

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

The meeting was called to order by Chairman Melvin Neufeld at 9:00 a.m. on February 20, 2003, in Room 514-S of the Capitol.

All members were present:

Committee staff present:

J. G. Scott, Legislative Research Department  
Amy Deckard, Legislative Research Department  
Becky Krahl, Legislative Research Department  
Carolyn Rampey, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Administrative Analyst  
Sue Fowler, Committee Secretary

Conferees appearing before the committee: Dale Dennis, Department of Education

Others Attending: See Attached

Representative Shultz, Chair of the Education 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 (Attachment 1). Motion was seconded by Representative Nichols. Motion carried.

Representative Shultz, Chair of the Education Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Education for FY 2004 and moved for the adoption of the Budget Committee recommendations with exceptions and comments for FY 2004 (Attachment 1). Motion was seconded by Representative Nichols.

Representative McLeland reported there is an error in Item 4 of the budget committee report regarding an article in the *Education Week Magazine* "Quality Counts." Of the seven states which scored higher than Kansas on any component of the National Assessment of Education Progress, six of the states had a higher adjusted cost per student than Kansas.

Representative McLeland moved for the wording correction in Item 4, of the Education Budget Committee report on the Governor's budget recommendation for FY 2004. Motion was seconded by Representative Nichols. Motion carried.

In the committee's discussion about the federal aid for mandated special education programs, they agreed, after consulting with the Department of Education, that the original language stated that the federal government would provide funding "up to forty percent" but was misinterpreted to mean that the federal government would pay forty percent of the cost of special education. The federal government currently reimburses at a rate of about fifteen percent.

Medicaid-certified match money is included in the proposed budget. It was pointed out to Committee members that not all qualified students take advantage of this available match in the public school setting as their parents or caretakers fear such application may negatively impact Medicaid benefits they receive personally. Some school districts are more astute at pulling down this additional funding. Those districts that do not take advantage of this opportunity have education dollars paying for medical supplies that have nothing to do with education. A bill to be introduced will address the application form which parents need to complete for the Medicaid assistance.

At the request of the budget committee, Dale Dennis, Department of Education, explained the "No Child Left Behind" program and a few of the issues involved with participation. At this point there has been no federal money appropriated for assessment of students in the public schools, only the strong recommendation that states should participate. There are onerous regulations regarding the testing procedures and when the tests should be administered. It is estimated that if there is a federal mandate requiring Kansas' participation in the program, there would probably be a grant of \$140 million from the federal government but it would cost

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS at 9:00 a.m. on February 20, 2003,  
in Room 514-S of the Capitol.

the state and local school budgets approximately \$240 million to administer the program. but it was unclear what the ramifications are so the Committee did not get into a discussion on this issue.

Representative Henry moved for an amendment to be included in the Budget Committee report that the Budget Committee will monitor and review effects of administering the mandated federal program "No Child Left Behind" regarding funding and the positive or negative effect on education and bring their report and recommendations back to this committee prior to Omnibus. Motion was seconded by Representative Gatewood. Motion carried.

Representative Schwartz moved for an amendment that would request the State Board of Education give high priority to the "Ag in the Classroom" program with funding from the Discretionary Grant line item in the Governor's recommended Department of Education budget for FY 2004. Motion was seconded by Representative Pottorff. Motion carried.

Representative Pottorff moved for an amendment that would request the State Board of Education give high priority to the "Communities in Schools" program with funding from the Discretionary Grant line item in the Governor's recommended Department of Education budget for FY 2004. Motion was seconded by Representative Light. Motion carried.

Representative Nichols moved for an amendment to change Item 7 of the Budget Committee report to strike "by the end of the 2003 Session" and insert "as soon as possible." Motion was seconded by Representative Shultz. Motion carried.

Representative Landwehr requested the Education Budget Committee:

- Look at standard accounting principles recommended by the Division of post-audit
- Discuss the Moundridge issues
- Discuss e-schools and look at guidelines concerning a cost benefit analysis for persons in Western Kansas
- Review the effects of drop-out rates when after school programs are involved
- Look at verification of income for free and reduced lunch program
- Discuss unnecessary busing which is not state mandated and re-evaluate to determine need
- Review and discuss number of out-of-state children attending public schools whose parents do not pay taxes in Kansas and plan how to collect tuition for such children
- Review existing State Board of Education mandates which could be set aside until such time as the state can afford the funding.
- Review administrative costs vs. classroom costs
- Investigate possibility of dollars being siphoned out of classrooms through Inter Local's

Representative Shultz renewed his motion to adopt the Budget Committee recommendations with exceptions and comments for FY 2004 as amended (Attachment 1). Motion was seconded by Representative Nichols. Motion carried.

The meeting was adjourned at 10:35 a.m. The next meeting is scheduled for February 21, 2003.

  
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Melyin Neufeld, Chair



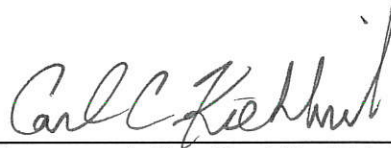
# FY 2003 and FY 2004 Budget Committee Report

## STATE DEPARTMENT OF EDUCATION



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Representative Clark Shulz, Chair



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Representative Carl Krehbiel



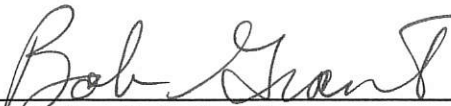
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Representative Kathe Decker



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Representative Joe McLeland



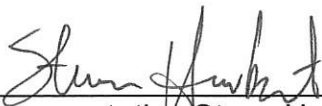
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Representative Bob Grant



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Representative Dean Newton



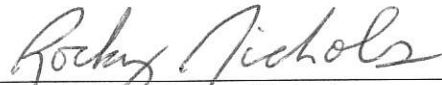
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Representative Steve Huebert



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Representative Bill Reardon



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Representative Rocky Nichols

HOUSE APPROPRIATIONS

DATE 2-20-03

ATTACHMENT 1

## Budget Committee Report

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

**Bill Sec.**

**Analyst:** Rampey

**Analysis Pg. No. 857**

**Budget Page No. 137**

Expenditure Summary	Agency Est. FY 03	Governor's Recommendation FY 03	Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 25,206,282	\$ 25,065,709	\$ 0
Aid to Local Units	2,656,931,105	2,673,779,613	0
Other Assistance	31,333,240	31,333,240	0
Subtotal—Operating	\$ 2,713,470,627	\$ 2,730,178,562	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,713,470,627</b>	<b>\$ 2,730,178,562</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 8,917,100	\$ 8,776,527	\$ 0
Aid to Local Units	2,305,861,552	2,322,710,060	0
Other Assistance	236,240	236,240	0
Subtotal—Operating	\$ 2,315,014,892	\$ 2,331,722,827	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,315,014,892</b>	<b>\$ 2,331,722,827</b>	<b>\$ 0</b>
FTE Positions	208.3	208.3	0.0
Non FTE Uncl. Perm. Pos.	37.7	37.7	0.0
<b>TOTAL</b>	<b>246.0</b>	<b>246.0</b>	<b>0.0</b>

### Agency Est./Governor's Recommendation

Estimated expenditures from the State General Fund for FY 2003 are a change from the from the approved amount for the following reasons:

- A reduction of \$15,283,544 in general state aid (a \$27 reduction in Base State Per Pupil); a reduction of \$2,139,930 for special education; and a reduction of \$15,501 in out-of-state travel due to the August allotments.
- Reappropriated balances from FY 2002 totaling \$2,726,212.
- A requested supplemental appropriation of \$6,227,618 to fully fund KPERs-School.
- A requested supplemental appropriation of \$6,637,027 for general state aid and \$21,999,043 for supplemental general state aid.

- A requested supplemental appropriation of \$65,000 to fully fund the Governor's Teaching Excellence Awards Program.

The Governor's recommendation reflects the August 2002 allotment which reduced State General Fund expenditures for the State Department by \$17,438,975 and the November 2002 allotment which reduced State General Fund expenditures for agency operations by an additional \$349,182. The Governor makes no change to the State Department's estimate of reappropriated balances. The Governor recommends the supplemental appropriation for KPERS-School of \$6,227,618, but adds the money to the KPERS-School appropriation for FY 2004 in order to conserve State General Fund money in FY 2003. The Governor also approves the supplemental appropriation of \$21,999,043 for supplemental general state aid and recommends \$4,637,027 for general state aid. To fully fund the general state aid program in the current year, the Governor recommends a reappropriation of \$2,000,000 in savings from FY 2002 which had been earmarked for inservice education. The Governor does not approve the requested supplemental appropriation of \$65,000 for the Governor's Teaching Excellence Awards Program. The Governor recommends the lapse of \$254,991 for special education to maintain the excess costs level at 85.0 percent.

### **Budget Committee Recommendations**

The Budget Committee concurs with the recommendations of the Governor.

## Budget Committee Report

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

**Bill Sec.**

**Analyst:** Rampey

**Analysis Pg. No. 857**

**Budget Page No. 137**

Expenditure Summary	Agency Req. FY 04	Governor's Recommendation FY 04	Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 24,350,090	\$ 22,877,090	\$ 0
Aid to Local Units	3,056,325,788	2,697,661,227	0
Other Assistance	33,239,240	31,338,240	0
Subtotal—Operating	\$ 3,113,915,118	\$ 2,751,876,557	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 3,113,915,118</b>	<b>\$ 2,751,876,557</b>	<b>\$ 0</b>
<b>State General Fund:</b>			
State Operations	\$ 10,232,627	\$ 8,919,627	\$ 0
Aid to Local Units	2,694,049,303	2,335,384,742	0
Other Assistance	2,102,240	201,240	0
Subtotal—Operating	\$ 2,706,384,170	\$ 2,344,505,609	\$ 0
Capital Improvements	0	0	0
<b>TOTAL</b>	<b>\$ 2,706,384,170</b>	<b>\$ 2,344,505,609</b>	<b>\$ 0</b>
FTE Positions	208.3	208.3	0.0
Non FTE Uncl. Perm. Pos.	35.7	35.7	0.0
<b>TOTAL</b>	<b>244.0</b>	<b>244.0</b>	<b>0.0</b>

### Agency Req./Governor's Recommendation

The State Department's request for FY 2004 from the State General Fund is \$2,706,384,170, an increase of \$391,369,278 over the estimate for the current year. The increase is almost entirely accounted for by the State Board of Education's enhancement package, which totals \$399,020,872 from the State General Fund. The single largest enhancement item is \$301,682,774 in order to increase Base State Aid Per Pupil to \$4,238, which includes increases in the at-risk and bilingual education weights, adding a weight for special education and funding it through the formula, decreasing the transportation mileage limit, and eliminating the vocational education weight.

The Governor recommends a total of \$2,344,505,609 from the State General Fund for FY 2004, an increase of \$12,782,782 over her recommendation for FY 2003. The Governor funds Base State Aid Per Pupil at the allotment rate of \$3,863 and funds special education as a weight in the school finance formula. The amount of money for special education in the formula would fund excess costs at the 83.4 percent level. The Governor provides no funding in FY 2004 for inservice

education and recommends a discretionary grant pool of \$130,000 from which the State Board could make grants to small programs it considers meritorious.

The Governor's **statutory budget recommendation** contains no reduction for this agency.

## **Budget Committee Recommendations**

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

1. Continue to fund special education through the existing formula as a distinct categorical aid program. Under the Governor's recommendation, which would require a change in the law, special education is funded as a weight in the school finance formula. In funding special education as a categorical aid program, concur with the Governor's recommended amount of \$251,016,845, of which \$249,791,845 is from the State General Fund and \$1,225,000 is from the Children's Initiatives Fund. The total is the same as the current year and is estimated to fund excess costs in FY 2004 at approximately the 84 percent level. (Current year funding is at the 85 percent level.)
2. Continue the policy in recent years of allowing school districts that hire Reading Recovery Teacher Leaders to count the teachers as special education teachers for purposes of special education reimbursement, up to an aggregate limit of \$180,000. (This policy is by virtue of a proviso to the special education appropriation.)
3. Recommend the introduction of legislation to accomplish the Governor's proposal that special education be a weight in the school finance formula. The Budget Committee makes the recommendation for discussion purposes and does not make a recommendation on the bill at this time.
4. Call to the Committee's attention testimony presented on behalf of the School Finance Coalition by representatives of the Kansas Association of School Boards and the Kansas National Education Association. Contending that the Governor's budget is inadequate and that the needs of Kansans cannot be addressed within current revenues, the conferees cited state rankings compiled by "Quality Counts," a publication from *Education Week Magazine*, which shows that only seven states scored higher than Kansas on any component of the National Assessment of Education Progress (NAEP), and that all seven of the states spend more per pupil than Kansas. In response to a request from the Budget Committee for additional information from the publication, the representative of the Kansas Association of School Boards provided material that indicates that 22 states that have *lower* student achievement as measured by the NAEP also spend more per pupil than Kansas.

Budget Committee members observe that, in spite of the fact that Kansas consistently ranks high among the states on the basis of a number of indicators, Hispanic and African-American students and students who are disadvantaged (defined as students who receive free or reduced lunches) perform less well on



state assessments than do students who are not members of a minority group or students who do not qualify for free or reduced lunches.

5. Attached to this report at the request of Representative Huebert is a table and graph that show total funding for elementary-secondary education from all revenue sources (local, state, and federal) for the school years 1989-90 through 2002-03 (estimated). "Total expenditures" includes general and supplemental general state aid and all other categorical state aid and other assistance programs, the largest of which is special education. Also included is information that relates the expenditures to inflationary increases.
6. Recommend for consideration in the Omnibus Bill, in the event that future revenues become available, funding for statutory programs that are unfunded or underfunded in the Governor's budget recommendations. The programs are the Mentor Teacher Program (unfunded in the Governor's budget), the Inservice Education Program (unfunded in the Governor's budget), and the Governor's Teaching Excellence Awards Program (funded at \$56,000 in the Governor's budget, but underfunded by \$94,000).
7. Request that the State Department of Education provide by the end of the 2003 Session information on the administrative costs assessed by school districts which partner with not-for-profit Infant and Toddlers programs.



**Kansas State Department of Education**

120 S.E. 10th Avenue  
Topeka, Kansas 66612-1182

February 19, 2003

TO: Carolyn Rampey  
Legislative Research Department

FROM: Dale M. Dennis, Deputy  
Commissioner of Education

SUBJECT: School District Revenues and Expenditures

Enclosed is the chart you requested on behalf of the House Appropriations Subcommittee on Education comparing state aid, federal aid, local revenue, and total expenditures for school years 1989-90 through 2001-02. We have also provided charts that show the percentage increase/decrease for each year for pupil expenditures and the consumer price index.

Total expenditures include the following funds (less transfers): General, Supplemental General, Adult Education, Adult Supplemental Education, Bilingual Education, Capital Outlay, Driver Training, Educational Excellence Grant Program, Extraordinary School Program, Food Service, Inservice Education, Parent Education Program, Summer School, Special Education, Technology Education, Transportation, Vocational Education, Area Vocational School, Judgements, Special Liability Expense, School Retirement, Disability Income Benefits Reserve, Health Care Services Reserve, Group Life Insurance Reserve, Risk Management Reserve, School Workers' Compensation Reserve, Contingency Reserve, Student Material Revolving, Textbook Rental, Bond and Interest #1, Bond and Interest #2, No-Fund Warrant, Special Assessment, Temporary Note, Cooperative Bilingual Education, Cooperative Elementary Guidance, Cooperative Special Education, and unbudgeted federal funds.

Federal funds were based on the amount distributed by the State Department of Education or the amount shown in the budget, whichever is higher.

We hope this information will be of assistance to you.

c:leg:CR--Chart--Revenue History

**Division of Fiscal & Administrative Services**

785-296-3871 (phone)

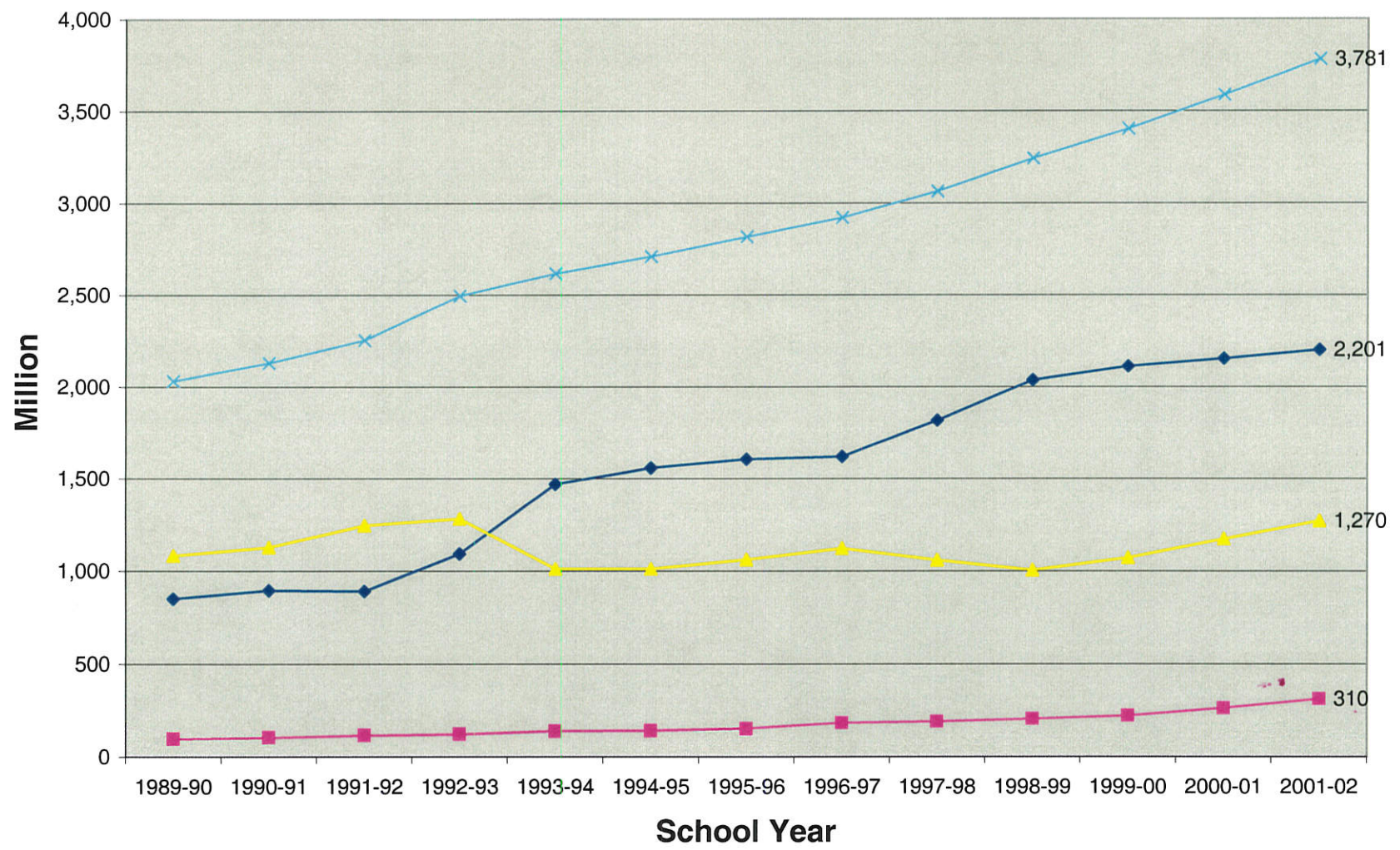
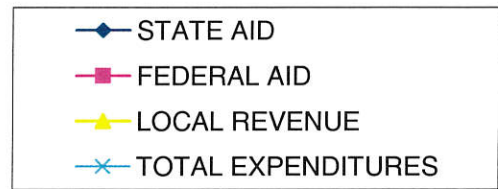
785-296-0459 (fax)

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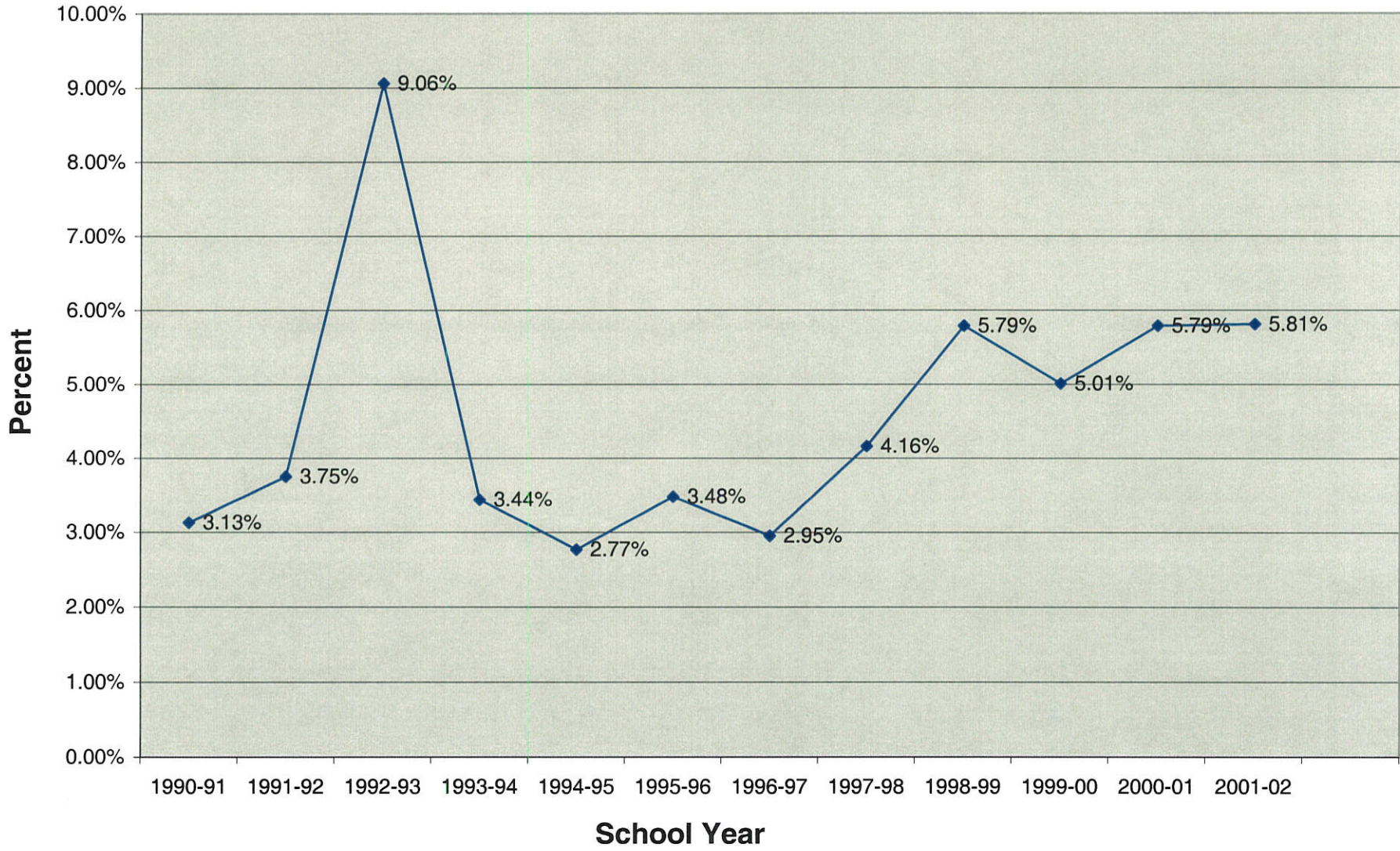
www.ksde.org

School Year	FTE Enroll	State Aid	Fed Aid	Local Aid	Total	Per Pupil		
						Total Expend	Percent Chg.	CPI % Change
1989-90	409,656.10	851,203,170	97,985,711	1,082,548,908	2,031,737,789	4,960		
1990-91	416,383.20	896,415,847	105,256,560	1,128,045,685	2,129,718,092	5,115	3.13%	-2.20
1991-92	424,737.40	891,906,581	116,101,192	1,246,174,438	2,254,182,211	5,307	3.75%	0.54
1992-93	431,320.50	1,092,563,257	121,624,374	1,282,096,485	2,496,284,116	5,788	9.06%	5.76
1993-94	437,210.10	1,468,606,823	137,260,114	1,011,858,024	2,617,724,961	5,987	3.44%	0.83
1994-95	440,684.20	1,558,335,916	140,485,296	1,012,554,570	2,711,375,782	6,153	2.77%	-0.10
1995-96	442,465.90	1,604,933,171	150,316,623	1,061,918,793	2,817,168,587	6,367	3.48%	0.73
1996-97	445,767.30	1,618,449,030	181,533,320	1,121,816,183	2,921,798,533	6,555	2.95%	0.10
1997-98	448,609.00	1,815,684,144	189,120,462	1,058,428,663	3,063,233,269	6,828	4.16%	2.37
1998-99	448,925.70	2,035,194,082	202,565,725	1,004,736,639	3,242,496,446	7,223	5.79%	3.97
1999-00	448,610.30	2,110,484,390	220,780,350	1,071,444,132	3,402,708,872	7,585	5.01%	2.04
2000-01	446,969.90	2,152,622,486	261,038,153	1,172,918,480	3,586,579,119	8,024	5.79%	2.28
2001-02	445,376.60	2,200,529,799	310,295,280	1,270,261,060	3,781,086,139	8,490	5.81%	4.02

### Total Kansas USD Funding



### Per Pupil Expend % Change



### CPI % CHANGE

