

Approved: 4-28-92
Date

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson George Teagarden at 1:45 p.m. on March 31, 1992 in room 514-S of the Capitol.

All members were present except: All present

Committee staff present: Ellen Piekalkiewicz, Legislative Research Department
Debra Duncan, Legislative Research Department
Jim Wilson, Revisor of Statutes
Sue Krische, Administrative Aide
Rose Baker, Committee Secretary

Conferees appearing before the committee:

None

Others attending: See attached list

SB 497 - Department of Education

DEPARTMENT OF EDUCATION

Representative Wisdom presented the subcommittee report on the Department of Education for FY92 and FY93. (Attachment 1). The minority report was presented, along with additional handout information, Department of Education Aid and Other Assistance (Attachment 2), State Aid to USDs, AVTs, and Community Colleges (Attachment 3), Memorandum (Attachment 4), and State General Fund Profile (Attachment 5), provided by Representatives Chronister and Vancrum. Representative Chronister explained to the committee what the recommendations were in FY92, the Governor and Senate Committee adjustments, and the Department's budget operation for all funds for the Department of Education Aid and Other Assistance.

Representative Blumenthal requested from staff information to show the out years on the school finance bill. Representative Heinemann moved to table SB 497. Seconded by Representative Pottorff. Motion withdrawn. Chairman Teagarden explained to the committee that the House passed the school finance bill and sent it to the Senate with a funding package fitting to the subcommittee report. In two years time, the deficit spending will turn around and will sustain the school finance package. Representative Vancrum expressed his concerns regarding what will happen to school districts in the out years. He stated that by 1994-1995 there could be a possible \$170M shortfall at a minimum.

Chairman Teagarden responded to a question from Representative Patrick on the recapturing of funds from the school districts. The school districts are operating under budget lids and would be violating state law if they were to spend this money. Representative Heinemann moved to table SB 497. Seconded by Representative Pottorff. Motion failed. Representative Chronister moved adoption of the minority report on SB 497. Seconded by Representative Vancrum. Motion failed.

Representative Wisdom stated that in item #6 of the State Aid Programs, the \$1.6M additional funds is the previously asked for amount by the Department. Staff stated that the Governor gave no increase at all to the Community Colleges. The Governor recommended placing all funding into a general state aid program. The Senate recommended varying percentage increases. Overall for the three programs combined there is a 7.7% increase over the current year. The House subcommittee is adding a total of \$3.4M for aid to community colleges. Representative Helgeson moved to delete item #6 of the subcommittee report on state aid programs which adds an additional \$1,693,175 from the SGF for community college general state aid. Seconded by Representative Chronister. Representative Hamm expressed his opinion regarding state aid to community colleges. Representative Wisdom stated that more and more students will be attending community colleges in the near future to be retrained in particular areas after attending Universities and Vo-Tec schools. Motion failed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS, room 514-S Statehouse, at 1:45 p.m. on March 31, 1992.

Representative Gatlin moved to reduce by the amount of the recommended increase in the Community College State Aid. Seconded by Representative Mead. Motion failed. Staff explained to Representative Patrick that the total expenditures for special education would be \$271M which includes state and federal monies. Representative Patrick moved to fully fund the non-Federal cost for special education. Motion died for lack of a second. The tuition increase in area Vo-Tech schools was explained by staff. They are losing a categorical aid program which will call for an increase in tuition. Representative Lowther moved to adjust the subcommittee report to the Governor's recommendation for FY93 for community college general state aid for \$2,554,302. Seconded by Representative Helgerson. Motion failed.

Representative Wisdom moved adoption of the subcommittee report on SB 497 for FY92 and FY93. Seconded by Representative Hamm. Motion carried. Representative Patrick is recorded as voting no. Representative Wisdom moved that SB 497, as amended, be recommended favorably for passage. Seconded by Representative Hamm. Motion carried. Representative Patrick is recorded as voting no.

INTRODUCTION OF BILLS

Representative Blumenthal moved to introduce a bill concerning requirements based upon congressional districts. Seconded by Representative Wisdom. Motion carried.

Representative Helgerson explained briefly SRS. In 1993, five quarters of money will be used to fund the SRS budget. There is a reduction of SGF dollars for SRS in FY92 and FY93 with an increase in disproportionate share dollars. This creates a shortfall in the out years in the base budgets of SRS. The subcommittee, before making a final recommendation, wanted to discuss with the full committee how to deal with this problem. One option is to place additional SGF dollars and back out disproportionate share dollars. The Governor's recommendation is to use the disproportionate share dollars to fund out year shortages in subsequent years as the base budget increases. Should we put in additional SGF dollars now and create a base budget increase, or should we go with the Governor's recommendation?

Representative Goossen stated that we should face this directly and put SGF in when necessary and build our budgets according to what we have. Chairman Teagarden explained to the committee that his position was to not build the 5th quarter money into the FY93 budget, but to fund the SRS budget with SGF dollars and with 4 quarters of disproportionate share dollars and look to other budgets for one time expenditures for which we could use that 5th quarter money or reduce budgets to come up with the necessary funding as replacement money for the SRS budget. By consensus, the Committee concurred with this position. The Governor's recommendation for SRS is that \$37.5M is funded from disproportionate share monies..

The meeting adjourned at 3:30 p.m. The next scheduled meeting will be on April 1, 1992 upon adjournment in room 514-S.

GUEST LIST

COMMITTEE: HOUSE APPROPRIATIONS

DATE: 3-31-92

| NAME (PLEASE PRINT) | ADDRESS | COMPANY/ORGANIZATION |
|---------------------|-------------|------------------------------|
| SYDNEY HARDMAN | Lawrence | KS Action for Children |
| Gil Kamnitz | Topeka | : Ks. Bd of Educ. |
| Bill Musick | Minneapolis | S + Bldg Ed |
| JIM HAYS | TOPEKA | Ks. Assn. School Eds. |
| DAN NERUES | " | AOB |
| Paul M. Klotz | " | Assoc. of MHS Ks. Inc. |
| HSA Getz | Wichita | Wichita Hospitals |
| Joan Strubler | Manhattan | KAPS |
| Marilyn Bradt | Lawrence | KINH |
| Lela Palmer | Topeka | APC/K |
| Ye Bestgen | Topeka | KARF |
| Doug Bowman | " | Children & Youth Advisory |
| Bruce Linhos | Lawrence | KALPECA |
| Tim Hoyt | Tonganoxie | KC Health Care Times |
| Sheryl SANDERS | TOPEKA | KS Alliance for Mentally Ill |
| Michelle Gieston | Topeka | Ks. Governmental Consultants |
| Fogge Traudie | " | " |
| Merle Hill | " | KACC |
| Lisa Horvath | Topeka | DOB |
| Del Summel | Topeka | Support Systems Int. |
| Beryl A. Duggan | " | Aging |
| Bob Harder | Topeka | Self |
| Melissa Ness | Topeka | Ks. Childrens Serv. League |
| Sharon Smith | Wichita | KASEA |
| Penny Sue Johnson | O.P. | Wheo Coalition, Inc. |

SUBCOMMITTEE REPORT

Agency: Department of Education

Bill No. 547

Bill Sec. New

Analyst: Rampey

Analysis Pg. No. 339

Budget Page No. 172

| <u>Expenditure Summary</u> | <u>Agency Est. FY 92</u> | <u>Gov. Rec. FY 92</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|--------------------------|-------------------------|---------------------------------|
| All Funds: | | | |
| State Operations | \$ 13,193,427 | \$ 12,927,163 | \$ 202,946 |
| Local Aid | 1,087,312,957 | 1,092,589,957 | 2,000,000 |
| Other Assistance | 30,630,486 | 30,630,486 | -- |
| Total | \$ 1,131,136,870 | \$ 1,136,147,606 | \$ 2,202,946 |
| State General Fund: | | | |
| State Operations | \$ 5,679,569 | \$ 5,555,850 | \$ 70,127 |
| Local Aid | 965,418,240 | 970,695,240 | 2,000,000 |
| Other Assistance | 110,486 | 110,486 | -- |
| Total | \$ 971,208,295 | \$ 976,361,576 | \$ 2,070,127 |
| FTE Positions | 194.0 | 194.0 | -- |

Agency Estimate/Governor's Recommendation

In FY 1992, the State Board is requesting a \$50,000 supplemental appropriation for legal fees connected with court cases concerning the School District Equalization Act filed by school districts. In addition, the State Board requests supplemental appropriations totaling \$2,307,655 for community colleges.

The Governor recommends total expenditures of \$1,136,147,606, of which \$976,361,576 is from the State General Fund (SGF). The Governor reduces the State Board's estimate of agency operating expenditures by \$266,264, of which \$123,719 is from the SGF and \$142,545 is from federal and other special revenue funds. The reductions are in salaries (\$154,453), communications (\$47,792), and travel (\$64,019). State and federal aid programs are unchanged by the Governor from their approved levels, except that the Governor's recommendations reflect a revised figure for the income tax rebate which is higher than the estimate submitted by the State Board prior to the meeting of the Consensus Estimating Group and accounts for the fact that, overall, the Governor's recommendations for FY 1992 appear to be higher than the agency's request. The Governor recommends no supplemental appropriations for FY 1992. The Governor concurs with the State Board's request for an additional \$50,000 for legal expenses, but makes that amount available by reducing expenditures in other areas.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the recommendations of the Governor, with the following exceptions:

*HA
3-31-92
Attachment 1*

State Operations Budget

1. **Salaries.** Restore \$115,925 from federal and other funds so that no shrinkage rate is applied to salaries that are not funded from the SGF. It has been the policy of the Subcommittee for several years to recommend that the use of federal and other funds be maximized, particularly when it is necessary to make reductions in the SGF. The money added by the Subcommittee was approved for expenditure by the 1991 Legislature.
2. **Communications.** Restore \$15,127 from the SGF and \$6,349 from federal funds that the 1991 Legislature approved for expenditure in FY 1992. The effect of the Subcommittee's recommendation is to provide adequate funding for the increase in the postage rate that occurred in FY 1991. (The postage rate increased by 16 percent over FY 1991.) Based on the Subcommittee's recommendation, a total of \$495,213 would be available for communications in the current year.
3. **Travel.** Restore \$30,000 from the SGF and \$10,545 from federal and other funds that the 1991 Legislature approved for expenditure in FY 1992. The effect of the Subcommittee's recommendation is to restore the amount the Governor deleted for in-state travel. Based on the Subcommittee's recommendation, a total of \$759,264 would be available for travel in the current year.
4. **Office Supplies.** Add \$25,000 from the SGF in recognition of the demands that have been placed on the State Department to supply school finance computer runs to the Legislature. The State Department has \$152,189 available in the current year for office supplies. At this time, it has produced between 45 and 50 school finance computer runs, which cost between \$400 and \$500 each. The total expended thus far is approximately \$20,000. Considering the fact that school finance is far from resolved, the Subcommittee thinks it is necessary to add money to the State Department's budget to enable it to respond to anticipated requests from the Legislature for the remainder of the Session.

State Aid Programs

1. **Community College Credit Hour Aid.** Add \$1.5 million from the SGF for community college credit hour aid, for a total of \$34,333,481. Based on information supplied by the State Department, the amount necessary to fund the credit hour aid program at the statutory rate would be \$34,502,349.
2. **Community College Out-District State Aid.** Add \$500,000 from the SGF for community college out-district state aid, for a total of \$10,453,183. Based on information supplied by the State Department, the amount necessary to fund the out-district state aid program at the statutory rate would be \$10,591,970.

Senate Committee Recommendation

The Senate Committee concurs with the Subcommittee.

Senate Committee of the Whole

The Senate Committee of the Whole concurs with the Committee.

| Expenditure Summary | Senate Adj. FY 92 | Senate Rec. FY 92 | House Subcommittee Adjustments |
|----------------------------|----------------------|-------------------------|--------------------------------------|
| All Funds: | | | |
| State Operations | \$ 202,946 | \$ 13,130,109 | \$ -- |
| Local Aid | 2,000,000 | 1,094,589,957 | -- |
| Other Assistance | -- | 30,630,486 | -- |
| Total | <u>\$ 2,202,946</u> | <u>\$ 1,138,350,552</u> | <u>\$ --</u> |
| State General Fund: | | | |
| State Operations | \$ 70,127 | \$ 5,625,977 | \$ -- |
| Local Aid | 2,000,000 | 972,695,240 | -- |
| Other Assistance | -- | 110,486 | -- |
| Total | <u>\$ 2,070,127</u> | <u>\$ 978,431,703</u> | <u>\$ --</u> |
| FTE Positions | -- | 194.0 | -- |

House Subcommittee Recommendations

The House Subcommittee concurs with the recommendations of the Senate, with the following exception:

1. Allow the State Department to redistribute to districts any general state aid that is refunded by districts because they are not entitled to it. Because of the mechanics of the general state aid distribution formula, school districts sometimes get state aid payments that have to be adjusted later. The law says that any refunds from school districts will be credited to the State General Fund. This year, the refunds are sizeable and are expected to total approximately \$2.3 million. The Subcommittee's position is that the Legislature intended that this money be distributed to eligible school districts in FY 1992 and any refunds should be redistributed through the formula. The Subcommittee's recommendation would not make more money available to schools in FY 1992 than was appropriated (\$526,977,000), but would ensure that the full amount is distributed.

Bill Wisdom

Representative Bill Wisdom
Subcommittee Chair

Representative Rochelle Chronister

Lee Hamm

Representative Lee Hamm

George Teagarden

Representative George Teagarden

Representative Robert Vancrum

SUBCOMMITTEE REPORT

Agency: Department of Education

Bill No. 497

Bill Sec. 2

Analyst: Rampey

Analysis Pg. No. 339

Budget Page No. 172

| <u>Expenditure Summary</u> | <u>Agency Req. FY 93</u> | <u>Gov. Rec. FY 93</u> | <u>Subcommittee Adjustments</u> |
|----------------------------|------------------------------|----------------------------|-------------------------------------|
| All Funds: | | | |
| State Operations | \$ 13,761,460 | \$ 13,163,160 | \$ 446,173 |
| Local Aid | 1,345,049,896 | 1,642,766,749 | (1,454,549,576) |
| Other Assistance | 37,367,486 | 37,313,486 | 50,000 |
| Total | \$ 1,396,178,842 | \$ 1,693,243,395 | \$ (1,454,053,403) |
| State General Fund: | | | |
| State Operations | \$ 6,201,264 | \$ 5,959,089 | \$ 218,247 |
| Local Aid | 1,214,686,277 | 972,922,527 | (915,781,576) |
| Other Assistance | 110,486 | 110,486 | -- |
| Total | \$ 1,220,998,027 | \$ 978,992,102 | \$ (915,563,329) |
| FTE Positions | 195.0 | 192.0 | 1.0 |

Agency Request/Governor's Recommendation

For FY 1993, the State Board is requesting one new position, a federally-funded food service specialist to work in the child and adult care food program. The State Board is requesting funding from the State General Fund (SGF) for the third year of the math and communications assessment program, hoping to expand the math and reading components to include a writing component. The total cost of the program in FY 1993 would be \$569,000. No new state aid programs are proposed, although the State Board continues to advocate five-year plans for community colleges and area vocational schools that would increase the level of state funding for these schools. A large increase in general aid to school districts is proposed -- from \$526,977,000 in the current year to \$699,595,000 in FY 1993 -- an increase of \$172,618,000. The State Board is requesting \$54,620,511 for school district transportation (compared to \$44,550,000 in FY 1992), which would fund the transportation formula at the 95.0 percent level. Special education excess cost funding, which is \$121,275,000 in the current year, is requested at \$157,306,352, which would fund 95.0 percent of excess costs.

For FY 1993, the Governor recommends expenditures of \$1,693,243,395, of which \$978,992,102 would be from the SGF. (This figure and the table above are based on the Governor's "current resources" recommendation. Under a proposal for a higher level of spending from the SGF for general aid to schools, \$217.0 million would be shifted from a state property tax levy to the SGF.) The Governor's recommendation for agency operating expenditures is \$13,163,160, a reduction of \$598,300 from the State Department's request. Of the reduction, \$242,175 is from the SGF and \$356,125 is from federal and other special revenue funds. The reductions are primarily in salaries (\$230,131), travel (\$68,340), communications (\$28,319), capital outlay (\$47,200), and support for campus-based vocational education student organizations (\$184,000). Savings in salaries are

generated by applying a shrinkage rate to all positions, not just those funded from the SGF, and deleting funding for three positions funded from the SGF and two positions funded from federal funds that are currently vacant. The Governor adds 3.0 FTE new positions: a federally-funded Food Service Specialist, as requested by the Department at a salary of \$26,952 (excluding benefits), and two architect positions at a cost of \$52,776 for salaries (excluding benefits) who would be involved in implementing new responsibilities for school district capital improvements that are recommended by the Governor. The net change to the Department's workforce is a reduction from 194.0 FTE to 192.0. Funding is included in the Governor's budget for the continued remodeling of the State Department's offices and for the requested expansion of the math and communications assessment program. The Governor recommends significant changes to certain state aid programs administered by the State Department, many of which would require statutory changes to implement. In total, the amount of SGF aid to school districts recommended in the current resources budget for FY 1993 is \$905.1 million, approximately \$139,000 less than her recommendation of \$905.2 million for the current year. A major change recommended by the Governor is the consolidation of selected state aid programs into a single general fund appropriation for school districts and the imposition of a uniform statewide property tax levy for school district operations and a uniform statewide property tax levy for school district capital improvements. Two other assistance programs, the Cultural Heritage Center and the Kansas Foundation for Agriculture, are not funded under the Governor's FY 1993 recommendations. Total funding for community colleges is \$45.3 million, an increase of \$1.7 million (4.0 percent) over approved funding of \$43.6 million in the current year.

Senate Subcommittee Recommendations

The Senate Subcommittee concurs with the Governor's recommendations, with the following exceptions:

State Operations Budget

1. **Salaries.**
 - a. Restore \$33,798 in federal funds for an existing position the Governor deleted because it is vacant. The Subcommittee sees no reason not to use available federal money to fund a position that the State Department thinks is necessary.
 - b. Restore \$3,600 from the SGF and \$3,012 from federal funds for the wages of seasonal and temporary employees (for a total of \$6,612). The Subcommittee's recommendation would make \$63,600 available for seasonal and temporary employees, which is still a reduction from the current year (\$72,924). The amounts recommended by the Subcommittee reflect its policy of maximizing the use of federal funds whenever possible. The amount recommended from the SGF is necessary in order to meet a federal matching requirement.
 - c. Restore \$96,452 in federal and other special revenue funds so that no shrinkage rate is applied to salaries that are not funded from the SGF. This recommendation continues the policy of the Subcommittee to maximize the use of federal and other funds.

- d. Concur with the Governor's recommendation to add \$52,776, plus benefits, from the SGF for the salaries of two new positions, but allow the State Department to use the money to pay the salaries of other positions it considers necessary. The Governor added two new architect positions who would be necessary if the Governor's state capital improvement plan is implemented. She also deleted 3.0 FTE positions funded from the SGF that are currently vacant, which the State Department would like to retain. The Subcommittee's recommendation would permit the State Department to keep the money the Governor added for the two new positions and use the money to continue to fund existing positions the Department would like to keep. The Subcommittee leaves it to the State Department's discretion as to which of the deleted positions it wishes to restore. (The amount it would take to completely restore the three positions is \$72,366.)
 - e. Delete the State Department's position limitation and control the number of employees through the appropriations process. The 1991 Legislature recommended that there be no position limitation set for the Department of Education in FY 1992. The position of the Subcommittee is that the policy should continue in FY 1993 so that the State Department may have the flexibility to hire the staff it needs within the amounts of money the Legislature appropriates. An example of the advantage of this flexibility is illustrated by the Subcommittee's recommendation in item d above, which directs the State Department to decide how best to spend the amount of money it has available.
2. **Communications.** Add \$15,127 from the SGF, for a total of \$506,078 from all funds for communications in FY 1993. The total would be a 2.2 percent increase over the Subcommittee's recommended communications expenditures in FY 1992.
 3. **Travel.** Add \$30,000 from the SGF and \$17,329 from federal and other special revenue funds (for a total of \$47,329). The recommendation would make a total of \$780,631 from all funds available for travel in FY 1993, which would be a 2.8 percent increase over the Subcommittee's FY 1992 recommendation.
 4. **Repairs and Servicing.** Add \$3,555 from federal funds for repairs and servicing, for a total available from all funds of \$101,878. The recommendation reflects the Subcommittee's policy of maximizing federal funds.
 5. **Fees for Professional Services.** Add \$143,300 from the SGF and \$72,000 from federal vocational education funds. The effect of the Subcommittee's recommendation would be to completely restore funding for campus-based student occupational organizations. In addition, the recommendation would make an additional \$51,300 available to the State Board for legal and other expenses associated with continued litigation against the State Board in the area of school finance.
 6. **Capital Outlay.** Add \$26,220 from the SGF for interactive video equipment and add \$1,780 from the Certificate Fee Fund for other capital equipment items. The

effect of the Subcommittee's recommendation would be to make a total of \$150,214 from all funds available for capital outlay in FY 1993.

State Aid Programs

1. **General State Aid.** Delete \$899,187,074 from the SGF, \$507,640,000 from the State School Property Tax Fund for operations, and \$32,628,000 from the State School Property Fund for capital improvements. These amounts represent the Governor's current resources recommendation for the following programs combined: general state aid, the income tax rebate, aid to the Fort Leavenworth School District, school district transportation, special education, educable deaf-blind and severely handicapped children aid, bilingual education, inservice education, area vocational school aid for secondary students, funding for at risk students, and capital improvements. In some cases, the Subcommittee recommends that certain of these consolidated programs remain separate categorical aid programs, as noted in the recommendations that follow. In general, the Subcommittee recommends that the money be deleted because it is not possible at this point in the Session to know how much money is available for elementary-secondary school funding or what changes will be made in the statutes that affect these programs.
2. **Special Education.** The Subcommittee recommends that special education be continued as a separate categorical aid program and that the Legislature consider funding excess costs at the 90 percent level. However, the Subcommittee recommends no specific appropriation at this time because, until other issues relating to school finance are resolved, it is not possible to know what level of funding would be necessary to implement the Subcommittee's general statement of policy.
3. **Inservice Education.** Add \$2.5 million for inservice education and continue the appropriation as a separate categorical aid program. (The Governor combines this program with others in FY 1993.) The amount available for the program in FY 1992 is \$990,000.
4. **Educable Deaf-Blind and Severely Handicapped Children Aid.** Add \$100,000 and continue the appropriation as a separate categorical aid program. (The Governor combines this program with others in FY 1993.) The amount available for the program in FY 1992 is \$99,000.
5. **At Risk and Innovative Program Assistance.** Add \$250,000 from the SGF and \$1.5 million from the Economic Development Initiatives Fund (EDIF) for at risk and innovative programs and continue the appropriation as a separate categorical aid program. Under the Governor's recommendation, separate funding for at risk programs would cease and only innovative programs would continue to be funded as a categorical aid program. (The Governor recommends \$1,250,000 for innovative programs.) The effect of the Subcommittee's recommendation would be to continue the program as it is currently and make \$3.0 million available for grants in FY 1993, of which half would be from the SGF and half would be from

the EDIF. The amount available for at risk and innovative programs in FY 1992 is \$2,386,000, of which \$1.0 million is from the EDIF.

6. **Area Vocational School Aid.** The Subcommittee recommends that area vocational school aid be continued as a separate categorical aid program. However, until other issues relating to school finance are resolved, the Subcommittee makes no recommendation as to a specific level of funding at this time. (The Governor combines secondary vocational education aid with other programs in FY 1993.)
7. **Postsecondary Area Vocational School Aid.** Delete \$22,024,127 from the SGF, which is the Governor's recommended amount for postsecondary area vocational school aid. The Subcommittee recommends that postsecondary aid remain a separate categorical aid program, as does the Governor, but makes no recommendation as to a specific level of funding at this time and recommends that the issue be resolved later in the Session when the broader issue of school finance in general is settled.
8. **Vocational Education Capital Outlay Aid.** The Subcommittee concurs with the Governor's recommendation of \$1.0 million from the EDIF for vocational education capital outlay aid, but recommends that the proviso limiting expenditures to the acquisition of equipment be removed and that the State Board have the option of approving grants based on what the statutes say the money can be used for -- construction, building repairs, and equipment. Because many of the area school facilities were built in the 1960s and because the schools have limited access to funds for capital improvements, the Subcommittee sees a need for the schools to have access to funds for emergency repair and construction projects approved by the State Board.
9. **Community College Aid Programs.** For the three community college aid programs combined, add \$2,079,625 from the SGF (for a total of \$47,420,951), which is an increase of 4.0 percent over the Subcommittee's recommendation for FY 1992. Unlike the Governor who recommended a 4.0 percent increase for all programs combined (without any supplemental appropriations in FY 1992) and put the entire increase in the general aid program, the Subcommittee recommends that each program be increased by 4.0 percent. The effect of the Subcommittee's recommendation on each program is shown below:
 - a. Add \$2,872,979 for community college credit hour aid, for a total of \$35,706,820.
 - b. Add \$918,127 for community college out-district state aid, for a total of \$10,871,310.
 - c. Delete \$1,711,481 for community college general state aid, for a total of \$842,821.
10. **Parent Education Program.** Add \$500,000 from the SGF for the parent education program, for a total of \$2.5 million. The Subcommittee recommends

that this appropriation continue as a separate categorical aid program, as does the Governor.

11. **Kansas Cultural Heritage Center.** Add \$25,000 from the EDIF for the Kansas Cultural Heritage Center. (The Governor does not fund this program in FY 1993.)
12. **Kansas Foundation for Agriculture.** Add \$25,000 from the EDIF for the Kansas Foundation for Agriculture. (The Governor does not fund this program in FY 1993.)

Senate Committee Recommendations

The Senate Committee concurs with the recommendations of the Subcommittee, with the following exceptions:

1. Delete a total of \$205,052, of which \$102,075 is from the State General Fund, which was recommended by the Governor for step increases, longevity, and unclassified merit.
2. In addition to deleting \$22,024,127 from the State General Fund for post-secondary area vocational school aid, delete \$500,000 from the EDIF to accurately reflect the Subcommittee's recommendation (see item 7 under state aid programs above).
3. In the last sentence of item 1 under state aid programs above, replace the word "available" with the word "required," so that the sentence reads: "In general, the Subcommittee recommends that the money be deleted because it is not possible at this point in the session to know how much money is required for elementary-secondary school funding or what changes will be made in the statutes that affect these programs."
4. For community college aid programs, concur with the same total recommended by the Subcommittee, but distribute the money as follows: Delete only half of the money from the general state aid program as recommended by the Subcommittee (delete \$855,741 from the Governor's recommendation instead of \$1,711,481). In addition, reduce the credit hour and out-district state aid programs by the same total amount (\$855,740), so that the total for all programs combined is the same as the Subcommittee's recommendation. The money deleted from the credit hour and out-district aid programs is deleted proportionately from those two programs. The changes made by the Committee to the Subcommittee's recommendations are shown below:
 - a. Delete \$595,168 from the community college credit hour aid program (which would add \$2,277,811 to the Governor's recommendation), for a total of \$35,111,652 (a 2.3 percent increase over FY 1992);

- b. Delete \$260,573 from the community college out-district state aid program (which would add \$657,554 to the Governor's recommendation), for a total of \$10,610,737 (a 1.5 percent increase over FY 1992); and
- c. Add \$855,741 to the community college general state aid program (which would delete \$855,740 from the Governor's recommendation), for a total of \$1,698,562 (a 110.0 percent increase over FY 1992).

Senate Committee of the Whole Recommendation

The Senate Committee of the Whole concurs with the recommendations of the Committee.

| Expenditure Summary | Senate Adj. FY 93 | Senate Rec. FY 93 | House Subcommittee Adjustments |
|---------------------|---------------------------|-----------------------|--------------------------------------|
| All Funds: | | | |
| State Operations | \$ 241,121 | \$ 13,404,281 | \$ 270,487 |
| Local Aid | (1,455,049,576) | 187,717,173 | 1,247,393,936 |
| Other Assistance | 50,000 | 37,363,486 | -- |
| Total | <u>\$ (1,454,758,455)</u> | <u>\$ 238,484,940</u> | <u>\$ 1,247,664,423</u> |
| State General Fund: | | | |
| State Operations | \$ 116,172 | \$ 6,075,261 | \$ 167,510 |
| Local Aid | (915,781,576) | 57,140,951 | 1,247,143,936 |
| Other Assistance | -- | 110,486 | -- |
| Total | <u>\$ (915,665,404)</u> | <u>\$ 63,326,698</u> | <u>\$ 1,247,311,446</u> |
| FTE Positions | -- | 193.0 | -- |

House Subcommittee Recommendation

The House Subcommittee concurs with the Senate, with the following exceptions:

State Operations Budget

1. Restore \$205,052, of which \$102,075 is from the State General Fund and \$102,977 is from federal and other funds, recommended by the Governor for step increases, longevity, and unclassified merit.
2. Add \$15,840 from the State General Fund for repairs and servicing of equipment, for a total of \$117,718.
3. Add \$19,595 from the State General Fund for office supplies, for a total of \$174,768.

4. Add \$30,000 from the State General Fund for a copying machine. This amount was not in the State Department's original request, but was discussed by the House Subcommittee when it asked about the condition of the State Department's equipment and was informed that one of the two main copying machines used to copy and collate school finance computer runs is more than five years old and breaks down frequently. As a result, staff has had to work evenings to collate and staple hundreds of computer runs by hand.

State Aid Programs

1. Add \$1,060,341,000 from the State General Fund in general state aid to school districts. This amount is intended to fund H.B. 2892 as passed by the House and includes funding for (or replaces) the following programs that are currently individual appropriations: general state aid, the income tax rebate, aid to the Fort Leavenworth School District, school district transportation, bilingual education, area vocational school aid for secondary students, and funding for at risk students.
2. Add \$165,585,634 from the State General Fund to fund 100 percent of special education excess costs.
3. Delete \$500,000 from the State General Fund for inservice education, for a total of \$2,000,000.
4. Delete \$1,500,000 from the State General fund and \$250,000 from the EDIF for at risk and innovative programs. The effect of the Subcommittee's recommendation is to make \$1,250,000 from the EDIF available for innovative programs only. (Funding for at risk students would be provided for in the general state aid appropriation.)
5. Add \$22,024,127 from the State General Fund and \$500,000 from the EDIF for postsecondary area vocational aid, for a total of \$22,524,127, as recommended by the Governor.
6. Add \$1,693,175 from the State General Fund for community college general state aid, for a total of \$3,391,737.
7. Delete \$500,000 from the State General Fund for parent education programs, for a total of \$2,000,000, as recommended by the Governor.

Bill Wisdom

Representative Bill Wisdom
Subcommittee Chair

Representative Rochelle Chronister

Lee Hamm

Representative Lee Hamm

George Teagarden

Representative George Teagarden

Representative Robert Vancrum

MINORITY REPORT

The reason we are submitting a minority report can be summed up in one sentence: The money is not there.

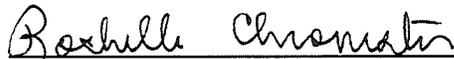
The House Subcommittee is recommending expenditures of more than \$1.3 billion in FY 1993, based on new revenues that will be generated by a bill that has not passed. Even if the House version of H.B. 2892 is enacted, which is far from assured, State General Fund expenditure-receipts projections are gloomy: It is not unreasonable to expect that as early as FY 1994, total estimated expenditures will exceed estimated receipts. We are not being honest with people unless we tell them that the only way we can afford this proposed commitment to education is to keep raising state taxes or watch property taxes go up again. It may not happen until after FY 1993, but, believe us, it will happen.

The education package proposed by the Subcommittee looks attractive, but funding for schools in FY 1993 takes advantage of some one-time revenues at the school district level that will not be there the following year. To simply keep up with inflationary increases and expected enrollment growth will require significant funding increases on a base as massive as the one being proposed.

To cite but one example, the highest percentage the Legislature has been able to provide funding for special education excess costs in the last ten years was 95 percent in FY 1990. This year we are funding less than 80 percent. If we struggle now to fund the program, how realistic is it to believe that we can honor a commitment to fully fund it? Or are we proposing to fully fund it in FY 1993 and cut back sharply in FY 1994?

Appropriations are for one year only, but to fail to look beyond FY 1993 to see where they will lead us is short-sighted. We propose waiting until the end of the Session to consider in the Omnibus Bill the following appropriations: general state aid, the income tax rebate, aid to the Fort Leavenworth school district, school district transportation, special education, bilingual education, area vocational school categorical aid, postsecondary area vocational school aid, and the three community college state aid programs. It is pointless to base a budget on proposals to generate new revenues that may never be enacted. Furthermore, the debate on school funding has to take place in the context of the overall financing of state government. Even ardent supporters of education realize that funding for schools cannot be at the expense of other services state government provides. Waiting until the end of the Session to finalize the Department of Education's budget will permit the Legislature to look at the entire picture -- the revenues we have and the obligations we must meet.

We urge the Committee to reject the Subcommittee's report.


 Representative Rochelle Chronister


 Representative Robert Vancrum

Department of Education SGF and EDIF Aid and Other Assistance

| Program | DOE FY 1992 | Governor FY 1992 | Senate Committee Adjustments | DOE FY 1993 | Governor FY 1993 | Senate Committee Adj. to Gov. | House Subcommittee Adj. to Senate | House Subcommittee Total |
|--|----------------------|----------------------|---------------------------------|------------------------|----------------------|----------------------------------|--------------------------------------|-----------------------------|
| STATE GENERAL FUND | | | | | | | | |
| General State Aid | \$526,977,000 | \$526,977,000 | \$0 | \$699,595,000 | \$899,187,074 | (\$899,187,074) * | \$1,060,341,000 | \$1,060,341,000 |
| Income Tax Rebate | 204,267,000 | 204,267,000 | 0 | 222,000,000 | 0 | -- * | 0 | 0 |
| Fort Leavenworth | 1,608,193 | 1,608,193 | 0 | 1,921,422 | 0 | -- * | 0 | 0 |
| Transportation Aid | 44,550,000 | 44,550,000 | 0 | 54,620,511 | 0 | -- * | 0 | 0 |
| Special Education Aid | 121,275,000 | 121,275,000 | 0 | 157,306,352 | 0 | -- * | 165,585,634 | 165,585,634 |
| School Food Assistance | 2,485,381 | 2,485,381 | 0 | 2,510,486 | 2,510,486 | 0 | 0 | 2,510,486 |
| Bilingual Education Aid | 544,500 | 544,500 | 0 | 690,000 | 0 | -- * | 0 | 0 |
| Inservice Education Aid | 990,000 | 990,000 | 0 | 3,000,000 | 0 | 2,500,000 | (500,000) | 2,000,000 |
| Educable Deaf/Blind Aid | 99,000 | 99,000 | 0 | 100,000 | 0 | 100,000 | 0 | 100,000 |
| At Risk/Innov. Program | 1,386,000 | 1,386,000 | 0 | 3,000,000 | 1,250,000 c | 250,000 | (1,500,000) | 0 |
| AVTS - Categorical Aid | 7,923,773 | 7,923,773 | 0 | 8,981,376 | 0 | -- * | 0 | 0 |
| AVTS - Postsecondary Aid | 13,617,450 | 13,617,450 | 0 | 17,405,926 | 22,024,127 | (22,024,127) * | 22,024,127 | 22,024,127 |
| Comm. College Credit Hr. Aid | 34,502,349 a | 32,833,481 | 1,500,000 | 39,665,013 | 32,833,841 | 2,277,811 | 0 | 35,111,652 |
| Comm. College Out-Dist. Aid | 10,591,970 b | 9,953,183 | 500,000 | 11,233,920 | 9,953,183 | 657,554 | 0 | 10,610,737 |
| Comm. College General Aid | 810,405 | 810,405 | 0 | 3,391,737 | 2,554,302 | (855,740) | 1,693,175 | 3,391,737 |
| Adult Basic Education | 495,000 | 495,000 | 0 | 720,000 | 720,000 | 0 | 0 | 720,000 |
| Parent Education | 990,000 | 990,000 | 0 | 3,000,000 | 2,000,000 | 500,000 | (500,000) | 2,000,000 |
| TOTAL | \$973,113,021 | \$970,805,366 | \$2,000,000 | \$1,229,141,743 | \$973,033,013 | (\$915,781,576) | \$1,247,143,936 | \$1,304,395,373 |
| ECONOMIC DEVELOPMENT INITIATIVES FUND | | | | | | | | |
| At Risk/Innov. Program | \$1,000,000 | \$1,000,000 | \$0 | \$1,000,000 | \$0 | \$1,500,000 | (\$250,000) | \$1,250,000 |
| AVTS - Postsecondary Aid | 500,000 | 500,000 | 0 | 500,000 | 500,000 | (500,000) | 500,000 | 500,000 |
| AVTS - Capital Outlay | 1,000,000 | 1,000,000 | 0 | 1,000,000 | 1,000,000 | 0 | 0 | 1,000,000 |
| Technology Grants | 500,000 | 500,000 | 0 | 500,000 | 500,000 | 0 | 0 | 500,000 |
| Cultural Heritage Center | 25,000 | 25,000 | 0 | 25,000 | 0 | 25,000 | 0 | 25,000 |
| Ag. in Classroom | 29,000 | 29,000 | 0 | 29,000 | 0 | 25,000 | 0 | 25,000 |
| TOTAL | \$3,054,000 | \$3,054,000 | \$0 | \$3,054,000 | \$2,000,000 | \$1,050,000 | \$250,000 | \$3,300,000 |
| GRAND TOTAL SGF AND EDIF | \$976,167,021 | \$973,859,366 | \$2,000,000 | \$1,232,195,743 | \$975,033,013 | (\$914,731,576) | \$1,247,393,936 | \$1,307,695,373 |

a Includes supplemental appropriation request of \$1,668,868.

b Includes supplemental appropriation request of \$638,787.

c Funding for innovative programs only.

* Funding to be determined later in Session.

KLRD, 30-Mar-92

H/A
3-31-92
Attachment

Department of Education State Operations — All Funds

| OBJECT CODE AND EXPENDITURE | Actual FY 1991 | DOE FY 1992 | Governor FY 1992 | Senate Committee Adj. | DOE FY 1993 | Governor FY 1993 | Senate Committee Adj. to Gov. | House Subcommittee Adj. to Senate | House Subcommittee Total |
|--|---------------------|---------------------|---------------------|--------------------------|---------------------|---------------------|----------------------------------|--------------------------------------|-----------------------------|
| 100 TOTAL SALARIES AND WAGES | \$7,771,101 | \$8,348,149 | \$8,193,696 | \$115,925 | \$8,583,889 | \$8,353,758 | (\$68,190) | \$205,052 | \$8,490,620 |
| 200 COMMUNICATION | 443,906 | 521,529 | 473,737 | 21,476 | 519,270 | 490,951 | 15,127 | 0 | 506,078 |
| 210 FREIGHT AND EXPRESS | 3,016 | 1,500 | 1,500 | 0 | 1,500 | 1,500 | 0 | 0 | 1,500 |
| 220 PRINTING & ADVERTISING | 53,852 | 59,850 | 59,850 | 0 | 71,188 | 71,188 | 0 | 0 | 71,188 |
| 230 RENTS | 238,774 | 319,444 | 319,444 | 0 | 316,466 | 316,466 | 0 | 0 | 316,466 |
| 240 REPAIRING AND SERVICES | 86,381 | 79,050 | 79,050 | 0 | 117,718 | 98,323 | 3,555 | 15,840 | 117,718 |
| 250 TRAVEL AND SUBSISTENCE | 637,847 | 782,738 | 718,719 | 40,545 | 801,642 | 733,302 | 47,329 | 0 | 780,631 |
| 260 FEES-OTHER SERVICES | 269,603 | 546,233 | 546,233 | 0 | 225,086 | 225,086 | 0 | 0 | 225,086 |
| 270 FEES-PROFESSIONAL SERVICES | 1,685,979 | 1,960,956 | 1,960,956 | 0 | 2,511,367 | 2,326,067 | 215,300 | 0 | 2,541,367 |
| 280 UTILITIES | 60,405 | 78,825 | 78,825 | 0 | 75,784 | 75,784 | 0 | 0 | 75,784 |
| 290 OTHER CONTRACTUAL | 119,836 | 126,832 | 126,832 | 0 | 143,198 | 143,198 | 0 | 0 | 143,198 |
| 320 FOOD | 113,670 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 330 FUEL | 3,932 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 340 MAINTENANCE MATERIALS | 3,943 | 11,250 | 11,250 | 0 | 4,850 | 4,850 | 0 | 0 | 4,850 |
| 350 VEHICLE PARTS & SUPPLIES | 75 | 200 | 200 | 0 | 200 | 200 | 0 | 0 | 200 |
| 360 PROFESSIONAL & SCIENTIFIC SUPPLIES | 63,930 | 33,350 | 33,350 | 0 | 32,350 | 32,350 | 0 | 0 | 32,350 |
| 370 STATIONERY & OFFICE SUPPLIES | 155,270 | 152,189 | 152,189 | 25,000 | 174,768 | 155,173 | 0 | 19,595 | 174,768 |
| 380 SCIENTIFIC RESEARCH SUPPLIES | 8,529 | 17,550 | 17,550 | 0 | 7,550 | 7,550 | 0 | 0 | 7,550 |
| 390 OTHER MATERIALS\PARTS | 4,216 | 6,900 | 6,900 | 0 | 5,200 | 5,200 | 0 | 0 | 5,200 |
| 400 CAPITAL OUTLAY | 355,253 | 146,882 | 146,882 | 0 | 169,434 | 122,214 | 28,000 | 30,000 | 180,214 |
| TOTAL EXPENDITURES | \$12,079,518 | \$13,193,427 | \$12,927,163 | \$202,946 | \$13,761,460 | \$13,163,160 | \$241,121 | \$270,487 | \$13,674,768 |
| FTE POSITIONS | 192.0 | 194.0 | 194.0 | 0.0 | 195.0 | 192.0 | 1.0 | 0.0 | 193.0 |

**FY 1993
State Aid to USDs, AVTSs, and Community Colleges -- State General Fund**

(\$ Thousands)

Department of Education -- Governor's Rec. with Added Resources

USDs:

| | | |
|--|---------------------|--------------------------------|
| "General State Aid" | \$ 899,187 | (a) Current Resources |
| "General State Aid" | 217,000 | Added Resources ^(b) |
| Adult Basic Education (USDs) | 273 | |
| Food Service | 2,400 | |
| Innovative Programs | 1,250 | |
| Parent Education | 2,000 | |
| Total | <u>\$ 1,122,110</u> | |
| State Aid -- H.B. 2892 | 1,060,341 | |
| Difference from Gov.'s Expend. Rec. | \$ 61,769 | |

Not Financed in H.B. 2892:

Department of Education Items -- USDs

| | | |
|---|---------------|-------------------------|
| Special Education (100%) | \$ 165,586 | House Subcommittee Rec. |
| Inservice Education | 2,000 | House Subcommittee Rec. |
| Deaf-Blind Aid | 100 | House Subcommittee Rec. |
| Adult Basic Education (USDs) | 273 | House Subcommittee Rec. |
| Food Service | 2,400 | House Subcommittee Rec. |
| Innovative Programs | -- | EDIF |
| Parent Education | 2,000 | House Subcommittee Rec. |
| Aid for Bond and Interest Payments (H.B. 2835) | <u>26,500</u> | |
| Total DOE USD Items Not in H.B. 2892 | \$ 198,859 | |

Other Items

| | | |
|--------------------------------------|------------------|---|
| Food Sales Tax Refunds | \$ 5,100 | Receipts Reduction |
| KPERS -- School | 2,886 | Governor has budgeted \$49,509,000, but this amount will increase if House version of H.B. 2892 is enacted. |
| Community College Increase | 3,773 | Governor recommended \$45,341,326 total funding for CCs; House Sub- committee recommends \$49,114,126. |
| Total SGF Impact of "Other Items" | <u>\$ 11,759</u> | |

- a) Includes general aid, income tax rebate, transportation, special education, inservice education, Fort Leavenworth, educable deaf-blind aid, bilingual education, area vocational school aid for secondary students, and funding for at-risk students.
- b) The Governor's added resources budget is dependent on additional sources of State General Fund revenue that have not yet been provided for.

MEMORANDUM

To: Representative Rochelle Chronister and Representative Robert Vancrum

From: Kansas Legislative Research Department

Re: Minority Report on the State Department of Education's Budget

The fiscal impact of the items you recommend be deleted from the Subcommittee Report is shown below:

| | SGF | EDIF |
|-------------------------|------------------|------------|
| General State Aid | \$ 1,060,341,000 | \$ |
| Income Tax Rebate | | |
| Fort Leavenworth | | |
| Transportation | | |
| Special Education | 165,585,634 | |
| Bilingual Education | | |
| AVTS--Categorical Aid | | |
| AVTS--Postsecondary Aid | 22,024,127 | 500,000 |
| CC--Credit Hour Aid | 35,111,652 | |
| CC--Out-District Aid | 10,610,737 | |
| CC--General State Aid | 3,391,737 | |
| Subtotal CCs | \$ 49,114,126 | |
| TOTAL | \$ 1,297,064,887 | \$ 500,000 |

March 31, 1992

HA
3-31-92
Attachment 4

STATE GENERAL FUND PROFILE

(In Millions)

| | FY 1992 | FY 1993 | FY 1994 | FY 1995 |
|--|----------|----------|----------|----------|
| Beginning Balance | \$ 162.2 | \$ 131.0 | \$ 268.0 | \$ 100.0 |
| Receipts | | | | |
| Consensus (Nov. 91) w/4% projections | 2,457.2 | 2,564.4 | 2,667.0 | 2,773.7 |
| Tax Accelerations (H.B. 2111 as reco. by SAT) | 9.4 | 13.6 | -- | -- |
| Transfers | -- | 3.9 | -- | -- |
| H.B. 2892 (Passed House) | -- | 452.2 | 483.5 | 504.6 |
| H.B. 2112 Food Sales Tax Refunds Increased | -- | (5.1) | (6.3) | (6.3) |
| Total Receipts | 2,466.6 | 3,029.0 | 3,144.2 | 3,272.0 |
| Expenditures | | | | |
| General School Aid, H.B. 2892, (Budgets Projected at 4%) | 777.9 | 1,060.3 | 1,421.4 | 1,524.7 |
| Special Ed. Aid (100% for FY 93, projected at 4%) | 121.3 | 165.6 | 172.2 | 179.1 |
| Debt Service Aid (H.B. 2835) | -- | 26.5 | 26.5 | 26.5 |
| Additional KPERS-School Disproportionate Share (Short- fall for FY 1993 Program) | -- | 2.9 | 2.9 | 2.9 |
| All Other Expenditures | | | | |
| Current Status | 1,597.0 | 1,602.0 | | |
| Gov. Voc. Ed. Reco. | | 22.0 | | |
| SRS Shortfalls | 1.6 | 12.7 | | |
| Subtotal -- Other | 1,598.6 | 1,636.7 | 1,669.2 | 1,669.2 |
| % Change | | 2.4% | 2.0% | 0.0% |
| Total Expenditures | 2,497.8 | 2,892.0 | 3,312.2 | 3,442.4 |
| % Change | | 15.8% | 14.5% | 3.9% |
| Ending Balance | 131.0 | 268.0* | 100.0* | (70.4)* |
| Receipts in Excess of Expenditures | (31.2) | 137.0 | (168.0) | (170.4) |
| | | FY 1993 | FY 1994 | FY 1995 |
| * Attributed to H.B. 2892 | | 168.8 | 38.8 | (140.9) |

Assumptions determined by Senator Bogina and Representative Chronister.

Kansas Legislative Research Department
March 26, 1992