

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:05 a.m. on February 3, 2009, in Room 143-N of the Capitol.

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All members were present except:

Representative Kasha Kelley - excused
Representative Peggy Mast - excused

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes
Jason Long, Office of the Revisor of Statutes
Audrey Dunkel, Kansas Legislative Research Department
JG Scott, Kansas Legislative Research Department
Kelly Cure, Chief of Staff
Kathy Holscher, Committee Assistant

Conferees appearing before the committee:

Mark Tallman, Kansas Association of School Boards, Neutral
Robert Vancrum, Blue Valley School District, Proponent
Cheryl Semmel, United School Administrators, Proponent
Diane Gjerstad, Wichita Public Schools, Neutral
Bill Reardon, Kansas City, Kansas School District, Neutral

Others attending:

See attached list.

- Attachment 1 2009 House Budget Committees
- Attachment 2 Overview of 2009 **HB - 2095**
- Attachment 3 Kansas Association of School Boards Testimony
- Attachment 4 Blue Valley USD 229 Testimony
- Attachment 5 United School Administrators of Kansas Testimony
- Attachment 6 Wichita Public Schools Testimony
- Attachment 7 Kansas National Education Association Testimony
- Attachment 8 Schools for Fair Funding Testimony

Introduction of Legislation

Representative Burroughs moved to introduce legislation regarding 1) Worker's Compensation and Bi-lateral Injury Bill; 2) Worker's Compensation Bill; 3) Minimum Wage Bill and 4) Prevailing Wage Bill. The motion was seconded by Representative Gatewood. Motion carried.

Representative Faber moved to introduce legislation regarding the Department of Wildlife and Parks Program which feeds the hungry. The motion was seconded by Representative Whitham. Motion carried.

Representative McLeland moved to introduce legislation regarding 1) Kansas Uniform Financial and Accounting Report Act and 2) Capital improvement match. The motion was seconded by Whitham. Motion carried.

Representative Holmes moved to introduce legislation regarding Groundwater Management District. The motion was seconded by Representative Craft. Motion carried.

CONTINUATION SHEET

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Chairman Yoder moved to introduce legislation regarding moving up the release date of the Governor's budget recommendations. The motion was seconded by Representative Whitham. Motion carried.

Chairman Yoder moved to introduce legislation regarding a cap amount on the state's bond indebtedness. The motion was seconded by Representative Whitham. Motion carried.

Chairman Yoder moved to introduce legislation regarding the establishment of a budget stabilization fund. The motion was seconded by Representative Whitham. Motion carried.

Chairman Yoder moved to introduce legislation regarding establishing the position of State Auditor. The motion was seconded by Representative Donohoe. Motion carried.

Chairman Yoder referred to the FY 2009 House Budget Committee (Attachment 1) handout. The FY 2010 budget report process will begin in Committee next Wednesday, February 11, 2009.

Committee at 9:005a.m. on February 3, 2009, in Room 143-N of the Capitol.

HB 2095 - School finance; capital outlay; cash-basis law, exemption; LOB authority.

Theresa Kiernan, Senior Assistant Revisor, Office of Revisor of Statutes, presented an overview of the FY 2009 **HB - 2095** (Attachment 2), Capital outlay funds, no-fund warrants, local option budget and provisions in the cash-basis law were reviewed. The similarities and possible amendments for **HB 2905** were compared with **SB 21**, **SB 22**, **SB 73** and **SB 74**.

Conferees Testimony

Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards, presented testimony regarding **HB - 2095** (Attachment 3). Suggestions for budget reductions included raising the statewide mill levy by four mills, which would raise approximately \$116 million to off-set school funding reductions for FY 2010, and other tax policy choices could be considered.

Mark Tallman responded to questions from Committee members regarding contingency funds, expanding capital outlay and the equalization of funds and no-fund warrants.

Robert Vancrum, Government Affairs Specialist, Blue Valley USD #229 (Attachment 4), discussed the special capital outlay fund and the two year limit for raising the mill levy. The recommendation was made to extend the time frame to five years. Clarification of the constitutionality of equalization was provided. An amendment to leave the \$4433 base in place for the purpose of calculating the LOB and deleting the specific years until the BSAAP is set at \$4333 or above was recommended. It was noted that this bill does not address the LOB cuts for FY 2009.

Cheryl Semmel, Executive Director, United School Administrators of Kansas (Attachment 5), discussed no-fund warrants and the negative impact on credit ratings for districts, local government and the state. The economic uncertainty and a sound plan for repayment was expressed. The authorization for districts to adopt a LOB based on BSAPP of \$4433 would allow districts to preserve funds raised and raise the same of amount of money at the current percentage rate and maintain programs. The equalization of the special capital outlay was expressed so that each district shares the burden equitably.

Cheryl Semmel responded to questions from Committee members in regards to extending contract notification dates, the impact of budget issues for non-contractual employees and student programs.

Diane Gjerstad, Wichita Public Schools (Attachment 6), provided a comparison of the impact of a new mill levy within six school districts. No-fund warrants the impact of insurance costs and increases for taxpayers

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was discussed. Support of the LOB based on a \$4433 base per pupil and increasing the capital outlay cap from 8 to 10 mills was expressed.

Bill Reardon, Kansas City, Kansas School District, expressed opposition of a 2 mill increase if unequalized, and broadening of the intent of the capital outlay fund to include insurance and utilities.

Written testimony will be submitted tomorrow.

Bill Reardon responded to questions from Committee members in regards to equalization between school districts, the impact of budget cuts, legal concerns, taxpayer equity and school finance formula based on suitable and equitable distribution.

Written testimony from Kansas National Education Association ([Attachment 7](#)), and Schools for Fair Funding ([Attachment 8](#)).

- Additional Information Requested

- Comparison of the State cost for equalization in Section 1, and district formula for the capital outlay fund

The meeting was adjourned at 10:30 a.m. The next meeting of the Committee will be at 9:00 a.m. on February 11, 2009.

Kevin Yoder, Chairman