

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Representative Kenny Wilk at 9:00 a.m. on March 13, 2002, in Room 514-S of the Capitol.

All members were present except: Representative Newton, Excused

Committee staff present: Amy Kramer, Legislative Research  
Alan Conroy, Legislative Research  
Audrey Nogle, Legislative Research  
Carolyn Rampey, Legislative Research  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Committee Secretary

Conferees: Ray Dalton, SRS  
Jamie Clover Adams, Secretary of Agriculture  
Claire Homtizky, Kansas Rural Center

Others attending: See Attached

Representative Feuerborn moved for the introduction of legislation regarding the employment security law (Attachment 1). Motion was seconded by Representative Campbell. Motion carried.

Alan Conroy, Legislative Research, distributed copies of the State General Fund unencumbered cash balance (Attachment 2). The current balance will withstand the next payroll and with some incoming revenue, the following payroll. Dale Dennis, Department of Education, reported that school payments have been from three to seven days late in being sent to the districts.

Chairman Wilk requested a cash flow analysis, a memo from the school finance estimating consensus group, and a list of the anticipated additional needs for FY 2002 and FY 2003.

**Hearing on SB 618—State institutions building fund, revenue bond debt service for capital improvements of the department of social and rehabilitation services**

Ray Dalton, Health Care Policy, Department of Social and Rehabilitation Services (SRS), explained that the bill would authorize the legislature to appropriate State Institutions Building Fund (SIBF) money to SRS to pay out the debt service on the bonds issued for the construction of the new State Security Hospital (Attachment 3). SRS has met with the Joint Committee on State Building Construction and SIBF funds can be used for debt service for SRS, Juvenile Justice Authority, Kansas State School for the Blind, Kansas State School for the Deaf, and Kansas Commission for Veterans' Affairs. This bill would permit bond debt service for a capitol improvement project from the SIBF.

Chairman Wilk closed the hearing on **SB 618**.

**Hearing on SB 604—Appropriations for FY 2003 for WIC farmer's market nutrition program for department of health and environment**

Jamie Clover Adams, Secretary of the Department of Agriculture, testified in support of the program which would benefit both consumer and supplier (Attachment 4). Secretary Adams reported that she is contacting bankers and chain groceries to request that such establishments waive the administration fee for food vouchers used in farmer's markets. The reasoning is that if clients become accustomed to fresh fruits and vegetables during the growing season of a farmer's market, they will continue with the purchases during the off-season at the grocery store. Participation in the program would require a \$30,000 match from the state.

The Committee discussed the possible combination of the proposed WIC Farmers Market Nutrition program with the Senior Assistance program which does not require a federal match. This has been a successful pairing in Nebraska.

Claire Homitzky, Kansas Rural Center, explained that the funds would not be released until the federal money arrives (Attachment 5). There is concern that this may be cut from the presidential budget. Vouchers for use in the WIC Farmers Market Nutrition program would be in \$2 increments. The farmers would cash the vouchers at a participating bank or grocery store.

The Committee discussed the possibility of combining the WIC and food stamp programs. There have been problems with clients attempting to exchange formula purchased through the WIC program for cash refunds. The stamping for identification purposes products purchased through food stamps and WIC was discussed.

Chairman Wilk closed the hearing on **SB 604**.

Representative Shultz, Chairperson of the Educational Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Education for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 with exceptions (Attachment 6). Motion was seconded by Representative Light. Motion carried.

Representative Shultz, Chairperson of the Educational Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Education for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 with exceptions (Attachment 6). Motion was seconded by Representative Light.

The Educational Budget Committee consensus was that they were all dissatisfied with the budget report and recommendations, but they worked with the confines of the revenue available at this time.

Representative Nichols made a substitute motion to adopt the Minority Report for the Education Budget Committee report for the Department of Education for FY 2003. Motion was seconded by Representative Feuerborn.

The Committee discussed the option of filing both the Majority and Minority reports for the Education Budget Committee for the State Department of Education for FY 2003 as the Majority report only notes certain issues and the Minority report has explanatory language.

Representative Nichols withdrew his motion with the permission of the second, Representative Feuerborn.

Representative Nichols moved to amend the Education Budget Committee report for the Department of Education for FY 2003 by combining the Minority Report and the Majority Report into one document. The motion was seconded by Representative Feuerborn. Motion failed.

During discussion on the state-supported Parents as Teachers program, it was pointed out that it is not the state's responsibility to offer free educational programs for those who can afford the cost of the program. Many of these educational programs were developed for the benefit of all economic levels of society and would it be sending a negative message to the schools if the state provided the programs free for those who could not afford the program and made the more affluent pay for the program. Questions discussed were: Would this ultimately develop into a state-wide program whereby the state paid for all the low income families, thus the school districts would not have to supply the 65 percent match money? What is the actual purpose of the program? Are private funds available for the funding match at the local level? Is this an issue for local school boards to decide whether they wanted to participate or not?

Representative Bethell moved to amend the Education Budget Committee report for the Department of Education for FY 2003 by requesting that the benefits of the Parents as Teachers program and possibility of means testing on the participating families be carefully examined at Omnibus. Motion was seconded by Representative Toplikar. Motion carried on a 10-8 vote.

Representative Shultz renewed his motion to adopt the Budget Committee report for the Department of Education for FY 2003 with exceptions and as amended (Attachment 6). Motion was seconded by Representative Light. Motion carried. Representatives Campbell and Newton asked to be recorded as "no" votes.

Representative Shultz thanked the Department of Education for their willing participation in the development of the budget and their acknowledgment of the fiscal shortfalls the state is experiencing. He expressed his dissatisfaction and disappointment in the product, but re-emphasized that they had been forced to work within

the confines of the existing revenue.

The meeting was adjourned at 10:45 a.m. The next meeting is scheduled for March 14, 2002.

# APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3/13/02

NAME	REPRESENTING
Roger Aeschliman	KDMP
Ray Dalton	SRS
J Chubb	SOS
Nancy Bryant	SOS
Claire Homitzky	KRC; conferees on SB604
DALE HUFFMAN	FAMILIES TOGETHER INC.
Elaine Frisbie	Division of the Budget
Melinda Gaul	DoB



# KANSAS

Bill Graves  
Governor

DEPARTMENT OF HUMAN RESOURCES  
*Office of the Secretary*

Richard E. Beyer  
Secretary

## BILL INTRODUCTION REQUEST

**KANSAS DEPARTMENT OF HUMAN RESOURCES**  
**Before the House Appropriations Committee**  
**March 13, 2002**

This draft bill would make two small policy changes in the Kansas Unemployment Insurance program:

1 – In a few injury cases a year, employees returning to work after a lengthy workers compensation leave period find there is no work or job available for them. Due to the length of the time off these workers are not then eligible for unemployment insurance benefits even though they are able and willing to work. This bill would create eligibility in these few cases annually.

2 – Employers with UI tax bills of less than \$100 annually would not be liable for those taxes under this bill. The administrative burden on both the employer and the agency in these rare low tax cases is greater than the tax owed.

Also, with the passage of the recent economic stimulus package, KDHR will soon process and pay extended unemployment insurance benefits for some Kansas workers. It is possible that some technical changes may be required to match Kansas law with the new federal law on extended benefits. We simply do not know today but this bill in the system would be the appropriate vehicle for such changes if found necessary in the next ten days. We have no other UI bills in the legislative process.

The Speaker's office is aware of the proposal and is prepared to refer the bill.

Chairman Lane is aware of the proposal and is willing to hear the bill quickly.

Our departmental advisory committee of business, labor and academic/social service sector citizens worked diligently and in detail to develop this is agreed too proposal and deems it non-controversial.

Your introduction is gratefully requested.

**HOUSE APPROPRIATIONS**

DATE 3/13/02  
ATTACHMENT 1

## STATE GENERAL FUND UNENCUMBERED CASH BALANCE

PER RECORDS OF THE DEPARTMENT OF ADMINISTRATION,  
DIVISION OF ACCOUNTS AND REPORTS

AS OF: 03/12/2002

CYCLE NUMBER: 3337

	<u>STATE GENERAL FUND</u>	
RECEIPTS CARRIED FORWARD FROM PRIOR FISCAL YEAR	\$ 402,666,553.85	
RECEIPTS DURING FISCAL YEAR 2002	<u>2,938,112,415.86</u> *	
SUBTOTAL FOR RECEIPTS	3,340,778,969.71	
VOUCHERS PAYABLE	1,254,381.82	
OTHER EXPENDITURES	<u>3,243,658,893.79</u>	
TOTAL EXPENDITURES	<u>3,244,913,275.61</u>	
UNEXPENDED CASH BALANCE	\$ 95,865,694.10	
ENCUMBRANCES	<u>81,777,335.73</u> **	
UNENCUMBERED CASH BALANCE IN STARS	<u><u>\$ 14,088,358.37</u></u>	

\* Receipts include Certificate of Indebtedness in the amount of \$150 million and \$200 million issued per KSA 75-3725a. These Certificate of Indebtedness are required to be repaid by June 30, 2002.

\*\* Please note that encumbrances include \$17,284,504.91 for payroll.

Kansas Department of Social and Rehabilitation  
Services

Janet Schalansky, Secretary



Docking State Office Building  
915 SW Harrison, 6<sup>th</sup> Floor North  
Topeka, Kansas 66612-1570

*for additional information, contact:*

Operations  
Diane Duffy, Deputy Secretary

Office of Budget  
J.G. Scott, Director

Office of Planning and Policy Coordination  
Trudy Racine, Director

*phone:* 785.296.3271 *fax:* 785.296.4685

House Appropriations Committee  
March 13, 2002 at 9:00 a.m.

Senate Bill 618

Health Care Policy  
Ray Dalton  
785.296.3773

HOUSE APPROPRIATIONS

DATE 3/13/02

ATTACHMENT 3

**Kansas Department of Social and Rehabilitation Services  
Janet Schalansky, Secretary**

House Appropriations Committee  
March 13, 2002 at 9:00 a.m.

**Senate Bill 618**

Mr. Chairman and members of the committee, Senate Bill 618 authorizes the use of funds from the State Institutions Building Fund (SIBF) for payment of debt service on revenue bonds. These bonds would be used to finance capital improvement projects, all subject to appropriation by the legislature.

This bill will allow the legislature to appropriate SIBF money to SRS to pay for the debt service on the bonds issued for the construction of the new State Security Hospital, authorized in the Capitol Improvement appropriation. The legislature passed similar legislation in 1996 for the Crumbling Classrooms program and in 2000 for the construction of a new Juvenile Detention Facility at Larned.

SB 618 will provide flexibility for use of funds to pay the debt service on the revenue bonds issued to finance the new State Security Hospital. Currently, only State General Fund or State Fee Fund money could be used to pay the bond debt.

Mr. Chairman I would be glad to answer any questions you have on this matter.



STATE OF KANSAS

BILL GRAVES, GOVERNOR

Jamie Clover Adams, Secretary of Agriculture  
109 SW 9th Street  
Topeka, Kansas 66612-1280  
(785) 296-3556  
FAX: (785) 296-8389



KANSAS DEPARTMENT OF AGRICULTURE

House Appropriations Committee

March 13, 2002

Testimony Regarding SB 604

Jamie Clover Adams, Secretary of Agriculture

Mr. Chairman and members of the committee, I am Jamie Clover Adams, Secretary of the Kansas Department of Agriculture. Thank you for the opportunity to discuss the Women, Infants and Children (WIC) Farmers Market Nutrition program.

The WIC Farmers Market Nutrition Program has been successful in other states. It also could be worthwhile for Kansas and Kansans.

Benefits to Agriculture

The Farmers Market program is positive for agriculture. It puts money directly into farmers' pockets during the growing season at the markets. There then are year-round benefits, as it changes the purchasing and eating habits of young consumers.

Last year, more than \$17 million worth of fresh produce was purchased by WIC participants in more than half the states. They bought these fruits and vegetables directly from the 13,000 farmers who grew them. They also bought other fresh foods out of their own pockets as they explored their local farmers' markets. A portion of the money which is paid to farmers also ends up back in the state coffers, since it is subject to state and local sales tax as well as state and federal income taxes.

Kansas farmers who participated in an earlier, limited trial of a farmers' market nutrition program in Lawrence are enthusiastic advocates. In one summer they developed customers who continued to shop with them for years after the end of the program. An expanded program could help small farmers in other areas of the state.

Benefits to Consumers

The program is positive for Kansan consumers. Current economic conditions are resulting in increasing numbers of WIC clients in some areas of the state. It helps these consumers stretch their food dollars today and teaches healthy eating habits for tomorrow.

HOUSE APPROPRIATIONS

DATE 3/13/02

ATTACHMENT 34

Providing fresh fruits and vegetables to nutritionally at-risk children and young adults is an investment in the future. Improving nutrition today results in stronger, healthier and more productive citizens tomorrow.

### **Conclusion**

Again, this is a worthwhile program if funds can be made available for it. I have committed to contacting grocers and bankers in the state to explore options for reducing or eliminating their fees for processing WIC Farmers' Market coupons.

Testimony on Senate Bill 604  
to  
House Appropriations Committee

Presented by Claire Homitzky  
Kansas Rural Center

March 13, 2002

Chairperson Wilk and members of the House Appropriations Committee, I am pleased to appear before you today to testify in support of Senate Bill 604.

The WIC Farmers' Market Nutrition Program (WIC FMNP or FMNP) is a federal grant program that provides vouchers to nutritionally at-risk women, infants and children for the purchase of fresh fruits and vegetables at farmers' markets.

One objective of the WIC FMNP is to encourage the long-term use of fresh fruits and vegetables and the resulting benefits of balanced health. In fiscal year 2000, 39 jurisdictions including states in our region such as Iowa, Missouri and Oklahoma, participated in the WIC FMNP. Surveys conducted in these areas clearly indicate that the program positively influenced the food selection and consumption habits of WIC participants. For example:

71% ate more fruits and vegetables because of the program;  
80% said they plan to eat more fresh fruits and vegetables year round;  
44% bought a fresh fruit or vegetable they had never eaten before; and,  
43% learned a new way to prepare or cook fresh fruits and vegetables.

Another objective of the program is to increase the awareness and use of farmers' markets and increase the income of the farmers who vend at them.

53% of the recipients spent money in addition to their FMNP vouchers at the farmers' market;  
73% of participants reported that they would continue shopping at the farmers' market even if they were no longer to receive vouchers;  
90% of farmers surveyed said that the FMNP increased their farmers' market sales; and,  
35% of farmers surveyed said they grew a wider variety of fruits and vegetables and increased their production to meet FMNP demands.

Fruit and vegetable producers are reimbursed for the face value of the vouchers. This additional income to farmers generated by the FMNP is subject to state and local sales taxes, as well as the appropriate state and federal income taxes, thereby providing a positive revenue stream to the state.

The WIC FMNP attracts significant federal funding to participating jurisdictions. Thirty percent (30%) non-federal dollars are required to match 70% federal dollars in order to implement this program in our state. Therefore, a pilot program with a total cost of \$100,000 requires only \$30,000 in non-federal match. Since no more than 17% of the total programmatic cost could be devoted to administrative fees, more than \$80,000 remains for distribution to the program's clientele. Assuming vouchers are distributed in \$20.00 increments, over 4,000 different persons would be served by this pilot project.

Thank you for the opportunity to appear before the House Appropriations Committee. I will be pleased to respond at this time to any questions members of the Committee may have regarding this topic.

---

Claire Homitzky  
PO Box 202  
Abilene, KS 67410

HOUSE APPROPRIATIONS

DATE 3/13/02

ATTACHMENT 5

# 2002 HOUSE EDUCATION BUDGET COMMITTEE

State Department of Education

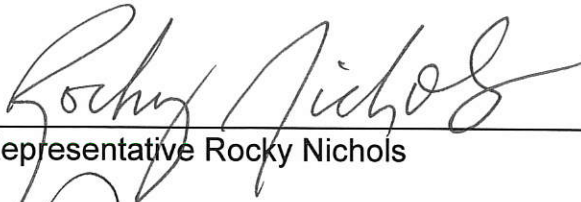


Representative Clark Shultz, Chairperson



Representative Bill Light

Representative Bob Grant



Representative Rocky Nichols



Representative Bill Reardon

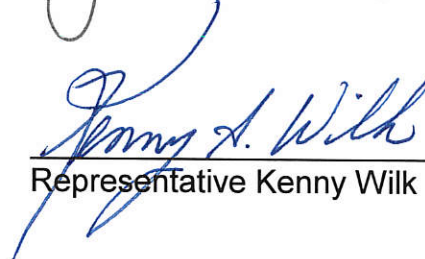


Representative Ralph Tanner



Representative John Toplikar (with reservations)

Representative Thomas C. Owens



Representative Kenny Wilk

HOUSE APPROPRIATIONS

DATE 3/13/02

ATTACHMENT 6

## Senate Subcommittee Report

**Agency:** State Department of Education **Bill No.** SB 457

**Bill Sec.** 36

**Analyst:** Rampey

**Analysis Pg. No.** --

**Budget Page No.** 141

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Subcommittee Adjustments
All Funds:			
State Operations	\$ 20,604,344	\$ 20,604,344	\$ 105,000
Aid to Local Units	2,611,387,976	2,617,745,055	435,411
Other Assistance	472,500	472,500	0
Capital Improvements	0	0	0
TOTAL	\$ 2,632,464,820	\$ 2,638,821,899	\$ 540,411
State General Fund:			
State Operations	\$ 8,785,348	\$ 8,785,348	\$ 105,000
Aid to Local Units	2,282,459,720	2,324,935,799	435,411
Other Assistance	54,000	54,000	0
Capital Improvements	0	0	0
TOTAL	\$ 2,291,299,068	\$ 2,333,775,147	\$ 540,411
FTE Positions	190.5	190.5	0.0
Non FTE Uncl. Perm. Pos.	44.0	44.4	0.0
TOTAL	234.5	234.9	0.0

### Agency Estimate/Governor's Recommendation

For FY 2002, the State Department of Education estimates expenditures of \$2,632,464,820, of which \$2,291,299,068 is from the State General Fund. Included in the State Department's estimate are the following:

- \$105,000 from the State General Fund requested as a supplemental appropriation for attorney fees to defend the state in the school finance lawsuit. The amount is in addition to \$120,000 already budgeted for attorney fees.
- \$21,485,000 from the State General Fund requested as a supplemental appropriation for supplemental general state aid. The supplemental appropriation is requested because more district used local option budget authority than was expected and many of the districts were relatively poorer districts that qualify for a higher percentage of state aid.

The Governor generally concurs with the State Department's estimate of expenditures for FY 2002, including the requested supplemental appropriation of \$21,485,000 for supplemental general state aid. The Governor does not recommend the \$105,000 requested for legal fees.

### **Senate Subcommittee Recommendations**

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

1. Add \$105,000 from the State General Fund for school finance litigation legal fees. The Subcommittee believes the consequences to the state of losing the school finance lawsuit warrant the expenditure of funds for legal fees in order to avert more serious consequences if the state's position is not adequately defended. (The State Department already has budgeted \$120,000 for legal fees in FY 2002. In addition, the Attorney General's Office, which is assisting in the litigation, has spent \$128,530 in FY 2001 and FY 2002 (to date) for expert witness fees.)
2. Concur with the Governor's policy to delete special education funding in excess of the 85 percent excess cost level the 2001 Legislature intended to fund. However, make an adjustment to correctly reflect that the reduction should be \$13,704,589, not \$14,140,000.

### **Senate Committee Recommendation**

The Senate Committee concurs with the recommendation of the Subcommittee.

---

### House Budget Committee Report

**Agency:** State Department of Education

**Bill No.** HB 2743

**Bill Sec.** 36

**Analyst:** Rampey

**Analysis Pg. No.** --

**Budget Page No.** 141

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 20,604,344	\$ 20,604,344	\$ 105,000
Aid to Local Units	2,611,387,976	2,617,745,055	435,411
Other Assistance	472,500	472,500	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 2,632,464,820</u>	<u>\$ 2,638,821,899</u>	<u>\$ 540,411</u>
State General Fund:			
State Operations	\$ 8,785,348	\$ 8,785,348	\$ 105,000
Aid to Local Units	2,282,459,720	2,324,935,799	435,411
Other Assistance	54,000	54,000	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 2,291,299,068</u>	<u>\$ 2,333,775,147</u>	<u>\$ 540,411</u>
FTE Positions	190.5	190.5	0.0
Non FTE Uncl. Perm. Pos.	44.0	44.4	0.0
TOTAL	<u>234.5</u>	<u>234.9</u>	<u>0.0</u>

#### Agency Estimate/Governor's Recommendation

For FY 2002, the State Department of Education estimates expenditures of \$2,632,464,820, of which \$2,291,299,068 is from the State General Fund. Included in the State Department's estimate are the following:

- \$105,000 from the State General Fund requested as a supplemental appropriation for attorney fees to defend the state in the school finance lawsuit. The amount is in addition to \$120,000 already budgeted for attorney fees.
- \$21,485,000 from the State General Fund requested as a supplemental appropriation for supplemental general state aid. The supplemental appropriation is requested because more district used local option budget authority than was expected and many of the districts were relatively poorer districts that qualify for a higher percentage of state aid.

The Governor generally concurs with the State Department's estimate of expenditures for FY 2002, including the requested supplemental appropriation of \$21,485,000 for supplemental general state aid. The Governor does not recommend the \$105,000 requested for legal fees.

### **House Budget Committee Recommendations**

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

1. Add \$105,000 from the State General Fund for school finance litigation legal fees. The Budget Committee believes the consequences to the state of losing the school finance lawsuit warrant the expenditure of funds for legal fees in order to avert more serious consequences if the state's position is not adequately defended. (The State Department already has budgeted \$120,000 for legal fees in FY 2002. In addition, the Attorney General's Office, which is assisting in the litigation, has spent \$128,530 in FY 2001 and FY 2002 (to date) for expert witness fees.)
2. Concur with the Governor's policy to delete special education funding in excess of the 85 percent excess cost level the 2001 Legislature intended to fund. However, make an adjustment to correctly reflect that the reduction should be \$13,704,589, not \$14,140,000. This technical adjustment has the effect of adding \$435,411 from the State General Fund.



## Senate Subcommittee Report

**Agency:** State Department of Education **Bill No. --**

**Bill Sec. --**

**Analyst:** Rampey

**Analysis Pg. No. --**

**Budget Page No. 141**

<u>Expenditure Summary</u>	<u>Agency Request FY 03</u>	<u>Governor's Recommendation FY 03</u>	<u>Subcommittee Adjustments</u>
All Funds:			
State Operations	\$ 21,482,871	\$ 20,090,480	\$ 205,500
Aid to Local Units	2,980,945,968	2,496,281,764	(3,124,417)
Other Assistance	518,500	472,500	(100,000)
Capital Improvements	0	0	0
TOTAL	<u>\$ 3,002,947,339</u>	<u>\$ 2,516,844,744</u>	<u>\$ (3,018,917)</u>
State General Fund:			
State Operations	\$ 10,346,035	\$ 8,914,716	\$ 205,500
Aid to Local Units	2,651,583,309	2,197,250,605	(3,224,417)
Other Assistance	100,000	54,000	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 2,662,029,344</u>	<u>\$ 2,206,219,321</u>	<u>\$ (3,018,917)</u>
FTE Positions	208.0	208.0	0.0
Non FTE Uncl. Perm. Pos.	28.9	28.9	0.0
TOTAL	<u>236.9</u>	<u>236.9</u>	<u>0.0</u>

### Agency Request /Governor's Recommendation

The State Department requests a total of \$3,002,947,339, of which \$2,662,029,344 is from the State General Fund. The request includes almost \$336.0 million for enhancements, such as a \$368 increase in Base State Aid Per Pupil (BSAPP), special education excess costs at 90 percent, an increase in the at-risk weighting factor, and the first year of a three-year phase in of all-day kindergarten. Included in the enhancements is \$205,500 from the State General Fund for the social studies assessment in FY 2003.

The Governor recommends \$2,516,844,744, of which \$2,206,219,321 is from the State General Fund. The Governor does not recommend enhanced state aid programs or the \$205,500 in the agency operating budget for the social studies assessment. BSAPP under the Governor's recommendation would be reduced by \$158. Special education excess costs would be funded at the 85 percent level, the same as the Governor's recommended level for FY 2002. The Governor expands funding for two programs from the Children's Initiatives Fund in FY 2003—parent education and the Kansas Optometric Vision Study—and recommends \$500,000 from the Children's Initiatives Fund for Reading Recovery, a new program. Programs funded in FY 2002 that are not funded in FY 2003 under the Governor's recommendation include Mentor Teacher Grants, Environmental Education, Agriculture in the Classroom, the Sports Hall of Fame, the Challenger Project, and grants

to Emporia State University for the National Board Certification Program and the Future Teacher Academy.

### **Senate Subcommittee Recommendations**

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

- Concur with the Governor's recommendation to reduce BSAPP by \$158 (from \$3,870 to \$3,712). (In order to accurately reflect the Governor's recommendation, delete an additional \$1.4 million from the State General Fund for general state aid.) The Subcommittee's action is based on the present lack of any other alternatives with regard to adequately funding school finance in FY 2003.

Under the Subcommittee's recommendation, funding would be provided for 1,744 additional four-year-old children who would receive services in at-risk programs, pursuant to legislation enacted in 2001 that expands the four-year-old at-risk program to 5,500 children in FY 2003. However, the Subcommittee notes the cost of the additional 1,744 children, at the reduced BSAPP rate, is \$3.9 million, a cost for program expansion that may not be affordable in the coming fiscal year. An option that may have to be considered is a statutory change to KSA 2001 Supp. 72-6407 for the purpose of holding the number of children served to the current year level (3,756) and not expanding the program until adequate resources are available.

- Add \$205,500 from the State General Fund to allow the State Department to give the social studies assessment scheduled for school year 2002-03. Failure to adhere to the schedule would result in the assessment next being given in school year 2004-05.
- Reduce funding for parent education by \$500,000, for a total of \$7,139,500. The amount is an increase of \$375,000 over what will be spent the current year. Funding for the program will be \$4,264,500 from the State General Fund (a reduction of \$375,000 from the Governor's recommendation) and \$2,875,000 from the Children's Initiatives Fund (a reduction of \$125,000 from the Governor's recommendation).
- Delete \$224,417 from the State General Fund for juvenile detention facilities to conform funding to the Governor's recommended reduction in BSAPP. Total funding would be \$5,374,976.
- Delete \$500,000 from the Children's Initiatives Fund for a new program proposed by the Governor for Reading Recovery, including salary payments for Reading Recovery Teacher Leaders and operating costs for Emporia State University to provide Teacher Leader training. Instead, continue to allow school districts that employ a Teacher Leader to count Teacher Leaders as special teachers for the purpose of special education reimbursement, subject to an aggregate cap of \$180,000. The effect of the recommendation would be to provide reimbursement of about \$20,000 for each of the nine Teacher Leaders expected to be employed by school districts in FY 2003.

- Delete \$100,000 from the Children's Initiatives Fund for the Kansas Optometric Vision Study, for a total of \$300,000, the same as the current year. The Subcommittee believes the project is worthwhile, but does not believe it is fiscally prudent to recommend program expansion in FY 2003.
- Delete \$500,000 from the Children's Initiatives Fund for School Violence Prevention, a program begun in FY 2000 that provides grants to school districts that have collaborative programs with mental health centers to provide services in the school setting aimed at reducing school violence, substance abuse, dropouts, and delinquency. The Subcommittee recommends that the Senate Education Committee evaluate the program to determine if it is successful in meeting its objectives and, if so, propose legislation to create the program statutorily. A recommendation of the Senate Education Committee that the program should be created statutorily and continued in FY 2003 would be considered in the Omnibus Bill.
- Concur with the Governor's recommended amount for special education (\$253,411,766 to fund special education excess costs at the 85 percent level), but offset a portion of the growth in expenditures from the State General Fund with savings of \$1,225,000 identified by the Subcommittee from the Children's Initiatives Fund.
- Concur with the Governor's recommendation of \$2,600,000 from the State General Fund for inservice education, but attach a proviso to the appropriation for general state aid to the effect that any unanticipated savings in general state aid at the end of FY 2002, up to a limit of \$2,000,000, will be transferred to the inservice education program. Such a proviso has been attached to the general state aid appropriation for the last several years, the result being that in recent years the appropriation for inservice education has been increased by \$2,000,000. In FY 2002, however, there were no savings from FY 2001 to transfer.
- In the event the state's fiscal condition improves by the end of the Session, the Subcommittee recommends that the following programs be considered for funding in the Omnibus Bill:
  - \$71,000 from the State General Fund (for a total of \$127,000) to fully fund the statutory Teaching Excellence Awards program under which teachers who attain National Board certification receive \$1,000 bonuses for each year of the ten-year life of the certificate.
  - \$2,500,000 from the State General Fund to fund the statutory Mentor Teacher program whereby experienced teachers are paid \$1,000 to mentor probationary teachers. The program is funded with \$1,000,000 in the current year.
  - \$40,000 from the State General Fund for Agriculture in the Classroom. Funding in the current year is \$35,000.
- Request that the Senate Education Committee review the School District Capital Outlay State Aid Program and in particular assess whether use of the program is consistent with legislative intent when the program was enacted. The

Subcommittee is concerned that program abuses may be occurring, including issuing bonds for the purpose of building school facilities in the hopes that schools with new facilities likely would not be closed in the event of declining enrollments.

- Information provided by the State Department of Education indicates that 14 school districts do not provide health care benefits to their employees and that in other districts, benefits are poor or so expensive that they cost some employees up to one-third of their salaries. Efforts to provide benefits through self-funded insurance pools have not been successful and currently only two exist. The Subcommittee expresses concern at the lack of a comprehensive health benefits program for school district employees and regrets that the state's fiscal condition does not currently allow it to take on the responsibility of participating in providing health care benefits to all school district employees.

### **Senate Committee Recommendations**

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

- Add consideration of additional funding for BSAPP to the list of items that will be considered in the Omnibus Bill if the state's revenue situation improves.
- Reword the item concerning the School District Capital Outlay State Aid Program to read as follows: Request that the Senate Education Committee review the School District Capital Outlay State Aid Program and in particular assess whether use of the program is consistent with legislative intent when the program was enacted. The Subcommittee is aware of anecdotal information, which it did not have time to verify, that program abuses may be occurring, including issuing bonds for the purpose of building school facilities in the hopes that schools with new facilities likely would not be closed in the event of declining enrollments.

## **Minority Report State Department of Education**

I wish to register my disagreement with the majority on a number of key issues in the budget of the State Department of Education. My overriding objection is that no effort was made to consider the Governor's enhanced recommendations, which would have increased Base State Aid Per Pupil (BSAPP) by \$20. I also am concerned that the subcommittee's recommendations do not fund programs at levels that are set statutorily. I offer the following specific recommendations for the Committee's consideration:

1. Increase BSAPP by \$20, as recommended by the Governor in his enhanced budget. Failing that, at least fund BSAPP at the current statutory amount of \$3,870. A \$158 reduction will cause hardship among school districts, not only next year but in years to come, as districts struggle to maintain continuity with staff and programs.
2. While no state funding formula guarantees local districts 100 percent of special education excess costs, the state mandates that districts provide services. For that reason, I consider special education funding a responsibility of the state and urge the Committee to recommend funding it at a higher level than 85 percent. Any shortfall in what we appropriate for special education must be picked up by districts at the local level. Not only are we failing to fund BSAPP at the statutory rate, but we are forcing districts to use money in their general funds to pay for special education expenses.
3. Numerous other programs, such as the Mentor Teacher program, Teaching Excellence Awareness, and Reading Recovery have a sound track record and have demonstrated that they are worthy of funding to the fullest extent possible.

---

Senator Jim Barone

---

### House Budget Committee Report

**Agency:** State Department of Education **Bill No.** HB 3008

**Bill Sec.** 33

**Analyst:** Rampey

**Analysis Pg. No. --**

**Budget Page No.** 141

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 21,482,871	\$ 20,090,480	\$ 0
Aid to Local Units	2,980,945,968	2,496,281,764	(540,411)
Other Assistance	518,500	472,500	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 3,002,947,339</u>	<u>\$ 2,516,844,744</u>	<u>\$ (540,411)</u>
State General Fund:			
State Operations	\$ 10,346,035	\$ 8,914,716	\$ 0
Aid to Local Units	2,651,583,309	2,197,250,605	(540,411)
Other Assistance	100,000	54,000	0
Capital Improvements	0	0	0
TOTAL	<u>\$ 2,662,029,344</u>	<u>\$ 2,206,219,321</u>	<u>\$ (540,411)</u>
FTE Positions	208.0	208.0	0.0
Non FTE Uncl. Perm. Pos.	28.9	28.9	0.0
TOTAL	<u>236.9</u>	<u>236.9</u>	<u>0.0</u>

#### Agency Request /Governor's Recommendation

The State Department requests a total of \$3,002,947,339, of which \$2,662,029,344 is from the State General Fund. The request includes almost \$336.0 million for enhancements, such as a \$368 increase in Base State Aid Per Pupil (BSAPP), special education excess costs at 90 percent, an increase in the at-risk weighting factor, and the first year of a three-year phase in of all-day kindergarten. Included in the enhancements is \$205,500 from the State General Fund for the social studies assessment in FY 2003.

The Governor recommends \$2,516,844,744, of which \$2,206,219,321 is from the State General Fund. The Governor does not recommend enhanced state aid programs or the \$205,500 in the agency operating budget for the social studies assessment. BSAPP under the Governor's recommendation would be reduced by \$158. Special education excess costs would be funded at the 85 percent level, the same as the Governor's recommended level for FY 2002. The Governor expands funding for two programs from the Children's Initiatives Fund in FY 2003—parent education and the Kansas Optometric Vision Study—and recommends \$500,000 from the Children's Initiatives Fund for Reading Recovery, a new program. Programs funded in FY 2002 that are not funded in FY 2003 under the Governor's recommendation include Mentor Teacher Grants, Environmental Education, Agriculture in the Classroom, the Sports Hall of Fame, the Challenger Project, and grants to Emporia State University for the National Board Certification Program and the Future Teacher Academy.

## House Budget Committee Recommendations

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

1. Except for the items noted below, concur with the Governor's recommendations regarding state aid programs to school districts, but reconsider the budget in the Omnibus Bill when major issues relating to the state's overall revenue situation have been resolved. At the time the Budget Committee concluded its work, the most recent revenue estimates had thrown consideration of major state agency budgets into a state of flux, making it impossible to know what initiatives may be adopted before the Session ends and what money may be available. The Budget Committee considers elementary-secondary education a top priority for additional state funding and asks the Committee to consider this report preliminary, pending the time later in the Session when the budget may be reconsidered in the event more money for schools becomes available.
2. Delete \$1.4 million for general state aid from the State General Fund in order to make a technical adjustment to accurately reflect the Governor's recommendation to reduce BSAPP.
3. Delete \$224,417 from the State General Fund for juvenile detention facilities to conform funding to the Governor's recommended reduction in BSAPP. Total funding would be \$5,374,976.
4. Make a technical adjustment to accurately reflect the Governor's recommendation by adding a proviso to the appropriation for general state aid to the effect that any savings in general state aid at the end of FY 2002 will be transferred to the inservice education program, up to a limit of \$2.0 million. The policy of transferring general state aid savings of up to \$2.0 million to inservice education has been in effect for the last several years.
5. Add the savings identified from making the technical adjustments described above to special education, minus recommended increases contained in the FY 2002 report, the effect being that \$1,084,006 would be added to special education, for a total of \$254,495,772, which is estimated to fund special education excess costs at the 85.4 percent level. The consequence of this recommendation is that, for FY 2002 and FY 2003 combined, the Budget Committee's recommendations are within the total amounts recommended by the Governor.

## Minority Report

Having come into this legislative body in 1992 when the school finance formula was changed, I feel that the filing of a minority report is necessary for the following reasons:

- The *Kansas Constitution* requires the Legislature to establish and maintain public schools and to "make suitable provision for finance of the educational interests of the state."
- In 1992, the state reduced the mill levy for almost every school district in the state of Kansas and took the responsibility for funding schools away from local school boards and said it was the state's responsibility.
- Had the state maintained the amount of funding for schools even at the rate of inflation, we would not be in the dilemma we are in today.
- Some will say we are not getting the bang for the buck that we should be, but I beg to differ. Test scores across this great state rank very high compared to test scores across the nation.

Having been in this Legislature for several years, I have watched programs changed or mandated at the local level with the comment "The money will follow." But the money does not follow. In my opinion, by doing this over and over again, we as a body have lost our credibility. This has to stop.

By recommending this budget, we are forcing the people on local school boards to do the job we said we were taking responsibility for in 1992. To keep education funded at an adequate level, school district patrons are being forced to raise their local option budgets (LOBs). District Court Judge Terry Bullock ordered the Legislature to fund education and I don't believe we are doing our job by cutting education and still expecting educators across the state to do the same great job they are doing today.

In our state today, more than one-third of the children in elementary-secondary schools qualify for free and reduced meals. About 12 percent of our children are in special education. Although Kansas kids score well on state assessments overall, children who are poor, who come from migrant families, who have disabilities, or who speak English as a second language don't do as well. We have an obligation to help all of our children, including those who need additional services so that they may succeed as well. The children of our state are the most valuable resource we have—they are the future of Kansas. We must provide them with the best education possible and we cannot step away from our responsibility.

Mr. Chairman, being a strong supporter of education, I would be remiss if I did not say "Ditto" to this budget for K-12, as I did earlier for the budget for higher education. To put it bluntly, "This budget sucks, too!"

  
\_\_\_\_\_  
Representative Bob Grant