

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Thursday, January 22, 2015, 112-N of the Capitol.

All members were present except:

Representative Mark Hutton – Excused
Representative Gail Finney – Excused
Representative Sydney Carlin – Excused
Representative Barbara Ballard – Excused

Committee staff present:

J.G. Scott, Legislative Research Department
Andy Chiamopoulos, Legislative Research Department
Nobuko Folmsbee, Office of Revisor of Statutes
Kathy Holscher, Kansas Legislative Committee Assistant
Jill Wolters, Office of Revisor of Statutes

Conferees appearing before the Committee:

No conferees present

Others in attendance:

[See Attached List](#)

Opening Remarks

Chairman Ryckman introduced Representative Schwartz as the committee's new Vice Chair and new committee member Representative Charles Macheers. He stated that testimony on **HB 2038**, that was presented yesterday by Shannon Cotsoradis, Kansas Action for Children, has been distributed to committee members ([Attachment 1](#)) .

Introduction of Proposed Legislation

Representative Lunn made a motion to introduce proposed legislation regarding a conceptual bill for accruing vacation and sick leave as applies to the Kansas Public Employees Retirement Systems (KPERS).

It was noted that there was no rs number for this bill introduction, so it will be introduced next week.

Briefing on: K-12 Budget

Sharon Wenger, Legislative Research Department, provided the history of the School District Finance and Quality Performance Act and Bond and Interest State Aid Program ([Attachment 2](#)) . She stated that 50 percent of the weighting is for At-Risk Pupils. Those are participants in the free lunch program or direct certified by the U.S. Department of Agriculture. A review of the funding formula followed. Ms. Wenger referred to the Amendments to the 1992 School District Finance and Quality Performance Act and the 1992 School District Capital Improvement State Aid Program ([Attachment 3](#)) . She stated that during FY 2014, the legislature changed law defining At-Risk. She also discussed the history of

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Uniform General Fund Mill Rate changed to 20 mills from what was at one time 32 mills. She provided an explanation of the Total Kansas USD Funding chart ([Attachment 4](#)), and the chart on the Various Components of Local School Districts' Budgets ([Attachment 5](#)). An explanation for calculating the Local Option Budget (LOB) for state aid followed. The formula is based on an 81.2 percentile to equalize state aid, which is based on the prior year's assessed valuation per pupil per each of the 286 school districts. The formula for determining Capitol Outlay is based on the assessed valuation per pupil to determine the median, and from that point it would go up or down in \$1,000 increments, with the identified percentage multiplies by the mill levy to determine Capitol Outlay State Aid. Bond and interest would be calculated using the same formula. Ms. Wenger reviewed budget adjustments from last year, as was included in the memo from the Division of Fiscal and Administrative Services ([Attachment 6](#)). Legislation included fully fund the LOB and Capital Outlay state aid for a total of \$103.8 million. A reduction in At-risk weighting for part-time students and the elimination of nonproficient At-Risk and Virtual Weighting for the LOB was implemented. Additional funding for classroom state aid, Supplemental General State Aid and Capital Outlay State Aid reflected a total budget adjustment of \$126.2 million. An overview of the K-12 State Aid Summary from the Fall 2014 Education Consensus was provided ([Attachment 7](#)). The General State Aid reflects property tax valuation increases and maintaining BSAPP at \$3,852. The LOB based on the 81.2 percentile increased from \$109,275 to \$116,700 assessed valuation per pupil. Fifteen school districts passed a total of \$540 million in bonds. The revised KPERS school salaries was more than estimated. A copy of the 2014-15 School Year cash balance by districts was reviewed by Ms. Wenger ([Attachment 8](#)). This chart reflects school districts that have the Fund Flexibility Law, which allows for a \$250 or 1/3 of the funds to be transferred to the SGF.

Sharon Wenger responded to questions from committee members. As requested, additional information will be provided to committee members regarding fund balances per school district, the percentage of the total fund balance, and general fund balance for FY 2014. Also requested was additional information on the oversight of the State Board of Education as related to At-Risk determination for weighting, and increased costs related for caseloads. She reviewed the school board's procedure for setting the mill levy, and she stated that information will be forthcoming regarding districts that have lowered their mill levy. Other information requested by committee members included: identify districts that are a part of the pending law suit, changes in At-Risk student status, information regarding actual and FTE positions for the districts with the Flexibility Law, audit standards, and the federal poverty guidelines. Discussion followed regarding Capital Outlay. She stated that information on audit standards will be provided. The formula for reimbursement of virtual school students was reviewed. Concern was expressed regarding advertising fees to increase enrollment for virtual schools and the provision for free lunches. She stated that additional information will be provided regarding the amount of supplemental state aid that actually went in to the classrooms. It was noted that the new facilities weighting would end this year, as set by legislation. A review of determining At-Risk students followed, which was a policy determination based on free lunch and U.S. Department of Agriculture certification.

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Briefing by staff on:

Tamera Lawrence, Office of the Revisor of Statutes, presented an overview of the Memorandum Opinion of the District Court in *Gannon v. State* ([Attachment 9](#)). The summary of the finding and conclusions by the three-judge panel were as follows: legislation for K-12, through structure and implementation, it is not presently reasonably calculated for all students to meet or exceed the *Rose factors*. The Panel issued only a declaratory judgment on the adequacy of school finance and did not issue orders with respect to either party. Areas were identified that supported the Panel's conclusion that the current levels of funding of the public school system are constitutionally inadequate. Suggestions were provided by the Panel as to how the current school formula may be brought in to compliance with constitutional requirements.

Discussion followed by committee members.

Chairman Ryckman reviewed the agenda for the next committee meeting.

Meeting adjourned: 10:20 a.m.