

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANS.

The meeting was called to order by Chairperson Stephen Morris at 10:40 a.m. on February 13, 2002 in Room 123-S of the Capitol.

All members were present except: All present

Committee staff present:

Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department  
Martha Dorsey, Kansas Legislative Research Department  
Carolyn Rampey, Kansas Legislative Research Department  
Michael Corrigan, Assistant Revisor of Statutes  
Judy Bromich, Assistant to the Chairman  
Mary Shaw, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list

Subcommittee report on:

**Department of Education (Attachment 1)**

Subcommittee Chairman Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2002 with exceptions as listed in the subcommittee budget report.

Subcommittee Chairman Kerr reported that the Subcommittee concurs with the Governor's recommendations for FY 2003 with exceptions as listed in the subcommittee budget report.

Senator Barone presented the Minority Report to the Department of Education Subcommittee report to the Committee.

Committee questions and discussion followed.

Senator Kerr moved, with a second by Senator Schodorf, to add the consideration of additional funding for BSAPP to the list of items that will be considered in the Omnibus Bill as a priority before other items. Motion carried on a voice vote.

Senator Downey moved, with a second by Senator Feleciano, to amend the subcommittee report in the bullet regarding review of the School District Capital Outlay State Aid Program, and change the use of the term "abuse" to "expansion" in evaluating the program. Committee discussion continued.

Senator Downey suggested that maybe the wording should be that the Subcommittee is concerned that program expansions may be occurring. She noted that she is the Ranking Minority Member of the Senate Education Committee and will take this concern back to that committee.

Senator Adkins moved a substitute motion, with a second by Senator Schodorf, to amend the subcommittee report to say that the subcommittee has received reports which they have been unable to verify given high limitations which may indicate that program expansions may have occurred. Motion carried on a voice vote.

Senator Kerr moved, with a second by Senator Salmans, to adopt the subcommittee budget report on the Department of Education for the FY 2002 and FY 2003 budgets as amended. Motion carried on a voice vote. Senator Barone, Senator Downey and Senator Feleciano asked to be recorded as voting "No" on the subcommittee report.

The meeting was adjourned at 11:10 a.m. The next meeting is scheduled for February 14, 2002.

**SENATE WAYS AND MEANS COMMITTEE  
GUEST LIST**

DATE February 13, 2002

NAME	REPRESENTING
Julie Thomas	DOB
Elaine Frisbie	DOB
Sarah Adams	Keys for Networking, Inc
Meaghan Fanning	" "
Ron Critcher	USDE
John Dennis	USDE
John Schespan	DOE
Lee Seiken	USD #452
Al Cook	USD 482
Angela Lawrence	USD 482
Bill Brady	SFFF
J. White	SOS
Gary Robbins	KS Optometric Assn
Don Adkisson	USD 260
Martin H. Ewert	Central Plains AAA-H. County
Kathy Janneman	" " " "
Mary Lou Alvison	" " " "
Doug Bowman	CCECOS
Dale Huffman	Families Together
Josie Torres	KCODS
Shawn Handke	Greater KC Chamber

## 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.

*Senate Ways and Means  
2-13-02  
Attachment 1*

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.



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Senator Dave Kerr, Subcommittee Chair

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Senator Jim Barone



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Senator Nick Jordan



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Senator Larry Salmans



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Senator Jean Schodorf

## Senate Subcommittee Report

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

**Bill Sec. --**

**Analyst:** Rampey

**Analysis Pg. No. --**

**Budget Page No. 141**

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
<b>All Funds:</b>			
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
<b>TOTAL</b>	<b><u>\$ 3,002,947,339</u></b>	<b><u>\$ 2,516,844,744</u></b>	<b><u>\$ (3,018,917)</u></b>
<b>State General Fund:</b>			
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
<b>TOTAL</b>	<b><u>\$ 2,662,029,344</u></b>	<b><u>\$ 2,206,219,321</u></b>	<b><u>\$ (3,018,917)</u></b>
FTE Positions	208.0	208.0	0.0
Non FTE Uncl. Perm. Pos.	28.9	28.9	0.0
<b>TOTAL</b>	<b><u>236.9</u></b>	<b><u>236.9</u></b>	<b><u>0.0</u></b>

### 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

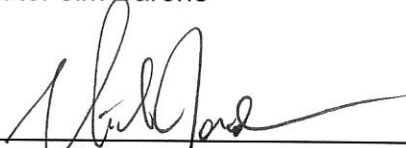
is consistent with legislative intent when the program was enacted. The Subcommittee is concerned that program abuses may be occurring, including issuing bonds for the purpose of building school facilities in the hopes that schools with new facilities likely would not be closed in the event of declining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

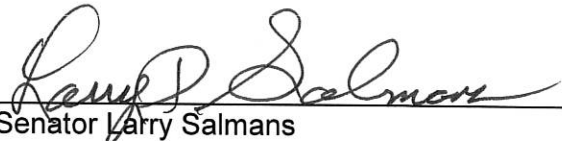


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Senator Dave Kerr, Subcommittee Chair

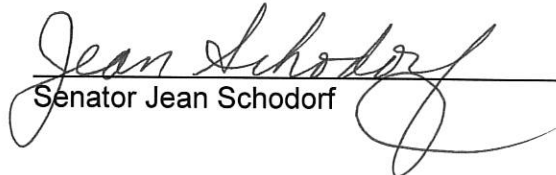
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Senator Nick Jordan



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Senator Larry Salmans



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Senator Jean Schodorf



**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 am also 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:

- 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.
- 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.
- 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.

  
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Senator Jim Barone