

MINUTES OF THE SENATE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairperson Dwayne Umbarger at 1:30 p.m. on February 7, 2002 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Ben Barrett, Legislative Research  
Carolyn Rampey, Legislative Research  
Theresa Kiernan, Revisor of Statutes  
Dale Dennis, Deputy Commissioner of Education  
Judy Steinlicht, Secretary

Conferees appearing before the committee: Ben Barrett, Legislative Research  
Dale Dennis, State Board of Education  
Kent Hurn, Superintendent, Seaman USD 345  
Mark Tallman, KASB  
Diane Gjerstad, Wichita School District  
Diane Lindeman, Board of Regents

Others attending: See Attached List

**SB409 – School district contingency reserve fund and local option budget amendments and issuance of no-fund warrant issuance**

Ben Barrett, Director of Legislative Research, appeared before the Committee to explain **SB409**. This bill was introduced as a companion to **SB385**, known as the rescision bill, consequently some of the bill is no longer pertinent. The part of the bill in which there is still an interest is the section giving school districts greater latitude in the use of the contingency reserve fund. Mr. Barrett prepared for the Committee an amendment that would only contain the portion of the original bill concerning the contingency reserve fund. (Attachment 1) This amended bill would allow school districts to use their contingency reserve fund as the board sees fit.

Dale Dennis, Deputy Commission of Education, explained the different funds the school districts have and which funds could be carried over. Senator Downey requested the board put together bullet sheets on the different funds and how the schools are allowed to spend them. She feels this information would be very helpful.

Mark Tallman, KASB, supports the portion of **SB409** regarding the contingency reserve fund allowing school boards to use the money when needed. KASB supports this change because it gives the boards more flexibility in managing their budget. (Attachment 2)

Kent Hurn, Superintendent, Seaman USD 345, testified for United School Administrators, in support of the contingency reserve fund portion of **SB409**. This portion of the bill would provide appropriate flexibility at the local level. The local board is accountable for these funds and should have the budget authority to make this decision. (Attachment 3)

Diane Gjerstad, Wichita School Districts, spoke in opposition of **SB409**. In case of a rescision, this bill would require districts to first spend down their contingency reserve fund. Wichita's reserve fund is only one-third of one payroll period. Wichita School District's main concern is the impact eliminating the contingency reserve funds would have on school bond rating. Bond raters want to see the cash in the school district accounts, not the state's. Forcing the districts to spend down cash reserves with little hope of rebuilding in the next few years is not sound financial management, therefore, Wichita School Districts oppose **SB409**. School districts should be given the appropriate financial tools to make budget decisions appropriate for their individual situation. (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION at on February 7, 2002 in Room 123-S of the Capitol.

Senator Corbin made a motion to amend SB409 to include only the section pertaining to the contingency reserve fund as described by Ben Barrett in attachment one above and to pass SB409 as amended favorably out of Committee. Seconded by Senator Teichman. Motion carried.

**SB 393 – Teacher Service Scholarship Program cap removal**

Mark Desetti offered written testimony in support of **SB393**. (Attachment 5) Lifting the cap on the teacher scholarship program would certainly help to bring more students into the educational field, particularly those with great financial need. Unfortunately, the success of the teachers' scholarship program is dependent upon an appropriation of funds that will allow the program to expand.

Diane Lindeman, Director of Student Financial Assistance for the Kansas Board of Regents, provided the Committee with information on the Teacher Service Scholarship Program. The program requires the recipient to complete a teacher preparation program in a designated hard-to-fill discipline. During the 2001 Legislative session, this program was amended to include underserved geographic areas as well. This change goes into effect for the current 2002-03 application year so they do not know what impact this amendment will have on the program. (Attachment 6) The Kansas Board of Regents position is that they are not opposed to **SB393**.

Senator Oleen made a motion to pass SB393 favorably out of the Committee. Seconded by Senator Schodorf. Motion carried.

Senator Schodorf made a motion to approve the Committee minutes for January 29, January 31 and February 4, 2002. Seconded by Senator Teichman. Motion carried.

Meeting adjourned 2:25 p.m.



**Senate Bill No. 409**

**by Committee on Ways and Means**

**1-22**

**An Act** concerning school districts; relating to school finance; amending KSA 2001 Supp. 72-6426 and repealing the existing section.

Sec. <sup>1</sup>~~2~~. KSA 2001 Supp. 72-6426 is hereby amended to read as follows: 72-6426. (a) There is hereby established in every district a fund which shall be called the contingency reserve fund, ~~which~~. *Such* fund shall consist of all moneys deposited therein or transferred thereto according to law. The fund shall be maintained for payment of expenses of a district attributable to financial contingencies ~~which were not anticipated at the time of adoption of the general fund budget as determined by the board~~. Except as otherwise provided in subsection (b), at no time in any school year shall the amount maintained in the fund exceed an amount equal to 4% of the general fund budget of the district for the school year.

(b) In any school year, if the amount in the contingency reserve fund of a district is in excess of the amount authorized under subsection (a) to be maintained in the fund, and if such excess amount is the result of a reduction in the general fund budget of the district for the school year because of a decrease in enrollment, the district may maintain the excess amount in the fund until depletion of such excess amount by expenditure from the fund for the purposes thereof.

Effective Date: Publication in the statute book.

Senate Education  
2-7-02  
Attachment 1



KANSAS  
ASSOCIATION



OF  
SCHOOL  
BOARDS



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Testimony on  
SB 409 (Options for Reductions in School District Budgets)

Before the  
Senate Committee on Education

By  
Mark Tallman, Assistant Executive Director/Advocacy  
Kansas Association of School Boards

February 7, 2002

Mr. Chairman, Members of the Committee:

We appreciate the opportunity to testify on SB 409, which was introduced by the Committee on Ways and Means as a companion to the "Kerr/Morris" plan to deal with the current state budget shortfall.

It is our understanding that the Committee wishes to focus only on the first part of the bill, which would allow school boards to use funds in their contingency reserve fund whenever the board believes necessary. Currently, state law allows those funds only to be used for "financial contingencies which were not anticipated at the time of adoption of the general fund budget." KASB supports this change because it gives local boards more flexibility in managing their budget. (We can't help but remember that school districts were criticized last year for having too much money in reserves. Hopefully, prudent reserves will be viewed more favorably.)

I will conclude my comments on the bill unless the Committee has questions about any other aspects of the bill as introduced.

Thank you for your consideration.

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Attachment 2

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Kansas Association of  
Elementary  
School Principals  
(KAESP)

Kansas Association of  
Middle School  
Administrators  
(KAMSA)

Kansas Association of  
School Administrators  
(KASA)

Kansas Association of  
School Business  
Officials  
(KASBO)

Kansas Association for  
Supervision and  
Curriculum Development  
(KASCD)

Kansas Association of  
Special Education  
Administrators  
(KASEA)

Kansas Association of  
Secondary School  
Principals  
(KASSP)

Kansas Council of  
Vocational  
Administrators  
(KCVA)

Kansas School  
Public Relations  
Association  
(KanSPRA)

## SB 409: Contingency Reserve Funds

Testimony presented before the Senate Education Committee

by

Kent Hurn, Superintendent of Seaman-Topeka USD 345  
on behalf of  
United School Administrators of Kansas

February 7, 2002

**Mister Chairman and  
Members of the Senate Education Committee:**

I am Kent Hurn, superintendent of Seaman School District in north Topeka. I represent United School Administrators of Kansas in support of the contingency reserve fund portion of SB 409.

By allowing the elected Board of Education members to determine how these funds will be spent, you are providing appropriate flexibility at the local level. The local board is accountable for these funds and should have budget authority to make this decision.

We believe that this change would encourage further local involvement in determining district needs and provide additional flexibility for local Boards of Education.

United School Administrators of Kansas asks that you favorably report the contingency reserve fund portion of SB 409.

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Attachment 3*





## Senate Education Committee Senator Dwayne Umbarger, Chairman

January 31, 2002

Mr. Chairman, members of the Committee:

Senate Bill 409 was crafted as a piece of recision plan for current year budgets. The sponsors of the plan believed the provisions of S.B. 409 would ease the burden of a current year recision on schools.

While we still do not know the fate of a recision, Wichita Public Schools still opposes the provisions of S.B. 409.

In the case of a recision, this bill would require districts first spend down their contingency reserve funds. If the contingency reserve funds are not adequate to make up the shortfall, then no-fund warrants could be issued.

We appreciate this attempt to "ease the pain", but Wichita does not support provisions of this bill requiring districts spend down contingency reserves. Whereas, Wichita's contingency reserves may seem like a healthy number, however our reserves are only 2.25% of the general fund, slightly more than half of the permitted 4%. When the state missed the December state aid payment, the district's chief financial officer was extremely concerned since our 2.25% is merely one-third of the December payroll. In other words, if the delayed state aid payment had occurred over a payroll period, Wichita would have had needed every penny of the reserves and more to meet payroll. We do acknowledge and appreciate the discussions in Ways and Means Committee to alleviate future delays in state aid.

Our chief concern is the impact eliminating contingency reserve funds would have on school bond rating. Both Moody's and Standard & Poors voiced repeated concerns of Kansas' requirement to spend down the general fund and other funds. As Senator Schodorf can attest, neither bond house was swayed by arguments of the backing of the state. The bond raters want to see the cash in *our* accounts, not the state's.

Forcing districts to spend down our cash reserves with little hope to rebuild in the next few years is simply not sound financial management.

Mr. Chairman, we oppose the concept of treating all districts uniformly if we eventually find ourselves in the dismal position of reducing current year budget. Schools should be given the appropriate financial tools to make budget decisions appropriate for their individual situation.

Thank you for considering our concerns. I would stand for questions.

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Attachment 4



Mark Desetti Testimony Before  
Senate Education Committee  
Wednesday, January 30, 2002

Thank you Mr. Chairman and members of the Committee for the opportunity to submit written testimony on Senate Bill 393, a bill lifting the cap on the teacher scholarship program. I am Mark Desetti and I represent Kansas NEA.

The current program with its cap of 50 scholarships will do little to impact the teacher shortage now being experienced in Kansas. Data from the State Department of Education indicates that a large percentage of current teachers will be eligible for retirement in the next ten years. When we couple this retirement data with the reduced number of teacher candidates of the past few years, it is clear that the current shortage could soon become a crisis. Lifting the cap would certainly help to bring more students into the education field – particularly those with great financial need.

Unfortunately, the success of the teachers' scholarship program is dependent upon an appropriation of funds that will allow the program to expand. We hope that due consideration will be given to finding funds for this valuable program. We would also urge you to consider this bill in the context of a comprehensive package of policies that will work to recruit and retain a quality teaching staff for every classroom in the state of Kansas.

We thank you for the opportunity to share our thoughts on this bill and urge you to pass Senate Bill 393 favorably for passage.





# KANSAS BOARD OF REGENTS

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## SENATE EDUCATION COMMITTEE

### TESTIMONY ON SENATE BILL 393

Presented by Diane Lindeman  
Director, Student Financial Assistance  
Kansas Board of Regents

February 7, 2002

Good afternoon Chairman Umbarger and members of the Committee. My name is Diane Lindeman and I am the Director of Student Financial Assistance for the Kansas Board of Regents. I am pleased to be able to provide information today regarding SB 393.

Senate Bill 393 amends the Teacher Service Scholarship Program to eliminate the restriction that the number of new scholarships awarded each year be limited to 50.

The Teacher Service Scholarship Program requires the scholarship recipient to complete a teacher preparation program in a designated hard-to-fill discipline. During the 2001 Legislative session, this program was amended to include underserved geographic areas as well. This change in the program goes into effect for the current 2002-03 application year.

To provide a review of the most recent past, I will provide some data on the applicant pool. In 2000-2001, the Board received 74 applications in the then three designated hard-to-fill disciplines of special education, foreign language, and science. From those applications, 42 new awards were made. Of the 32 applicants not receiving awards, 21 declined; 1 was ineligible; and

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Attachment 6*

10 were freshmen. (Freshmen are not typically awarded because as such, they will not have committed to a teaching program and vocation. Because of the service restriction and ultimate payback required of those who don't fulfill their obligation, our position has been to give applicant preference in this order: senior, junior, sophomore, freshman.) In 2001-02, the Board received 105 applications in the three designated hard-to-fill disciplines of special education, foreign language, and vocational-practical arts. From those applications, 30 new awards were made. Of the 75 applicants not receiving awards, 2 declined; 18 were ineligible; and 55 were freshmen. Consequently for the two most recent academic years, the removal of the limit on new awards would have had no impact on the program.

In 2000-01, 102 scholarships were awarded; 60 renewal and 42 new; total awards were \$478,014, of which \$374,277 was from the state general fund and \$103,737 was from repayment and discontinued attendance funds. In 2001-02, 87 scholarships were awarded; 57 renewal and 30 new; total awards were \$419,411, of which \$374,277 was from the state general fund and \$45,164 from repayment and discontinued attendance funds. All state appropriations were expended in both years.

It is too soon to know what the impact on the number of applications will be with the change in the Teacher Service Scholarship Program to include the underserved geographic areas, as we have just begun to receive applications. In addition, the hard-to-fill disciplines have changed for 2002-03 to: special education, foreign language, secondary science and secondary mathematics. It may be that we will have a larger percentage of applications received that will not be awarded a scholarship. The Kansas Board of Regents position would be that we are not opposed to SB 393. We just don't know at this time what impact this amendment will have on the program.