economic development.

9. The Subcommittee requests that the State Board of Education contact community colleges to obtain information about the number of credit hours generated by high school students who are concurrently enrolled at the community college. (A similar request will be made to the Kansas Board of Regents regarding credit hours generated by high school students concurrently enrolled at Regents institutions, Washburn University, and private colleges and universities.) Present law permits high school juniors and seniors, with the approval of their principal, to enroll at a Regents institution, community college, Washburn University, or accredited independent college or university at the same time they are students at a high school. Credits earned by the pupil may be counted both as high school and college credit.

The Subcommittee is interested in learning more about the agreements school districts have with postsecondary institutions that involve concurrently enrolled students. The Subcommittee would like the information it has requested by the end of the Session. At that time, it is possible that additional recommendations may be made after the Subcommittee has had the opportunity to examine the information that has been provided.

10. The Subcommittee calls attention to a proposed project to combat truancy that involves the Wichita school district (USD 259) and other public and private entities, including the district attorney's office, Communities in Schools, Wichita State University, and the Department of Social and Rehabilitation Services. The project is aimed at coordinating efforts to prevent truancy. Facets of the project include helping elementary teachers, site council members, law enforcement officers, and parents identify children who are potentially truant and referring them to community resources.

The Subcommittee is interested in learning more about the Wichita project and similar projects around the state. The Subcommittee asks the coordinators of the project in Wichita, and the coordinators of any other similar truancy projects, to provide more detailed information about their projects for the Subcommittee's review during the Omnibus Session. The information should include performance measures, a description of the purpose of the project and how its goals will be met, and how the project would be funded.

11. Add \$27,000 from the State General Fund for a pilot study to document any link between vision problems and behavior and academic problems in at-risk children. The project is a proposal by the Kansas Optometric Association and would involve

six months of vision therapy on 40 children between the ages of five and seven. Optometrists in five regional sites have volunteered to assist in the project, which involves weekly sessions with each child, at a cost of \$600 per child. The project is modeled on studies in two other states that show a link between vision problems and behavior and academic problems among at-risk children. According to information provided by the Optometric Association, \$3,000 of the requested funding would be for a university to prepare a final report on the project. The Subcommittee requests that the Optometric Association make the report available to the Legislature by the end of the 1999 Session.

2% Automatic COLA to all current and future retirants commencing five years after retirement

APPROPRIATIONS
3-16-98
ATTACHMENT 2

AUTOMATIC COLA ESTIMATES
EMPLOYER

	<u>Increase in Actuarial Liability</u>	<u>Increase in Contribution Rate Year 1</u>	<u>Additional First Year Employer Contribution</u>	<u>Increase in Contribution Rate Year 5</u>	<u>Additional Fifth Year Employer Contribution</u>	<u>Total Additional Employer Contributions Through 2014</u>	<u>Total Additional Employer Contributions Through 2033</u>
KPERS							
State	181,000,000	0.86%	6,540,000	1.96%	17,440,000	359,810,000	1,294,600,000
School	445,000,000	0.86%	18,050,000	1.96%	48,100,000	992,390,000	3,570,840,000
Local (1)	111,000,000	1.92%	15,830,000	2.18%	21,030,000	406,460,000	1,402,270,000
TIAA	3,000,000	0.14%	600,000	0.16%	810,000	3,650,000	3,650,000
Judges							
Judges	6,000,000	2.13%	390,000	3.42%	730,000	14,500,000	48,060,000
KP&F							
KP&F-State	16,510,000	2.84%	890,000	4.93%	1,820,000	36,160,000	119,830,000
KP&F-Local	110,490,000	2.84%	6,150,000	4.93%	12,490,000	248,330,000	823,420,000
Totals	873,000,000		48,450,000		102,420,000	2,061,300,000	7,262,670,000

(1) Local KPERS first year will be calendar year 1999; fifth year will be 2003. The remaining groups first year will begin in calendar year 1998.

Appropriations
3-16-98
Attachment 2

2% Automatic COLA to all current and future retirants commencing five years after retirement

2-2

AUTOMATIC COLA ESTIMATES
EMPLOYEE

	<u>Increase in Actuarial Liability</u>	<u>Increase in Contribution Rate Year 1</u>	<u>Additional First Year Employee Contribution</u>	<u>Increase in Contribution Rate Year 5</u>	<u>Additional Fifth Year Employee Contribution</u>	<u>Total Additional Employee Contributions Through 2014</u>	<u>Total Additional Employee Contributions Through 2033</u>
KPERS							
State	181,000,000	0.25%	1,900,000	1.00%	8,900,000	168,540,000	578,540,000
School	445,000,000	0.25%	5,250,000	1.00%	24,540,000	464,880,000	1,595,770,000
Local	111,000,000	0.25%	2,060,000	1.00%	9,650,000	167,270,000	594,640,000
TIAA	3,000,000	0.00%	-	0.00%	-	-	-
Judges							
Judges	6,000,000	0.38%	70,000	1.50%	320,000	6,050,000	20,760,000
KP&F							
KP&F-State	16,510,000	0.44%	140,000	1.75%	650,000	12,220,000	41,940,000
KP&F-Local	110,490,000	0.44%	950,000	1.75%	4,430,000	83,920,000	288,060,000
Totals	873,000,000		10,370,000		48,490,000	902,880,000	3,119,710,000

2-2

TESTIMONY DISTRIBUTED TO THE
HOUSE APPROPRIATIONS COMMITTEE ON KPERS ISSUES

March 13, 1998

Ronald E. Pickman

Members of the House Appropriations Committee on KPERS issues, thank you for allowing me to distribute to you testimony in regard to Senate Bill No. 617.

In July, 1973, I began employment with the Atchison, Kansas Police Department as a member of the KP&F retirement system. I continued to work in this position until December 31, 1993.

In October, 1993, I was offered a position as Chief of Police in Goodland, Kansas. The City of Goodland participates in the KPERS retirement system, but not the KP&F system.

I have always been concerned with financial planning for the welfare of my family. Before accepting the position in Goodland, I met with a KPERS representative in October, 1993 at the KPERS office in Topeka. I was assured by KPERS personnel at this meeting, and again at a subsequent meeting in 1993, that my acceptance of the Goodland position would not impede my ability to retire under the KP&F system at age fifty (50). KPERS staff informed me that I would be eligible to retire with full benefits under KP&F at age fifty (50) using four (4) years service credits under KPERS combined with the twenty-one (21) years of KP&F service. Further, KPERS assured me that I could continue working under the KPERS system and be eligible to receive KPERS benefits on those four (4) years of KPERS service plus any additional years as early as age fifty-five (55). KPERS staff informed me I would be vested in KPERS immediately upon my first day of employment with the City of Goodland.

I accepted the position in Goodland only after receiving this assurance from KPERS, and began my employment with the City of Goodland in January, 1994.

My wife and I made several plans impacting my families financial future based on the assurance received from KPERS in 1993. We purchased a home in April, 1995, using monies from our children's college fund to assist with this purchase. We did this only after careful thought and planning. If all goes well, we will have one child graduate from college in the spring of 2001, another in the spring of 2003, and yet another in the spring of 2006. We had planned on my retirement from KP&F in the year 2001 upon my attaining age fifty (50), and using retirement funds to pay the college expenses for my children while still working under the KPERS system. We made several other plans for our future as we are both concerned about our financial stability in our retirement years so as not to create or place a burden upon our children. All

Appropriations
3-16-98
Attachment 3

TESTIMONY

Ronald E. Pickman

March 13, 1998

Page 2

of these plans were based on my eligibility to retire under KP&F at age fifty (50) with twenty-five (25) years of service. I made a number of commitments based on the assurance from KPERS in 1993 that my retirement from KP&F would not be affected.

In 1995, shortly after we purchased our new home, the rug of retirement was pulled out from under my feet by the legislative amendment to K.S.A. 74-4988. This legislative action came about as a total surprise and without notice. This amendment to the portability statute, K.S.A. 74-4988, basically states that if you are using service credit from two different KPERS administrated systems to meet vesting requirements, then any retirement benefits shall become payable only upon the member submitting an application to retire under each system. With this amendment I would not be able to retire under KP&F and draw benefits until I am eligible to retire from KPERS.

Mr. Ed Pavey, who is appearing before you today with a situation similar to mine, and I have attempted to remedy our problem by working closely with Mr. Meredith Williams and KPERS staff. Mr. Williams has given us written assurance that KPERS will not oppose a legislative amendment to K.S.A. 74-4988 that will correct our situation.

My financial future is in jeopardy unless there is an amendment to K.S.A. 74-4988 which would grandfather those of us, such as Mr. Pavey and myself, who prior to July 1, 1995 had service credit in more than one KPERS administered retirement system.

I made changes in my career and changes to my financial future based on the assurances provided me by KPERS in 1993. These changes cannot be reversed. Therefore, I ask for your assistance by again amending K.S.A. 74-4988 and reversing the detrimental impact to my families financial future created by the 1995 legislative amendment.

Senate Bill No. 617 addresses this issue and provides the needed amendment to K.S.A. 74-4988. I ask for your support in the passage of this legislation which will rectify the situation I have outlined to you today.

Thank you very much for your interest and consideration of this legislation, and for allowing me to provide this information to you.