

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:40 p.m. on February 3, 2004 in Room 123-S of the Capitol.

All members were present except:

Senator Anthony Hensley (excused)

Committee staff present:

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

Conferees appearing before the committee:

Dr. Sylvia Robinson, Office of the Governor
Joan Wagon, Secretary, Department of Revenue

Others attending:

See Attached List

Joint Meeting with Assessment & Taxation Committee

Chairman Umbarger welcomed members of the Assessment and Taxation Committee and also the members of Senator Allen's committee on Election and Local Government who were present.

Overview on the Governor's School Finance Plan (Education First Plan)

Dr. Sylvia Robinson gave an outline of the Governor's School Finance Plan in **SB403**, known as Education First Plan. The plan emphasizes continued and enhanced investments in early learning, K-12 and postsecondary education. **SB403** recognizes only the K-12 school finance portion of the Governor's Education First Plan. **SB403** in the next three years will, 1) increase the base state aid per pupil by \$250.00; 2) increase the at-risk weighting factor from 10% to 25%; 3) increase the bilingual weighting factor from 20% to 25%; 4) lower the threshold to receive correlation weighting from 1725 to 1700 students; 5) equalize capital outlay resolutions up to 4 mills under the state bond and interest state aid formula; 6) increase funding for optional all-day kindergarten using an incremental plan based on the percentage of students eligible for free and reduced price lunches; and 7) by July 1, 2007 require all school districts to provide a health care benefits program for all employees with districts paying the cost of a single membership for participants.

Dr. Robinson advised that **SB403** does not include the additional resources for Parents-as-Teachers, teacher mentoring, and school efficiency reviews, but additional funds are being requested for these areas and these items will be addressed as budgetary issues. The Governor has recommended a new initiative, School Efficiency Reviews, to perform business audits and encourage best business practices for school districts across the state. Resources saved as a result will go back into the classroom.

Dr. Robinson told the Committee that special education funding was not included as part of the base budget as initially proposed. Funding for special education will remain as recommended in the current K-12 service budget. They believe there are a variety of models to more adequately fund special education. This issue requires more intense review and they have requested Representative Decker and the Select Joint Committee on School Finance to investigate and hear testimony regarding alternative methods for the distribution of special education funds and make a recommendation to be included in future funding formulas.

Dr. Robinson said the priorities identified in **SB403** and the Education First Plan were greatly influenced by the work of the Education Policy Team in 2003. They recognize this is still a challenging economic time for the state, but believe that an investment in quality education continues to be the best economic investment Kansas can make. (Attachment 1)

Dr. Robinson introduced Secretary of the Department of Revenue, Joan Wagon, to outline the revenue plan needed to support this enhanced K-12 plan.

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Secretary Wagon used handouts to explain the tax portion of the Education First Plan. The first handout shows the proposed changes in tax rates and amounts to be raised. The Governor recommended a package of tax increases that total \$314.7 million dollars to fund the Education First Plan. The rate of sales tax would increase from the current 5.3% to 5.5% in FY 05; 5.6% in FY 06; and 5.7% in FY 07. This would raise a total of \$159.7 in new tax dollars.

In addition to sales taxes, Kansas would add a 5% surcharge to the individual income tax that would collect an additional \$105.0 million dollars beginning in FY 05 and forward.

The mill levy for schools would increase by one mill in FY 06 and another mill in FY 08, for a total of \$50 million from property taxes.

Secretary Wagon advises that Kansas tries to keep the three main taxes, property, income and sales tax in balance, roughly one-third each. Property tax at this time is the largest share at 31.57% and income tax being the smallest portion of the three at 21.8%. The Education First tax package will adjust taxes to even out the three taxes to approximately one-third each. In constructing the new tax package, the Governor did not want to single out any particular segment of the tax paying public, such as business, but preferred to use taxes everyone pays, because everyone benefits from education.

Secretary Wagon told the Committees that if the Legislature changes the mix of taxes, Governor Sebelius would work with the Legislature as long as the burden falls fairly. It is the Legislature's decision on how to structure the tax plan and the Department of Revenue will work with anyone exploring the options and would make information available to them. The Governor believes the size of this tax package will meet the constitutional requirement of providing a "suitable" education and the No Child Left Behind federal mandate. ([Attachment 2](#))

The floor was opened for questions. The question was asked whether the Legislature should appeal Judge Bullock's ruling or should the Legislature approve a plan, whether it be the Governor's plan or another plan, when both the plaintiff and defense attorneys say the Governor's plan does not meet the judge's ruling. Secretary Wagon & Dr. Robinson believe the Governor's plan does address the Judge's opinion. It was added in discussion that it was believed that Judge Bullock would not require this to be done in one year; that he would work with the Governor's proposal, that the Judge was not tied to one billion dollars in one year; and that there would be some flexibility.

It was asked if the Governor's proposed tax increase was encompassed in **SB403** and it was answered that it was. It was asked if the Governor was concerned with having two subjects in one bill and violating the constitution. The answer was that it has been done before and the subject is all education. Secretary Wagon said the question should be directed to the Revisor's office. The bill includes a property tax increase of 1 mill in 2006 and 1 mill in 2008, over a period 4 years when the Constitution limits a property tax levy to a 2 year period of time. Secretary Wagon said the Governor felt it was important to lay out a three year plan and she realized it would have to be re-enacted.

After question & discussion about where the definition for "suitable" education originated, it was determined that the Legislature defined "suitable" education for purposes of the Augenblick & Myers Study. They did not define "suitable" education for purposes of the K-12 education system in Kansas. The Legislative Education Planning Committee then recommended some embellishment of the definition in terms of school counselors, librarians, nurses, etc. The Legislative Coordination Council approved that total definition and that is what A&M used for their study.

The Revisor's office provided a handout of the section of the Kansas Constitution containing the definition of what a suitable education is and the provision for financing education in Kansas. ([Attachment 3](#))

Chairman Umbarger thanked Dr. Robinson and Secretary Wagon for their presentation and the Assessment & Taxation Committee and the Election and Local Government for joining in the meeting.

Adjourned at 2:30 p.m. The next meeting is scheduled for February 4, 2004.

CONTINUATION SHEET

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