

## MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:20 p.m. on April 1, 2004 in Room 123-S of the Capitol.

All members were present:

Committee staff present:

Carolyn Rampey, Legislative Research  
Kathie Sparks, Legislative Research  
Chris Courtwright, Legislative Research  
Theresa Kiernan, Office of the Revisor of Statutes  
Judy Steinlicht, Committee Secretary

Conferees appearing before the committee:

Carolyn Rampey, Legislative Research  
Representative Bill Kassebaum

Others attending:

See Attached List

### **HB2940—Schools and school districts; suitable education; areas of instruction**

Carolyn Rampey gave an overview of **HB2940** explaining the education components of the bill and the fiscal impact each would have to implement these provisions. The education components of this plan are on-going. The total estimated revenue increase generated by this bill through state tax increases would be \$157.1 million and it is estimated that the LOB increase would be \$35.8 million. (Attachment 1) This attachment also includes the revisions promised in yesterday's meeting.

Representative Bill Kassebaum gave an overview of **HB2940**. Representative Kassebaum acknowledged that this bill does raise taxes, but what he feels is important is what is done with those taxes. He believes **HB2940** solves funding problems for education. He believes this bill solves the special education funding problems 100 percent. Funds that school districts currently contribute to special education could be used for what that school district feels is important to them. Representative Kassebaum appreciates the committee taking a look at this bill and urges all to work together to craft a plan to solve the problems.

Senator Downey made a motion to amend the provisions of the Senate Substitute for HB2940 into HB2940. The bill is the same as the original bill except for deletion of Sections 14, 15 and 16 which is the specification of what the districts must fund and what they must not fund. Seconded by Senator Lee. Theresa Kiernan, Revisor of Statutes, requested authority to make any technical changes needed in the tax portion of the bill. Senator Downey included this in her motion. Motion carried.

Dale Dennis, Deputy Commissioner, KSBE, proposed an amendment that a foreign exchange student would have to be in school one semester to be counted in the September 20<sup>th</sup> enrollment. Senator Oleen asked if foreign exchange students come younger than grade 9. Senator Downey made a motion to amend Senate Substitute for HB2940 with the amendment described by Dale Dennis and to change grade 9-12 to K-12. Seconded by Senator Vratil. Motion carried. (Attachment 2)

Senator Vratil made a motion to amend Senate Substitute for HB2940 to make it effective upon publication in the Kansas Register. Seconded by Senator Hensley. Motion carried.

Senator Lee made a motion to amend Senate Substitute for HB2940 that any increase of the LOB between the 25 and 30 percent would have to be put to a vote of the local district. Seconded by Senator Emler. Motion carried.

Senator Downey made a motion to recommend favorably Senate Substitute for HB2940 as amended. Seconded by Senator Hensley. Motion carried.

### **HB2937—School Finance; certain property tax exemption**

CONTINUATION SHEET

MINUTES OF THE SENATE EDUCATION COMMITTEE at 1:20 p.m. on April 1, 2004 in Room 123-S of the Capitol.

Carolyn Rampey, Legislative Research, explained the language in **Senate Substitute HB2937**. The education components are similar to **Senate Substitute for HB2004** and are for one year only. Carolyn gave an overview of the revenue portion of the bill. The revenue components are on-going.  
(Attachment 3)

Senator Vratil made a motion to strip the provisions of the existing **HB2937** and amend into the bill the language proposed in **Senate Substitute HB2937**. Seconded by Senator Schodorf. Motion carried.

Senator Hensley made a motion to amend **Senate Substitute HB2937** that a foreign exchange student would have to be here one semester to be counted in the September 20<sup>th</sup> enrollment. Seconded by Senator Vratil. Motion carried.

Senator Vratil made a motion to recommend favorably **Senate Substitute HB2937** as amended. Seconded by Senator Schodorf. Motion carried.

Senator Oleen advised that the two bills, **Senate Substitute HB2940** and **Senate Substitute HB2937** would be brought to General Orders and debated today.

Meeting adjourned at 2:20 p.m.

**SENATE EDUCATION COMMITTEE GUEST LIST**

DATE - 4-1-04

<u>NAME</u>	<u>REPRESENTING</u>
Mike Logan	USD #262 B.O.E.
Voy Gao	USD 265 Teacher
Alisha Antiberon	USD 265 Teacher
Jamie Dennis	USD 265 BOE
Rob Ditch	USD 265 Ass't Supt
KENT HULL	USA
Denise Cyst	USD 500
John Morton	USD 373 Newton
PHILIP BRADLEY	KLBA
<del>SHELBY SMITH</del>	USD 501
<del>Jodi Seltzer</del>	Hein Law Firm
M. Hawver	Capital Repair
M. Desethi	KNEA
V. DeFourn	SQE
Mark Tallman	KTSB
Diane Gjerstad	U.S.D. 259
Karen Hogan	USD 262
Karen Fisk	USD 263
Dawn Ruggles	USD 262
Dave Kirkbride	KNEA
Nathan Dick	USD 373 / KNEA
Jim Sullinger	KC STAR
Bob Kelly	KC STAR

John Wagner

KDOR

**SENATE EDUCATION COMMITTEE GUEST LIST**

DATE - 4-1-04

<u>NAME</u>	<u>REPRESENTING</u>
JOHN DOWDZEM	ESU
Elaine Frisbie	Dir. of Budget
M. Diath	Pittsburg State U.
K. K. Krickaux	7HSU
Sue Gombke	SBOE
John Burke	USD 261
Perry McCabe	USD 261
Mike Merr	USD 262
Rhonda Price	USD 262
Sylvia Robinson	Gov's Office
Bob Vanaman	Blue Valley USD 229
Jim Edwards	KASB
Natalie Brice	WIBA
Robert Morton	USD 267
Lynne Ott	USD 266
Gail Eckert	USD 266
Adam Ohley	Gov. Office
Lena Helm	USD 267
Carol Hatfield	USD 267
Pat Merrin	USD 266

*Senate Education  
4-1-04  
Attachment 1*

**Comparison of School Finance Plans**

	<u>SB 403 Governor's Original Proposal*</u>	<u>SB 550 Governor's Revised Proposal</u>	<u>Senate Sub. for HB 2004</u>	<u>HB 2937</u>	<u>HB 2940</u>
<b>Education Components</b>					
<b>BSAPP Increase (Currently \$3,863)</b>	\$100-FY 2005 \$58.5 million \$75-FY 2006 \$43.7 million \$75-FY 2007 \$43.6 million	\$100-FY 2005 \$58.5 million			\$100-FY 2005 \$58.5 million
<b>At-Risk Increase (Currently 0.10)</b>	0.15-FY 2005 \$27.1 million 0.20-FY 2006 \$27.7 million 0.25-FY 2007 \$28.2 million	0.15-FY 2005 \$27.1 million	0.11-FY 2005 only \$5.1 million	0.15-FY 2005 \$25.4 million	0.15-FY 2005 \$27.1 million
<b>Bilingual Increase (Currently 0.20)</b>	0.22-FY 2005 \$1.2 million  0.24-FY 2006 \$1.3 million 0.25-FY 2007 \$700,000	0.22-FY 2005 \$1.2 million	0.22-FY 2005 only \$1.0 million	0.24-FY 2005 \$2.0 million	0.22-FY 2005 \$1.2 million
<b>Correlation Weighting Threshold (Currently 1,725 students)</b>	1,700 students \$13.9 million	1,700 students \$13.9 million			

*Candlyn Ramsey  
Legislative Research*

	<u>SB 403 Governor's Original Proposal*</u>	<u>SB 550 Governor's Revised Proposal</u>	<u>Senate Sub. for HB 2004</u>	<u>HB 2937</u>	<u>HB 2940</u>
All-Day Kindergarten (Currently counted 0.5 FTE)	1.0 FTE Based on free and reduced lunch eligibility 60%-FY 2005 \$17.0 million 48%-FY 2006 \$10.9 million 36%-FY 2007 \$11.6 million	60%-FY 2005 \$17.0 million			
Capital Outlay (Currently no cap; no state aid)	Equalization state aid up to 4 mills \$14.0 million	Equalization state aid up to 4 mills \$14.0 million		8 mill cap imposed (higher levies prior to July 2004 unaffected)	
USD Health Care Plan	Local boards must implement program by July 2007 that is comparable to state plan		Five-year pilot program for eligible USDs with diminishing state contribution \$1.5 million-FY 2005		
Division of the Budget Audits of USDs	Proposed \$250,000	Proposed \$250,000	Proposed \$250,000		
New "Special Revenues" Weighting			\$100 per FTE pupil, FY 2005 only \$44.5 million		
Special Education	84.3% excess costs funding (appropriation only) \$6.5 million-FY 2005	84.3% excess costs funding (appropriation only) \$6.5 million-FY 2005	85% excess costs funding (appropriation only) \$8.5 million-FY 2005		100% excess costs funding (statutory) \$54.3 million

	<u>SB 403 Governor's Original Proposal*</u>	<u>SB 550 Governor's Revised Proposal</u>	<u>Senate Sub. for HB 2004</u>	<u>HB 2937</u>	<u>HB 2940</u>
Teacher Mentoring	Funding for first-year teachers (appropriation only) \$1.0 million-FY 2005	Funding for first-year teachers (appropriation only) \$1.0 million-FY 2005	Funding for first-year teachers (appropriation only) \$1.0 million-FY 2005	Funding for first-year teachers (appropriation only) \$1.0 million-FY 2005	
Parent Education	Program enriched (appropriation only) \$0.5 million-FY 2005	Program enriched (appropriation only) \$0.5 million-FY 2005			
Local Option Budgets			Growth due to increased weights (appropriation only) \$3.3 million	Growth due to increased weights (appropriation only) \$1.8 million	Increase maximum from 25% to 30% \$14.3 million-state aid \$35.7 million-local revenues. (Dept. Of Ed. est. of usage - does not assume all USDs would go to max. levy.)
"Center for Innovative School Leadership" Established at ESU				Center established to improve USD administrative and academic efficiencies \$1.0 million (May be less)	

	<u>SB 403 Governor's Original Proposal*</u>	<u>SB 550 Governor's Revised Proposal</u>	<u>Senate Sub. for HB 2004</u>	<u>HB 2937</u>	<u>HB 2940</u>
Statutory Courses of Instruction and Goals					Courses of instruction and education goals listed in the statute in order to provide baseline for courts to use in determining suitable provision for education funding.
Increased Total Cost of Education Components (including items that are appropriations only)	\$140.0 million-FY 2005	\$140.0 million-FY 2005	\$65.1 million-FY 2005	\$31.2 million-FY 2005	\$155.4 million-FY 2005
<b>Revenue Components</b>					
Sales Tax (currently 5.3%)	5.5%-FY 2005 \$69.3 million 5.6%-FY 2006 \$114.2 million 5.7%-FY 2007 \$270.1 million	5.5%-FY 2005 \$69.3 million			5.5%-FY 2005 \$69.3 million
Income Tax	5% surcharge, tax year 2004 \$97.5 million	3.5% surcharge, tax year 2004 \$68.3 million			4.5% surcharge, tax year 2004 \$87.8 million



	<u>SB 403 Governor's Original Proposal*</u>	<u>SB 550 Governor's Revised Proposal</u>	<u>Senate Sub. for HB 2004</u>	<u>HB 2937</u>	<u>HB 2940</u>
USD General Fund Mill Levy (Currently 20 mills)	21 mills-FY 2006 \$0-FY 2005 \$22.9 million-FY 2006				
Liquor Gallonage Tax			Increases on liquor taxes, effective June 2004 \$21.7 million		
Other Tax Policies			A variety of policies relating to sales and income tax refunds, taxes owed, and other matters would be implemented \$47.8 million		
"Cost of Living" Levy				USDs with appraised value of residences more than 25% higher than state average authorized to make a local property tax levy and credit proceeds to special education, bilingual education, or parent education funds. (Must be at maximum LOB authority.) \$23.0 million-FY 2005 - local revenue. (Assumes USDs access max. levy authority.)	

	<u>SB 403 Governor's Original Proposal*</u>	<u>SB 550 Governor's Revised Proposal</u>	<u>Senate Sub. for HB 2004</u>	<u>HB 2937</u>	<u>HB 2940</u>
<b>Total Increased Revenue Contained in Bill:</b>					
<b>State</b>	\$166.8 million	\$137.6 million	\$69.5 million	\$0	\$157.1 million
<b>Local</b>	\$0	\$0	\$0	\$23.6 million	\$35.8 million

\*Fiscal impact shown differs slightly from the original fiscal note and is based on revised estimates.

Note: In addition to the school finance plans shown, there is a proposal by Senator Bill Bunten which does not change the school finance formula but would change the distribution mechanism whereby state aid would be appropriated to school districts to be allocated to schools for instructional programs.

# Foreign Exchange Students

Dale requesting T. =

foreignxenroll.wpd

Dale Dennis  
KSBE

Amend 72-6407 subsection (e) as follows:

“(e) "Enrollment" means:

(1) **(A) Subject to the provisions of paragraph (1) (B)**, for districts scheduling the school days or school hours of the school term on a trimestral or quarterly basis, the number of pupils regularly enrolled in the district on September 20 plus the number of pupils regularly enrolled in the district on February 20 less the number of pupils regularly enrolled on February 20 who were counted in the enrollment of the district on September 20; and for districts not specified in this clause **paragraph (1)**, the number of pupils regularly enrolled in the district on September 20;

**(B) a pupil who is a foreign exchange student shall not be counted unless such student is regularly enrolled in the district on September 20 and attending any of the grades nine through 12 maintained by the district for at least one trimester or two quarters;**

(2) if enrollment in a district in any school year has decreased from enrollment in the preceding school year, enrollment of the district in the current school year means whichever is the greater of (A) enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled, plus enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled, or (B) the sum of enrollment in the current school year of preschool-aged at-risk pupils, if any such pupils are enrolled and the average (mean) of the sum of (i) enrollment of the district in the current school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils are enrolled and (ii) enrollment in the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled and (iii) enrollment in the school year next preceding the preceding school year minus enrollment in such school year of preschool-aged at-risk pupils, if any such pupils were enrolled; or

(3) *for districts affected by a disaster, as defined by K.S.A. 72-6447, and amendments thereto*, the number of pupils as determined under K.S.A. 72-6447, and amendments thereto.

Senate Education  
4-1-04  
Attachment 2

**Plan Proposed by Select Senate Republicans**

*Carolyn Ramsey  
Legislative  
Research*

**Education Components**

Note: Education components are for school year 2004-05 only, except for the five-year health care plan pilot program.

- Add \$2.5 million from the State General Fund for special education over the amount currently approved for FY 2005 in HB 2675 (\$251,016,845). (Would increase excess costs level from estimated 82.2 percent to 83.0 percent.)
- Add a new weight to the school finance formula called the "special revenues weighting." The weight would be based on the full-time equivalent enrollment of the district, multiplied by \$100 and divided by Base State Aid Per Pupil. The estimated cost of the weight in FY 2005 is \$44.5 million from the State General Fund. (Same as in Sen. Sub. for HB 2004.)
- Increase the bilingual education weighting from 0.20 to 0.22 at a cost of \$1.0 million from the State General Fund. (Same as in Sen. Sub. for HB 2004.)
- Increase the at-risk weighting from 0.10 to 0.11 at a cost of \$5.1 million from the State General Fund. (Same as in Sen. Sub. for HB 2004.)
- Implement a school district health care plan for school districts that are unable to offer health insurance or which have contributed \$100 or less per member per month to an existing plan. The program would be available on a five-year pilot basis as an alternative to the State Health Care Program. Under the proposal, the state would provide funding for the program at a decreasing rate each year for the five-year period, at which point state aid would terminate. The cost of the plan for FY 2005 is estimated to be \$1.5 million from the State General Fund. (Same as in Sen. Sub. for HB 2004.)
- The existing Teacher Mentoring Program, currently unfunded, would be funded with \$1.0 million from the State General Fund.
- The fiscal impact to the state of growth in local option budgets due to increased weights is estimated to be \$3.3 million from the State General Fund.

**Total Cost of Education Components: \$58.9 million from the State General Fund.**

**Revenue Components**

Note: Revenue components are ongoing.

- Increase sales and compensating (use) taxes from 5.3 percent to 5.4 percent, effective June

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Attachment 3*

1, 2004. Estimated increase to the State General Fund: \$37.8 million.

- Reduce from five to two years the amount of time for owners to claim property following certain types of reorganization of an insurance company. Estimated increased revenues to the State General Fund: \$10.0 million. (Same as in Sen. Sub. for HB 2004.)
- Apply sales tax to the greater of the stated selling price or the valuation of the motor vehicles or trailers in the case of isolated sales. Estimated increased revenues to the State General Fund: \$2.0 million. (Same as in Sen. Sub. for HB 2004.)
- Transfer \$8.0 million in lottery revenues to the State General Fund.

**Total Revenue Increase to the State General Fund: \$57.8 million.**