

Governmental Relations

Bulletin



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Education funding advances to full committees

The **House Appropriations** and **Senate Ways and Means** Committees are expected to vote this week on K-12 education funding for next year, FY 2010.

Both the **House Education Budget Committee** and the **Ways and Means Subcommittee on the State Department of Education** have endorsed the Governor's Budget Amendment that uses money from the federal stimulus package for education funding. Under that proposal, the base budget per pupil would remain at \$4,400 next year - the same level as the current year after a \$33 base budget cut. Special education funding would remain at \$427.7 million, also the same as the current year.

School leaders are strongly urged to contact members of these committees over the weekend, especially if they represent your area. The state can only receive this portion of the stimulus funding if it agrees to keep education at the same level of funding as the current year. Without these funds, schools will almost certainly face deep funding cuts next year.

Although the vote in the House Budget Committee was not recorded, the Governor's recommendation on stimulus funding was clearly supported by Democrats Bill Feuerborn, D-Garnett, Harold Lane, D-Topeka, and Gene Rardin, D-Overland Park; and Republicans Barbara Craft, R-Junction City and Terri Huntington, R-Mission Hills. Only Representatives Feuerborn, Lane and Craft are members of the full Appropriations Committee, which was scheduled to consider the education budget Thurs., but postponed action until at least Mon., March 9.

The Senate subcommittee (Chairman Jay Emler, R-Lindsborg; John Vratil, R-Leawood; Jean Schodorf, R-Wichita; Ruth Teichman, R-Stafford; and Janis Lee, D-Kensington) agreed to the action by consensus. All five are members of the full committee, which is scheduled to consider the recommendation on Fri., March 9. No one voted against the proposal, although Sen. Vratil had suggested the committee should wait for more details on the effect of the federal stimulus plan, and Sen. Emler expressed concern that the stimulus money, which is spread over two years, is a temporary resource that does not address

the "structural deficit" in the state budget between revenue and income. The subcommittee report is expected to note those concerns.

Although the proposals under consideration only deal with FY 2010, the terms of receiving the stimulus funding indicate that education funding must remain at the same level in FY 2011 as well. While that means school districts would receive level funding for three years in the face of many rising costs, it would also avert the much deeper cuts in state aid suggested by many at the beginning of the session.

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Hearings scheduled on ending state building aid; other changes

A bill that would end state aid for bond and interest payments and capital outlay is one of a number of hearings scheduled for the week of March 9-13. School leaders are strongly urged to review these proposals for impact on your districts; consider testimony at committee hearings; and contact committee members and your local legislators about these issues.

House Education Budget Committee meets at 3:30 p.m. in Room 531-N

Teacher Notice Date. (Mon., March 9) **HB 2105** would change current law so that when an appropriation from the State General Fund has not been approved by the Governor for general state aid by April 15, the notice date of intent to non-renew a contract must be served to any teacher or administrator not later than 15 days after the date the appropriation bill is approved by the Governor, rather than the current May 1. The date for a teacher or administrator to give notice of not accepting continuation of a contract would be no later than 30 days after the date the appropriation bill is approved by the Governor, or no later than 15 days after final action is taken by the board upon termination of professional negotiation, whichever is the later date. The bill had a hearing in the House Education Committee earlier this year, but took no action, and it was re-referred to the Education Budget Committee. KASB opposes the bill. It has been supported by the United School Administrators and opposed by the Kansas National Education Association.

State Aid for Capital Improvement and Outlay. (Tues., March 10) **HB 2280**

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Other action this week

Subcommittee named on “Proposition K.” House Taxation Committee Chair Richard Carlson, R-St. Mary’s, has appointed a subcommittee to continue study on **HB 2150**, which would limit property valuation increases to two percent per year. Members are Representative Jeff King, R-

Independence, chair; Mario Goico, R-Wichita; Sharon Schwartz, R-Washington; Melody Miller, D-Wichita; and Tom Hawk, D-Manhattan.

Retiree restrictions advanced. The Senate Ways and Means Committee on Wed. March 4, approved **SB 196**, which

would apply to the same “working after retirement” restrictions to KPERS retirees employed by third-party contractors as are currently applied to retirees working for school districts and other KPERS-covered employers.

The committee rejected an amendment offered by Sen. Ruth Teichman, R-Stafford, which would have “grandfathered” persons who have already retired and are working for a contractor for a period of five years.

The bill was introduced to eliminate the ability of KPERS retirees and school districts to avoid two provisions in law that apply if they return to work. If an individual retires from a school district and goes to work for another district, the new district must pay a salary “surcharge” of approximately 15 percent to KPERS. If the individual returns to the same district, the employee has an earnings limit of \$20,000. If earnings exceed that amount, retirement benefits from KPERS are suspended. Legislators are concerned school districts and retirees are circumventing these requirements by contracting with third-party entities who are the actual employers. This results in an estimated loss to the KPERS system. It has also raised a number of legal questions about these arrangements.

The bill would not prohibit school districts from contracting with third parties that employ KPERS retirees, but it means the district would have to pay the surcharge for any contract employees retired from another district, and would apply the same earnings limit if the retiree had previously worked for that district.

House Education hears two unfunded mandate bills. KASB joined in **testimony** with KNEA as the only opponents of two bills that both organizations perceived as unfunded mandates, making them particularly unattractive with the very tight budget picture on the horizon.

SB 84 would require the Kansas State Board of Education to develop state curriculum standards for personal financial literacy for all grade levels within the existing mathematics or other appropriate subject matter curriculum. The bill would also require the State Board to include

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Education funding

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The Governor’s Budget Amendment released Fri. March 6, uses a total of \$112.4 million in stimulus funding this year, \$472.4 million next year and \$374.7 million in FY 2011 for a variety of state programs. These funds would allow the state to reduce General Fund expenditures by \$102.8 million this year, \$396.2 million next year, and \$297.3 million in FY 2011. Those savings can be used to replace cuts in other programs, build up state reserves or address further shortfalls in state revenues.

The proposal endorsed by both the House budget committee and Senate subcommittee for K-12 education uses \$138.7 million from the “Fiscal Stabilization Fund” for General State Aid in both FY 2010 and reduces State General Fund support by \$103.7 million. The \$35 million difference allows the base budget per pupil to remain at \$4,400. Under the Governor’s original budget in January, the base would drop an additional \$55 next year. The Governor also proposes using \$53.5 million in federal special education aid in the stimulus plan to replace an equal amount of SGF funding. The state is expected to need a waiver of federal rules to allow special education funding to replace SGF dollars. The Governor has proposed the same funding for FY 2011.

Wed. March 4, the Appropriations and Ways and Means Committees received a briefing from the Council of State Governments on the stimulus package, formally titled the American Recovery and Reinvestment Act. The Legislative Research Department also released a new “General Fund Profile” prepared at the direction of Ways and Means Chairman Emler showing the

impact of stimulus funding under different state revenue projections, tax and expenditure options for the next several years. These scenarios show anywhere from a \$214 million positive balance to a \$1.5 billion deficit in FY 2012.

Your Message KASB suggests the following key points:

The Governor’s Budget Amendment, as approved by both the House Education Budget Committee and Senate Ways and Means Subcommittee, would give school districts stability with the same base budget and special education funding for the next two years, instead of further reductions.

The GBA replaces State General Fund support for K-12 education by \$157 million next year without cutting the amount school districts receive; allowing the Legislature to either build up the ending balance, reduce cuts in other programs, or both.

Although education funding would remain the same, school districts would still be included in the financial sacrifice. The base was supposed to go to \$4,492 next year PLUS an additional cost of living increase. Under the Governor’s plan, special education funding will fall well below the 92 percent level promised by the Legislature. In addition, education costs and achievement targets continue to increase.

While we don’t know all the details of the stimulus plan, we do know its purpose is to avert job cuts in education that hurt the economy, and to protect educational programs that help students succeed. Surely we can agree with those goals right now. The state should make a commitment now to begin the process. The decision can be changed later if necessary.

Hearings scheduled

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would make any capital outlay resolution adopted by school districts after the effective date of the bill, any bonds that would be issued by school districts for capital improvements after the effective date of the bill ineligible for state aid. The bill would not affect payments on bond issues and capital outlay resolutions which have already been adopted. KASB opposes the bill.

School District Accounting System. (Wed., March 11) **HB 2239** would require the Kansas State Board of Education develop an accounting and reporting system for all school districts in the state that is centrally-maintained, Internet-based, and freely available and accessible. The system would be designed so each district has remote access in order to input and report receipts and expenditures. Each school district would record the receipts and expenditures in accordance with a uniform classification of accounts or chart of accounts and reports as prescribed by the State Board. KASB will oppose the measure until a study of actual cost to both the state and school districts and the benefits of such a change have been identified.

House Elections Committee meets at 3:30 p.m. in Room 446-N

Primary Elections. (Mon., March 9) **SB 103** would return to prior (2007) law the statutes prescribing when primary elections are held in school districts, cities and community college districts. The bill would return to requiring a primary when more than two candidates file for a seat, rather than three

candidates as required by a law passed last session. KASB has not taken a position on the bill.

Question Submitted Elections. (Wed., March 11) **SB 71** addresses local elections by (1) making changes to a statute dealing with reporting expenditures for local question-submitted elections; and (2) prohibiting the use of local public resources in state or local campaigning. KASB has not taken a position on the bill.

Senate Ways and Means Committee meets at 10:30 a.m. in Room 545-N

KAN-ED Funding. (Mon., March 9) **SB 285** allows funding up to \$10 million from the Kansas Universal Service Fund for KAN-ED operations, rather than State General Fund support. KASB supports funding for KAN-ED, and supports use of KUSF funding if necessary.

No Fund Warrants. The committee is scheduled to take possible action on Tues., March 10, on **SB 22**, which would allow districts to issue no fund warrants to pay for teacher salaries if no other resources are possible, without appeal to the State Court of Tax Appeals. KASB did not testify on the bill. On Fri., March 13, the committee is scheduled to debate the Kansas State Department of Education budget for FY 2010.

House Education Committee meets at 9:00 a.m. in Docking Room 711

On Mon., March 9, the subcommittee on **HB 2199**, concerning dyslexia and school district early literacy programs, meets. Tues., March 10, the committee deliberates on possible action on bills previously heard.

Other action

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questions relating to personal financial literacy in the statewide assessments for mathematics or social studies. The bill would require the State Board to encourage school districts, when selecting textbooks for mathematics, economics, family and consumer science, accounting, or other appropriate courses, to select textbooks containing substantive provisions on personal finance. The bill would be effective July 1, 2012.

SB 162 would require the State Board to designate the last two weeks in January of each year as Disability History and Awareness Weeks, and to assist school districts in the implementation of programs of instruction on disability history and disability awareness. The State Board would develop curriculum, materials, and guidelines that local boards and governing authorities of accredited nonpublic schools could use in implementing a program of

instruction. In addition, the State Board would be required to develop standards and objectives for all grade levels within the existing curriculum for history, social studies, or other appropriate subject matter.

Bill allowing new investment guidelines heard in House committee.

The House Financial Institutions Committee held a hearing on **SB 39** on Mon., March 2. As amended by the Senate, it would give school districts the same expanded investment authority currently allowed for cities and counties. Expanded investment authority would allow investments in the United States government and agency securities, interest-bearing time deposits, and repurchase agreements with maximum maturities of four years.

KASB testified in support of this concept last year, when a similar bill stalled in the House. KASB also testified on its behalf in Senate Financial Institutions and Insurance earlier this session. Although the amendments certainly narrowed the number

of districts that might take advantage of the new opportunities, **KASB testified** in support of more flexibility in the way a district managed its idle funds. It became clear from committee members' questions the current financial crisis caused some of them to wonder if the bill had enough safeguards to protect adequately a district's investment in these new opportunities.

Second Military Count Date.

HB 2002 was heard in the Senate Education Committee Mon., March 2. The bill would allow a school district to recompute its General Fund Budget based on a second count of military students on February 20. To be eligible for a second count, a school district would be required to have at least 25 military pupils or military students equal to 1 percent or more of the district's enrollment on Feb. 20, who were not enrolled on Sept. 20. The bill would be in effect for four school years beginning with school year 2009-2010. KASB supported the bill.

Bill recalculating at-risk numbers heard in committee

The House Education Committee heard [HB 2357](#) Thurs., March 5. KASB, along with a number of education organizations and district spokespersons, testified against the bill. The only proponent was the bill's author, Committee Chair Clay Aurand, R-Courtland, who, in his testimony, offered a conceptual amendment. The chair-offered bill was originally designed to lower the state's obligation to provide funding through at-risk weighting by auditing more carefully the free lunch numbers provided by the district. His conceptual amendment would not reduce the total amount paid by the state but redistribute it by increasing dollars going to districts that after auditing were

underreporting what would be considered the "normal" poverty rate. It would lower the payments to districts whose free lunch applications were 20 percent or more above what would be considered the "normal" poverty rate. The poverty rate would be determined using the annual current small area income and poverty estimates prepared by the United States Census Bureau.

There were several common concerns in the opposition testimony. Certainly the main concern was the impact any reduction to any district that a cut in at-risk money could have on student achievement, particularly the closing of the achievement gap. It was also pointed out the numbers provided through the

audit process, which would be based on estimates from the Census Bureau, could be less accurate than the process currently in use. Also of concern was the actual availability of Department of Labor employment reports detailed enough to match with those who had filled out a program application, an essential part of determining if there was under- or over reporting.

[KASB testified](#) and urged the committee to keep in mind there was no evidence of any district providing fraudulent numbers and many of those deprived of programs cut by reduced funding would be people who were following program guidelines.