

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:38 p.m. on March 15, 2004 in Room 123-S of the Capitol.

All members were present:

Committee staff present:

Carolyn Rampey, Legislative Research
Kathie Sparks, Legislative Research
Debra Hollon, Legislative Research
Theresa Kiernan, Office of the Revisor of Statutes
Judy Steinlicht, Committee Secretary

Conferees appearing before the committee:

Senator Anthony Hensley
Joan Wagnon, Secretary of Revenue
Mark Desetti, Kansas National Education Association
Mark Tallman, Kansas Association of School Boards

Others attending:

See Attached List

SB550—Schools and school districts; school finance, tax revenues

Senator Hensley reminded the committee of the Governor's State of the State message with reference to the ending balance of \$113 million which the Governor proposed for FY2005. In FY1998 the ending balance was \$756 million and in FY2002 it was \$12 million. The reasons for the dramatic decrease were many, including the downturn of the economy, 911, and decisions of legislature to cut business taxes. A legislative research report showed that between FY1995 and FY2003, the legislature enacted 54 separate tax cuts for businesses in Kansas. The total cumulative reduction in taxes was a total of \$4.8 billion dollars. Senator Hensley will provide this information to the committee so that they can understand why Kansas is in this situation.

The Governor also presented a plan to keep our commitment to the 1999 comprehensive highway plan; and to reorganize and increase funding for the higher education system. The Governor recommended an economic revitalization plan for Kansas to focus on creation and retention of jobs. The Governor made it clear that no economic revitalization plan could be complete without the improvement of the quality of Kansas public schools.

Senator Hensley said that **SB550** would provide the revenue and expenditures to implement the first year of the Governor's Education First Plan. Senator Hensley provided a handout showing the school finance enhancements contained in **SB550**. The second page shows the tax increases recommended over a 3 year period under **SB403** (Governor's First Plan) and the tax increases recommended in **SB550**. (Attachment 1)

Senator Hensley asked Joan Wagnon, Secretary of Revenue, to explain the impact of the income tax surcharge. Secretary Wagnon explained a handout which provides an estimate of the amount of federal income tax savings for those with incomes ranging from \$15,000 and \$750,000 and then the estimated amount the 5% surcharge would impact the same income levels, \$15,000 to \$750,000. Essentially, the federal income tax reduction would more than pay for the increase in the Kansas income tax surcharge. **SB550** reduces that 5% surcharge to 3.5%, but the 3.5% figures were not available. (Attachment 2)

Senator Hensley added that he believes **SB550** is a "good faith" offer. He believes that the Legislature needs to take action now and not wait for the courts to tell the Legislature what to do.

Mark Desetti, Kansas National Education Association, testified in support of **SB550**, however, KNEA believes this bill falls far short of addressing the needs of Kansas schools, and that it will not satisfy Judge Bullock because the funding will still be inadequate. **SB550** will enable schools to get through next year

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without more harmful cuts. KNEA is hopeful that this bill will give the Legislature a little time so that they can develop and pass a long-term solution to this crisis. (Attachment 3)

Mark Tallman, Kansas Association of School Boards, testified in favor of **SB550**, however, hopes that this is not the best the Legislature can do this session. KASB does not believe it is acceptable to have local school boards raise local taxes. Future economic development in this state will be based on knowledge, information and skills. Kansas strong education system is in danger and KASB urges the committee to take action before it is too late. (Attachment 4)

SB512–Building-based budgeting

Senator Bunten made a motion to pass **SB512** without recommendation. Seconded by Senator Oleen. Motion carried on a vote of 6 yeas, 4 nays and 1 abstained.

Senator Schodorf made a motion to approve the minutes. Seconded by Senator Teichman. Motion carried.

The meeting was adjourned at 2:30 p.m. The next meeting is scheduled on March 16, 2004.