

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairperson Ron Ryckman at 9:00 am on Tuesday, March 15, 2016, 112-N of the Capitol.

All members were present

Committee staff present:

Kathy Holscher, Kansas Legislative Committee Assistant
David Fye, Legislative Research Department
Jennifer Ouellette, Legislative Research Department
Jill Wolters, Office of Revisor of Statutes
Daniel Yoza, Office of Revisor of Statutes
J.G. Scott, Legislative Research Department
Melinda Gaul, Administrative Assistant

Conferees appearing before the Committee:

Mark Tallman, Kansas Association of School Boards
Dave Trabert, Kansas Policy Institute
Dodie Wellshear, Blue Valley School District
Dr. Hinson, Shawnee Mission School District

Others in attendance:

[See Attached List](#)

Opening Remarks

Chairman Ryckman called the meeting to order.

Bill introductions

Representative Proehl made a motion to introduce legislation regarding motor carrier inspections probably cause for spot checks. Representative Claeys seconded the motion. Motion carried.

Hearing on: SB59 — Clarifying district magistrate judge jurisdiction.

Chairman Ryckman opened the hearing on **SB 59**.

Daniel Yoza, Office of the Revisor of Statutes provided a briefing on the bill. He stated that the bill relates to clarifying district magistrate judge jurisdiction.

In response to a question from a committee member, it was noted that the contents of the bill was passed in the Senate and signed by the Governor last May in **HB 2111**.

Chairman Ryckman closed the hearing on the bill.

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MINUTES of the Committee on Appropriations at 9:00 am on Tuesday, March 15, 2016 in Room 112-N of the Capitol.

Hearing on: HB2731 — Amendments to CLASS act regarding local option budget and capital outlay equalization.

Chairman Ryckman opened the hearing on **HB 2731**.

He stated that this bill is in response to the Supreme Court's recent ruling, which reestablishes the old school formula and addresses compliance issues.

Jason Long, Office of the Revisor of Statutes, provided a briefing on **HB 2731**, which includes amendments to CLASS Act regarding local option budget and capital outlay equalization ([Attachment 1](#)). Under current law, a portion of the block grants that school districts receive is equal to the supplemental general state aid received for the 2014-2015 school year. The supplemental general state aid provides equalization assistance for school districts that levy a local option budget. The amendments to the bill are listed as follows: reestablishes the formula for determining supplemental general state aid, prior to the appeal; reestablishes the formula for determining capital outlay state aid; adjusts the calculation of the block grant amount for each school district; CLASS Act clarification regarding block grant paid for the 2014-2016 school year for supplemental general state aid for deposit in the supplemental general state aid fund of the school district; ancillary school facilities property tax levy; amends the statute regarding capital outlay tax levy duration; and amends payment of Kansas Public Employee Retirement System (KPERs) employer obligations for school districts. A review of the funding formula for supplemental general state aid and capital outlay state aid followed.

Jason Long responded to questions from committee members. He stated that the bill addresses the local option budget and capital outlay equalization. There were no adjustments in the bill to state aid for enrollment or weighting purposes, it was noted. Chairman Ryckman stated that the cost to the state is approximately \$40 million in additional funding for capital outlay state aid and supplemental general state. The extraordinary needs funds would lapse back to the SGF, for re-appropriation of approximately \$20 million to \$23 million. The Senate version of the bill is same as **HB 2731** in regards to equalization, but **HB 2731** does not take funds from SGF, the funding comes from every school district for redistribution to address equalization.

Eddie Penner, Legislative Research Department, reviewed spreadsheets regarding block grant equalization and capital outlay equalization ([Attachment 2](#)). The data reflects the impact on school districts if the old formula was reinstated. The data, by school district, provided the following information rankings according to the assessed valuation per pupil (AVPP); the AVPP equalization formula for the next school year; AVPP trends; per pupil rankings based on the block grant formula; local option budget (LOB) state aid under the block grant; capital outlay state aid under the block grant; estimated LOB and capital outlay state aid in **HB 2731**; and any differences between the two.

As requested, additional information was distributed regarding the impact of state aid changes on local

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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property rates and per pupil revenues ([Attachment 3](#)) .

Chairman Ryckman reviewed the courts ruling regarding the 81.2 percentile calculation. He stated that school districts must have reasonable equal access to substantially similar educational opportunities through similar tax efforts. Using the old formula should satisfy the court's ruling and keep the schools open, he added.

Mark Tallman, Kansas Association of School Boards, presented testimony in neutral position of the bill ([Attachment 4](#)).

Dave Trabert, Kansas Policy Institute presented testimony in neutral position of the bill ([Attachment 5](#)) .

Dodie Wellshear, Blue Valley School District, presented testimony in neutral position of the bill ([Attachment 6](#)).

Dr. Hinson, Shawnee Mission School District, presented testimony in neutral position of the bill ([Attachment 7](#)).

Discussion followed by committee members and conferees responded to questions from committee members. The bill offers a short-term fix for equity, Mr. Hinson stated. However, the need for in-depth discussion to address a long-term solution, in relation to equity and adequacy. These components should be contained in a new school finance formula, he added. The hold harmless terminology, if put in place, would shift the tax burden from one community to another and may help with the long-term solution addressing equity and adequacy. Dodie Wellshear responded to questions from committee members, and she stated that the bill offers a temporary solution to the issue of equity. Mr. Tallman stated that the equity definition identifies the cost to educate and the ability to raise the amount. For the districts below the 81.2 percentile, they should be able to raise the same proportionate amount. Therefore, if the districts are at the same spending power, then the tax burden should be as equal as possible, as interpreted by the courts ruling, he noted. The Block Grant froze district spending authority, but did not freeze revenue sources, which is why some districts raised or lowered their mill levy, he added. Discussion followed regarding the Board of Education's authority to address the variation in local wealth that could be taxed.

Meeting adjourned at: 10:55 a.m.