

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on March 23, 2007 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Amy Deckard, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Norm Furse, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:

Others attending:

See attached list.

SB 193-State debt limitations and procedures

HB 2504-Borrowings for the state and state agencies.

Chairperson Brownlee announced that Ways and Means were not going the work to debt affordability bill, **SB 193**, and she suggested the Committee should put **SB 193** into **HB 2504**. She introduced Jason Long, Revisor, to explain an amendment for **SB 193**. (Attachment 1)

Mr. Long explained the amendment for the Committee. On page 1 line 25 through line 38, adding the following language, starting language with the words "*In order to*". "In order to implement this policy, the legislature desires to authorize the issuance of additional state tax-supported debt only when such authorization would not cause the ratio of debt service to revenue available to pay debt service on tax-supported debt to exceed 6%. If the 6% target debt ratio will be exceeded, the authorization of such additional debt must be accompanied by a legislative statement of determination that such authorization and issuance is the best interest of the state and should be implemented."

Also on page 1, line 40, striking "*conduct a debt affordability analysis each year*" and adding in its place "submit" making (b) to read "The Kansas department of administration and the Kansas development finance authority jointly shall submit an affordability report each year to assist the governor and the legislature in setting priorities amount capital projects and related appropriations."

On Pages 2 and 3 adding ",or any other fund or revenues of the state and state agencies," where appropriate.

Upon the conclusion of Mr. Long's explanation of the proposed amendment, a discussion followed. The Committee expressed their concern that Ways and Means is not working the bill. Senator Jordan stated the bill should be passed out of the Committee today and they can work out any concerns on the Senate floor. Senator Kelly has concerns that Duane Goossen, Budget Director, had not seen the amendment for the bill and would like to know if it alters his position on the bill. The Committee dialogued about other concerns expressed by Senator Kelly.

Chairperson Brownlee requested the staff email a copy of the proposed amendment to Duane Goossen, Budget Director and Steve Weatherford with the K DFA.

Senator Jordan moved to gut HB 2504 and add SB 193 including the proposed balloon and make it a substitute bill. Senator Emler seconded. Motion carried.

Senator Jordan made a motion to move the substitute bill for HB 2504 out favorably as amended. Senator Emler seconded. Motion carried.

Chairperson Brownlee called the Committee's attention to testimony from Diana Wieland, Curriculum Director, Colby Public Schools regarding the Empowered Desktop by Kan-ed. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on in Room 123-S of the Capitol.

Chairperson Brownlee adjourned the meeting at 9:30 a.m. with no other meetings scheduled for this session.

SENATE BILL No. 193

By Committee on Commerce

1-25

Brownslee Amendment

10 AN ACT concerning matters pertaining to ~~the state debt borrowings~~
11 **for the state and state agencies.**

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. (a) (1) It is the public policy of this state to encourage
14 fiscal responsibility ~~on~~ **with respect to** matters pertaining to ~~state debt~~
15 **the borrowing of money for the state and state agencies.** In an effort
16 to finance essential capital projects for the benefit of residents **of the**
17 **state** at favorable interest rates, the state must ~~continue to~~ maintain its
18 excellent credit standing with investors. Authorizations of ~~state debt fu-~~
19 **ture borrowing** must take into account the ability of the state to meet
20 ~~its total~~ **identify expected sources of payment to meet** debt service
21 requirements ~~in light of~~ **and accommodate** other demands on the state's
22 fiscal resources.

23 (2) The legislature declares that it is the policy of this state to exercise
24 prudence in undertaking the authorization and issuance of ~~debt bonds~~
25 **and notes for the benefit of the state and state agencies.** In order to
26 implement this policy, the legislature desires to authorize the issuance of
27 additional state tax supported debt only when such authorization would
28 not cause the ratio of debt service to revenue available to pay debt service
29 on tax-supported debt to exceed 6%. If the 6% target debt ratio will be
30 exceeded, the authorization of such additional debt must be accompanied
31 by a legislative statement of determination that such authorization and
32 issuance is in the best interest of the state and should be implemented.

33 (3) The legislature shall not authorize the issuance of additional state
34 tax-supported debt if such authorization would cause the designated
35 benchmark debt ratio of debt service to revenues available to pay debt
36 service to exceed 7% unless the legislature determines that such addi-
37 tional debt is necessary to address a critical state emergency.

38 (b) The Kansas **department of administration and the Kansas** de-
39 velopment finance authority **jointly** shall ~~conduct~~ a debt affordability
40 analysis each year **an affordability report each year to assist the gov-**
41 **ernor and the legislature in setting priorities among capital projects**
42 **and related appropriations.** Proposed capital projects that require

Senate Commerce
March 23, 2007
Attachment 1-1

In order to implement this policy, the legislature desires to authorize the issuance of additional state tax-supported debt only when such authorization would not cause the ratio of debt service to revenue available to pay debt service on tax-supported debt to exceed 6%. If the 6% target debt ratio will be exceeded, the authorization of such additional debt must be accompanied by a legislative statement of determination that such authorization and issuance is in the best interest of the state and should be implemented.

submit

Attachment 1-1

Senate Commerce Committee
March 23, 2007

1 funding by the issuance of ~~additional state debt~~ **bonds and notes sup-**
2 **ported by the state general fund** shall be evaluated on the basis of the
3 ~~analysis to assist the governor and the legislature in setting priorities~~
4 ~~among capital projects and related appropriations~~ **report.**

, or any other fund or revenues of the state and state agencies,

5 (c) The ~~Kansas development finance authority~~ shall annually prepare
6 ~~a debt affordability report, to~~ **shall** be presented to the board of directors
7 of the Kansas development finance authority, the president of the senate,
8 the speaker of the house of representatives and the chairperson of the
9 senate committee on ways and means and the house committee on ap-
10 propriations by December 15 of each year, for purposes of providing a
11 framework for the legislature to evaluate and establish priorities for bills
12 that propose the authorization of additional state ~~debt during the next~~
13 ~~budget year~~ **bonds and notes supported by appropriations from the**
14 **state general fund during the next budget year.**

, or any other fund or revenues of the state and state agencies,

15 (d) The report prepared under subsection (c) shall include, but not
16 be limited to:

17 (1) A listing of ~~state debt outstanding, other debt secured by state~~
18 ~~revenues and other contingent debt~~ **all bonds and notes outstanding**
19 **secured by appropriations from the state general fund and other**
20 **bonds and notes secured by other funds and revenues of the state**
21 **and state agencies.**

22 (2) ~~An estimate of revenues funds available in the state general~~
23 ~~fund for the next 10 fiscal years to pay debt service, including general~~
24 ~~revenues plus any revenues specifically pledged to pay debt service on~~
25 ~~bonds or notes supported by appropriations from the state general~~
26 ~~fund, plus any additional funds or revenues that may specifically~~
27 ~~be pledged through appropriations to pay debt service.~~

, or any other fund or revenues of the state and state agencies,

, or any other fund or revenues of the state and state agencies

28 (3) ~~An estimate of additional debt issuance for the next 10 fiscal years~~
29 ~~for the state's existing borrowing programs~~ **The provisions of a 10 year**
30 **capital improvements plan for state agencies.**

31 (4) A schedule of the annual debt service requirements, including
32 principal and interest allocation, ~~on the outstanding state debt and an~~
33 ~~estimate of the annual debt service requirements on the debt included in~~
34 ~~paragraph (d)(3) for each of the next 10 fiscal years~~ **with respect to all**
35 **bonds or notes supported by appropriations from the state general**
36 **fund.**

, or any other fund or revenues of the state and state agencies

37 (5) An overview of the state's ~~general obligation~~ credit rating.

38 (6) Identification and calculation of pertinent debt ratios, including,
39 but not limited to, debt service ~~to revenues available to pay debt service,~~
40 ~~debt to personal income and debt per capita for the state's net tax sup-~~
41 ~~ported debt~~ **on all bonds and notes for the benefit of the state and**
42 **state agencies to funds available to pay debt service, debt service**
43 **on all bonds and notes for the benefit of the state and state agencies**

1-2

1-2

1 *compared to personal income and the per capita amount of aggregate principal amount of outstanding bonds and notes for the benefit of the state and state agencies.*

2
3
4 (7) ~~The estimated debt capacity available over the next 10 fiscal years without the benchmark debt ratio of debt service to revenue exceeding 6%.~~

5
6
7 ~~—(8) A comparison of the debt ratios prepared for paragraph (d)(6), with the comparable debt ratios for the 10 most populous contiguous states.~~

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10 (e) The Kansas *department of administration and the Kansas* development finance authority shall prepare an update of the report set forth above upon completion of the revenue estimates prepared in connection with the legislative session.

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14 (f) Any entity ~~issuing debt secured by state revenues~~ *authorized or seeking authorization to issue bonds or notes secured by appropriations from the state general fund* shall provide the information necessary to prepare the debt affordability report.

, or any other fund or revenues of the state and state agencies,

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16
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18 (g) Failure to comply with this section shall not affect the validity of any ~~debt or the authorization of such debt.~~ *bonds or notes or the authorization of such bonds or notes.*

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20
21 Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

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1-3

Support for Empowered Desktop by Kan-ed

March 21, 2007

Diana Wieland
Curriculum Director, Colby Public Schools
Principal, Thomas County Academy (public charter)

I am Diana Wieland, the Director of Curriculum and Instruction for USD 315 Colby Public Schools (approximately 1000 students) and the Principal of our 5-8 grade public charter, Thomas County Academy (24 students). I have had the privilege of being the Kan-ed Northwest Kansas Region Affiliate Chair as well as currently serve on the Local Area I Workforce Investment Act Board, comprised of 62 counties. This information is provided to show strong support for the continuing the full funding of the 'Empowered Desktop by Kan-ed', a custom web portal available to all students, families, and educators in Kansas. LearningStation provides, in my opinion, the great support for and customization of the 'Empowered Desktop by Kan-ed'.

I have had the opportunity to not only share this safe, valuable tool with our district but also, sharing the resources and benefits with educators across the state. Based on my interactions with others, the two essential issues are **Affordability and Accessibility**.

Affordability is the key to **accessibility**. It is important that all Kansas students, families and educators can access the Kan-ed resources through the 'Empowered Desktop by Kan-ed' at the same level regardless of the geographical and/or demographics of where one resides in Kansas. It must be economically affordable to all. Affordability to our region means that the smallest school district and the smallest public library can gain a reasonable minimum level of content and service. The current resources include many needed resources to meet the current workforce demands and No Child Left Behind (NCLB) accountability. Bottom line; resources must be available, on-demand, to all students in Kansas.

The 'Empowered Desktop by Kan-ed' provides user-friendly, current, fast, safely delivered, information-rich content with a vast amount of 'just-in-time' learning opportunities as well as becoming a vital collaborative tool to promote public/private interaction. It is essential that all Kansas students have equal access to these online resources, databases, and collaboration mechanisms (e-meeting software) either directly, through subsidized pricing, or leveraging volume purchasing for the much-needed resources particularly for Northwest Kansans. It is imperative that we look toward the future and the quality of life that we want for all Kansans. A summary of the resources is attached to show the variety of resources that helps us differentiate instruction, surpass the NCLB targets, and better prepare for the technology-rich workforce. To highlight some of benefits:

- Supports academic achievement: A variety of teaching and learning resources enable Kansas schools to harness the Inter to advance learning to our digital-aged students.
 - Selected library databases, World Book, SIRS, Thomson-Gale, etc., provide a wealth of multilevel resources to support their learning investigations. The variety of these resources is essential to meet the end users needs.
 - LS Test Builder allows educators to create, save, and share tests aligned with standards, group students, deliver online/paper tests, as well as evaluate individual and class performance using a variety of reports. In addition, students can log in and use an automatic test generation tool for self-directed study – helping students take responsibility for their own learning.

Senate Commerce Committee

March 23, 2007

- An award-winning academic search engine, netTrekker, provides fast and easy access to more than 180,000 educator-selected online resources aligned with Kansas Standards helps reinforce skills.
 - Providing access to a teaching and learning profile system, P.E.T., helps teachers identify their teaching strengths, pinpoint their students' learning styles, and develop strategies for modifying instruction to meet students' individual learning needs.
 - Indicating the cutting-edge thinking, LearningStation has recently partnered with a Kansas based company to provide the first online-delivered personal experience curriculum, sometimes referred to as story-based or scenarios, engaging students through virtual learning with topics like cartoon animation and web game designing.
- Allows for individualization and personalization: At Colby Public Schools we provide individual logins for each student and educator so that the desktop can be used at its fullest: individual standard/content knowledge determination (LS Test Builder), teaching/learning solutions inventory (P.E.T.), web-based, virtual storage (Backpack), bookmarks, to name a few.
 - Provides for school customization and ongoing support: Each building in our district has customized their 'Empowered Desktop by Kan-ed' to meet their students' needs. LearningStation with outstanding customer service, assists schools to pull all our primary programs and resources into one online location, including access to our online data management system, online district library resources, subscription applications, and many more. This is a great time saver, and more importantly, it brings to one place, much needed resources to the user,

I often compare the development of the 'Empowered Desktop by Kan-ed' as a work-in-progress similar to building an airplane while in the air; *we are using it while creating it*. It is invigorating to witness the excitement as the participants begin to understand the potential of these rich resources and the implications for the future. I am privileged to be a part of the Kan-ed initiative to 'Re-Imagine' the way Kansans do business. 'Empowered Desktop by Kan-ed' is a great model for delivery of 21st Century Statewide Networks.

I understand that supporting funding for the 'Empowered Desktop by Kan-ed' is not easy and will take courageous leadership. But I firmly believe that if we succeed, it will pay rich dividends for our students as they continue to prepare for the workplace. With this continued funding and the dedication of the Kan-ed staff, consultants, and vast number of volunteers, this can be the catalyst for the delivery of many things for the 21st Century.

Thank you for the opportunity to share my support. I welcome any questions that you might have. (785) 460-5005 or dwieland@colbyeagles.org