

MINUTES OF THE SENATE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairperson Dwayne Umbarger at 1:35 p.m. on February 5, 2002 in Room 123-S of the Capitol.

All members were present except: Senator Hensley (excused)

Committee staff present: Ben Barrett, Legislative Research
Carolyn Rampey, Legislative Research
Theresa Kiernan, Revisor of Statutes
Dale Dennis, Deputy Commissioner of Education
Judy Steinlicht, Secretary

Conferees appearing before the committee: Tom Trigg, Blue Valley School District
Mark Tallman, KASB
Craig Grant, KNEA
Peggy Hanna, State Treasurer's Office
Doug Lockwood, American Century

Others attending: See Attached

List

Bill Introduction

Senator Vratil made a motion to introduce a bill regarding special education. Under current law when a school district proposes to take any special education action, such as evaluating a student, re-evaluating a student or changing the placement for services for that student, it requires parental consent. Sometimes problems develop when parents do not respond and do not provide consent. The bill would provide notice to parents that they have 60 days to give consent. If they do not give consent or request a due process hearing, their consent would be presumed on the 61st day. Motion was seconded by Senator Teichman. Motion carried.

Senator Vratil made a motion to introduce a bill to authorize a vanity license plate for the Autism Society of Johnson County Kansas with the proceeds of the sale of that plate to go to the Autism Society. Seconded by Senator Schodorf. Motion carried.

Hearing on SB442–Tax levy for employees contributions benefits fund _____

Tom Trigg, Blue Valley School District spoke in support of **SB442**. Mr. Trigg believes that school districts need the same benefits that cities and other municipalities have to establish an employee benefit fund from which to pay the employer's share of employee benefits. Blue Valley School District feels that if the same option was available to school districts, substantial benefits would be realized. Under **SB442**, school districts would be able to shift employee benefit costs to a separate fund, levy a tax to support the fund, and utilize a greater percentage of the general fund to provide a quality education for students. (Attachment 1)

Mark Tallman testified in opposition of **SB442**. KASB supports the intent of the bill, but they do not support the way the bill would operate. The bill would give school districts the same authority as other taxing subdivisions to adopt a property tax levy to finance employee benefits, such as health insurance, but there would be no state assistance. KASB believes that authority must be equalized so that all districts can exercise the same degree of discretion with the same local effort. KASB supports the State Board of Education's proposal for health insurance. Under that proposal, the state would phase in funding of 50 percent of the cost of single health insurance coverage over a three-year period. (Attachment 2)

Craig Grant, KNEA, would oppose **SB442** as it is written because of their long-standing policy against school finance changes that would further disequalizing the formula. KNEA acknowledges that health insurance is the number one concern of their members and if there were any one reason for going against their policy, this would be the reason. (Attachment 3)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION at on February 5, 2002 in Room 123-S of the Capitol.

Senator Oleen stated that during the interim LEPC meetings, testimony was heard about escalating costs of health care. The Committee asked the Health Care Commission to give the Committee ideas and plans whereby more educators might be able to access the current system. The Health Care Commission did respond with several plans and the information was given to the Committee in written form. Senator Oleen asked if the Health Care Commission might come before the Committee to present their ideas and plans. Chairman Umbarger agreed to contact them.

SB403--Postsecondary education savings program, elimination of two-year waiting period for withdrawal, elimination of the state penalty on nonqualified withdrawal and exemption from creditors

Peggy Hanna, State Treasurer's office gave some history of the Learning Quest Education Savings Program which was created so that parents could save for their children's education. Kansas account owners can deduct up to \$2000 (\$4000 married filing jointly) from the account owner's adjusted gross income. Withdrawals are free from state and federal income taxes when used for qualified educational expenses.

Three of the changes recommended today are technical changes to ensure compliance with the Internal Revenue Code, Section 529 as amended by the 2001 Tax Act. Other changes are requests to better meet the needs of Kansas citizens participating in the program. The six basic changes requested are: protection from creditors, expansion of who can make deposits to accounts, change in requirement regarding withdrawals, elimination of 10% state penalty, allow account owner to direct investments and elimination of two year waiting period. These changes are explained in the attachment. (Attachment 4)

Doug Lockwood, American Century Investments, addressed the Committee on **SB403**. American Century was selected by the State Treasurer to serve as program manager for the Kansas Postsecondary Education Savings Program. American Century worked with the State Treasurer's office on the legislative proposals and supports their prompt passage. They believe the changes will improve an already excellent Kansas law and help to continue the program as one of the finest state-sponsored education savings programs in the nation. Mr. Lockwood further explained the changes and enhancements to the program. (Attachment 5)

The program and the proposed changes were discussed at length by the Committee and questions were answered by Peggy Hanna, Doug Lockwood and State Treasurer Tim Shallenburger. Time ran out and testimony will be continued tomorrow.

Senator Emler made a motion to approve the minutes for January 22, January 24 and January 28, 2002. Seconded by Senator Vratil. Motion carried.

Meeting adjourned 2:30 p.m.