

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Ty Masterson at 10:30 am on Thursday, March 17, 2016, 548-S of the Capitol.

All members were present

Committee staff present:

Jill Wolters, Office of Revisor of Statutes
Scott Abbott, Office of Revisor of Statutes
David Wiese, Office of Revisor of Statutes
J.G. Scott, Legislative Research Department
Shirley Morrow, Legislative Research Department
Dezeree Hodish, Legislative Research Department
David Fye, Legislative Research Department
Dylan Dear, Legislative Research Department
Edward Penner, Legislative Research Department
Steven Wu, Legislative Research Department
Amy Deckard, Legislative Research Department
David Fye, Legislative Research Department

Conferees appearing before the Committee:

No conferees present

Others in attendance:

[See Attached List](#)

Point of personal privilege:

Senator Arpke introduced his intern, Claire Bransteader, from the University of Kansas.

Senator Kelly introduced a page from her district who is a senior at Seaman High School, Cassidy Harden.

Senator Tyson introduced her pages from her district #12, Rayna Schmidt and Joe Cool from Glasco High School in Glasco, Kansas.

Hearing on: SB509 — Establishing a budget stabilization fund in the state treasury; revenue and expenditures; review of risk-based practices by the legislative budget committee.

The Chairperson opened the hearing on **SB509**.

The Chairperson asked Jill Wolters, First Assistant Revisor, Office of Revisor of Statutes, to brief the committee concerning **SB509**. Ms. Wolters advised the committee that this bill establishes a budget

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stabilization fund in the state treasury as of July 1, 2017. No money in the fund can be expended unless the expenditure has been approved by an appropriation or other act of the Legislature, or has been approved by the State Finance Council. She further explained, this bill stems from the Alvarez and Marsal efficiency study per Recommendation BP.01 ([Attachment 1](#)).

Senator Kelly commented that establishing a rainy day fund will take some time and needs to be discussed over the summer. She said **SB509** just authorizes a study for creating this fund, and if the fund is created, it wouldn't become effective until July 1, 2017. She also said she thought an amendment would be prudent because she questioned whether the Legislative Coordinating Council would grant enough days that would be necessary to properly work on the issues of creating the fund. She said it will take some time to properly cover all parameters of creating the fund.

No proponents appeared before the committee.

Opponents:

No opponents for **SB509** appeared before the committee.

Neutral:

No neutral conferee appeared before the committee.

Written neutral:

Annie McKay, Executive Director, Kansas Center for Economic Growth ([Attachment 2](#)).

Senator Francisco called the committee's attention to the written testimony from Annie McKay, and said she agrees the State needs to meet the State's requirement for the statutory ending balance before a rainy day fund is established.

When all of the questions from the committee were answered, the Chairperson closed the hearing on **SB509**.

Final action on: SB512 — Court ordered redistribution of district funds act.

Chairperson Masterson turned the committee's attention to **SB512**. He asked for discussion, questions or a motion for passage.

*Senator Arpke made a motion to open discussion and to pass out of committee **SB512**. Senator Powell seconded the motion.*

Senator Arpke said he thinks this is an opportunity to comply with the court order that was handed down in February, 2016 which issued a short deadline of June 30, 2016 to resolve this inequitable distribution of school district funding.

Senator Francisco stated her concern with the bill as it is written, because she said, all school districts

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would be required to contribute money to the fund. She said, in some cases, it would be taking money from a school that would use it to pay expenses and giving it to another district to lower their county taxes. She asked which school districts were being asked to pay into the fund and which districts have cash balances.

Chairperson Masterson responded that there are no school districts paying into the fund. He added that this is an attempt to do what the court says the Legislature must do, i.e., redistribution of the money in the way the court has ruled, not what the Legislature says should be done.

Senator Denning said he would not support **SB512** explaining that he doesn't like the court ruling that cites an "approved" formula which simply pulls a ruler up to an arbitrary 81.2% on a sorted Excel Worksheet stopping just below Johnson County. He said with this bill, the schools in Johnson County would get no equalization funding and lose \$5 to \$7 million while a school district in Wichita chooses to offer a very high- end healthcare benefits package supported by dollars taken from Johnson County and a few other districts that don't have a high-end healthcare benefit.

Chairperson Masterson told Senator Denning he understood his logic, but this bill does not address the legislature's logic, it simply tries to address the logic of the court.

Senator Francisco said since the discussion is centered on what funding the school districts receive, she asked if there was any further discussion about changing the spend down or use of ending cash balances.

Chairperson Masterson said ending balances are not included in this bill.

Senator Arpke corrected his earlier motion to pass out favorably **SB512** to pass out favorably as amended (in reference to the technical amendment previously approved). Senator Powell seconded the motion.

Senator Fitzgerald stated his belief that this bill will, in fact, put us in compliance with the court order.

Chairman Masterson said this was an attempt to accomplish what the court ordered. He said he did not know if this would satisfy the court. Jill Wolters, Office of the Revisor, said it would not be prudent to offer an opinion on the court's response to this bill. The Chairperson said we will not know if this bill will make us compliant until we pass it, and the court reviews it.

The Chairman recalled the motion, a voice vote was taken and **SB512** passed out of committee as amended.

Senators Kelly, Francisco and Kerschen voted no and asked to have their nay votes as a permanent record to the Senate Ways and Means minutes dated March 17, 2016.

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The next Ways and Means Committee meeting is scheduled for Monday, March 21, 2016, at 1:00 p.m., in Room 548-S at the Capitol.

Chairperson Masterson adjourned the meeting at 11:00 a.m.

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