

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:30 p.m. on March 16, 2011, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Sharon Wenger, Kansas Legislative Research Department
Laura Younker, Kansas Legislative Research Department
Jason Long, Office of the Revisor of Statutes
Dale Dennis, Deputy Commissioner, Kansas Department of Education
Dorothy Gerhardt, Committee Assistant

Conferees appearing before the Committee:

Gary George, USD #233
Stuart J. Little, Shawnee Mission School District
Mark Tallman, KASB
Diane Gjerstad, USD #259
Scott Frank, Legislative Post Audit
Bill Reardon, USD #500

Others attending:

See attached list.

The meeting was opened with Dale Dennis, Deputy Commissioner, Kansas Department of Education, providing the information requested in the meeting held March 15, 2011, regarding out-of-state students attending school in Kansas (Attachment 1). The number of students from out-of-state attending schools in Kansas include the following:

Nebraska	37
Missouri	442
Colorado	25
Oklahoma	220

Mr. Dennis reported that none of the bordering states collect data on the number of Kansas students attending school in their respective states.

Hearing on **SB 228 - Continuation of statewide tax levy for public schools**

Jason Long, Office of the Revisor of Statutes, provided a summary of the provisions of **SB 228**. Under current law, all school districts must levy a general fund tax of 20 mills on the district's assessed valuation. In the application of the uniform property tax levy, \$20,000 of the appraised valuation of residential property is excluded. **SB 228** reauthorizes the school district property tax mill levy for the 2011-2012 and 2012-2013 school years. The bill also extends the deadline for repeal of the \$20,000 residential property tax exemption to the end of tax year 2012.

The Governor's budget recommendations for the Department of Education assume continuation of both the uniform 20-mill property tax levy and \$20,000 residential property tax exemption for school finance purposes. If the law is not extended, local effort for support of school districts would decrease statewide by an estimated \$562.0 million in FY 2012, requiring additional State General Fund monies to make up the difference.

Following a brief committee discussion, the hearing on **SB 228** was closed.

Hearing on **HB 2015 - School districts; removing the expiration provision in K.S.A. 72-6433d**

Jason Long, Office of the Revisor of Statutes, provided a summary of the provisions of **HB 2015**. **HB 2015** would extend the sunset date to June 30, 2014, for the current method of calculating the local option budget of a school district. Under current law, when the base state aid per pupil (BSAPP) is \$4,433 or less, a school board may calculate the local option budget based on a BSAPP of \$4,433, or an amount that

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does not exceed an amount of 30.0 percent of its general fund budget, whichever is greater; plus the amount received in special education state aid in school year 2008-09, or the current appropriation, whichever is higher. The bill was recommended by the Legislative Educational Planning Committee.

The House Education Committee amended the bill by adding the June 30, 2014, sunset date. The Division of the Budget fiscal note stated that if the current method of calculating the local option budget is allowed to expire on June 30, 2012, the Kansas Department of Education estimated that the local option budget state aid would be reduced by approximately \$42.5 million in FY 2013, as school districts would no longer be able to use a BSAPP of \$4,433 for its local option budget calculation. The fiscal note continues by stating that state aid would not change from amounts included in *The FY 2012 Governor's Budget Report*, for FY 2011 and FY 2012 as the Governor's recommendation for local option budget state aid is based on current law.

Dr. Gary George, Assistant Superintendent of Schools, Olathe, presented testimony in support of **HB 2015** (Attachment 2). Dr. George stated that if this law is allowed to sunset, most districts will incur a significant loss of revenue after many years of budget challenges. With state funding levels for education in question for some years, it is imperative that districts be allowed to maintain the LOB provision beyond June, 2012.

Also appearing as a proponent of the legislation was Stuart Little, Shawnee Mission School District (Attachment 3). He stated that **HB 2015** is one measure that can help their school district manage the current budget crisis.

Mark Tallman, Associate Executive Director for Advocacy, Kansas Association of School Boards, also appeared to provide testimony on **HB 2015** (Attachment 4). He stated the KASB was appearing as a proponent of the bill; however, they would prefer the original version of the bill which removed the sunset entirely.

Diane Gjerstad, USD #259, Wichita also provided testimony in support of **HB 2015** (Attachment 5); however, with the removal of the sunset provision.

There being no further testimony, the hearing on **HB 2015** was closed.

Committee discussion regarding the provisions of the bill, particularly the sunset provision followed.

It was moved by Senator Umbarger to remove the House Education Committee amendment which added the sunset clause. The motion was seconded by Senator Vratil. Motion carried by a vote of 9 yeas and 2 opposed.

It was moved by Senator Vratil, seconded by Senator Umbarger, that the committee recommend **HB 2015**, as amended, favorable for passage. Motion carried on a voice vote.

It was moved by Senator Teichman that the committee gut the contents of **HB 2251**, insert the contents of **SB 228** and recommend this **Substitute for HB 2251** favorable for passage. Motion seconded by Senator Vratil. Motion carried on a voice vote.

Hearing on **HB 2017 - School districts; calculating adjusted enrollment if determined that pupils are ineligible for free meals**

Jason Long, Office of the Revisor of Statutes, provided a summary of the provisions of **HB 2017**. **HB 2017** would make changes to the school finance formula related to at-risk students. If a student submits an application for free meals under the National School Lunch Act, and it is later determined that the student should not have been eligible, the school district or the Department of Education would notify the State Board of Education. After the notification, the Board would recompute the general fund budget of the school district based upon the adjusted enrollment, excluding the at-risk student. The amount of state aid to the affected district would be adjusted accordingly.

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In addition, if a student became ineligible to receive free meals under the National School Lunch Act for failure to submit, in a timely manner, documentation necessary for verification of eligibility, the district would have until January 14 of the school year to submit the student's required documentation and avoid exclusion from the district's at-risk student count. The bill would not become effective until school year 2012 – 2013. This bill was recommended by the 2010 Special Committee on Education.

Scott Frank, Legislative Post Auditor, appeared before the committee with testimony relative to **HB 2017 (Attachment 6)**. He stated the bill addresses an issue identified in a November, 2006 performance audit looking at the use of free-lunch counts as a basis for distributing at-risk funds to school districts.

Bill Reardon, USD #500, Kansas City, Kansas, appeared before the committee in opposition to **HB 2017 (Attachment 7)**. He stated this legislation requires a district to retroactively pay back all at-risk funding for students for the entire year. In most cases, the district has already provided at-risk services for these students during the first semester.

Diane Gjerstad, USD #259, Wichita also provided testimony relative to **HB 2017 (Attachment 8)**. In opposition to the proposed legislation she stated the bill would eliminate at-risk funding for the entire year when an audited application is found ineligible under the School Nutrition Program. She also stated the bill and the subsequent audit ignore the fact that student families are coming in and out of free lunch eligibility every day. Under this bill when a student's family is found ineligible in January, at-risk funding is taken away from the district for the entire year, even though the teachers and staff were hired in August. **HB 2017** also takes away funding but offers no mechanism for students whose parents have been laid-off and become eligible to be counted.

There being no further testimony, the hearing on **HB 2017** was closed.

The next meeting is scheduled for March 17, 2011.

The meeting was adjourned at 2:30 p.m.