

Approved: 3-21-11
Date

MINUTES OF THE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairwoman Lana Gordon at 3:30 pm on March 9, 2011, in Room 159-S of the Capitol.

All members were present:

Committee staff present:

Reagan Cussimanio, Fiscal Analyst, KLRD
Audrey Dunkel, Fiscal Analyst, KLRD
Eunice Peters, Revisor, Office of Revisor of Statutes
Bernadine Lloyd, Committee Assistant

Conferees appearing before the Committee:

Dr. Robert Clark, Vice Chancellor, University of Kansas
Dr. Andy Tompkins, President & CEO, Kansas Board of Regents
Sen. Terrie Huntington

Others attending:

See attached list.

Hearing on:

SB 28 - Johnson county education research triangle authority; interest earnings on fund.

Eunice Peters, Revisor, Office of Revisor of Statutes, presented a short synopsis of the bill.

Proponents:

Robert M. Clark, Vice Chancellor, University of Kansas submitted and presented testimony that this bill amends current law to provide that interest be credited to three funds that were created in FY 2010 to accept deposits of the Johnson County Education Research Triangle Sales Tax funds: the Johnson County Education Research Triangle Fund of Kansas State University, the Johnson County Education Research Triangle fund of the University of Kansas Edwards Campus, and the Johnson County Education Research Triangle Fund of the University of Kansas Medical Center. Interest would be credited to these funds at the net earnings rate for the pooled money investment portfolio for the preceding month. (Attachment 1)

Dr. Andy Tompkins, President & CEO, Kansas Board of Regents, submitted testimony that this legislation would amend statutes to enable the University of Kansas Edwards Campus, Johnson County location of Kansas State University, and the Johnson County location of the University of Kansas Medical Center to retain the earned interest on revenue raised by the Johnson County Education Research Triangle Authority (JCERTA) sales tax during the period of time those revenues are on deposit in the State Treasury for the benefit of those programs. Current statute does not specify what is to be done with the interest earned on JCERTA funds during this period. He also provides the Fiscal Note for the bill by Legislative Educational Planning Committee. (Attachment 2)

Senator Terrie Huntington submitted testimony to support the Kansas Board of Regents efforts to return interest income derived from Johnson County sales tax dollars to the Authority. (Attachment 3)

Action on:

HB 2360 - School districts; uniform chart of accounts.

Chairwoman Lana Gordon presented a balloon amendment to the bill. (Attachment 4)

A motion was made by Rep. Aurand to adopt the balloon amendment. It was seconded by Rep. Winn and passed by voice vote.

A motion was made by Rep. Aurand to pass the bill out as amended. It was seconded by Rep. Winn and passed by voice vote.

Action on:

SB 41 - Private and out of state postsecondary educational institution act; fees.

A motion was made by Rep. Feuerborn in favor of passing this bill out of Committee. It was seconded by Rep. Winn.

A motion was made by Rep. Aurand to amend the bill to sunset it to July 1, 2015. It was seconded by Rep. Spalding and passed by voice vote.

A motion was made by Rep. Feuerborn to accept the bill as amended. It was seconded by Rep. Winn and passed by voice vote.

Action on:

SB 21 - School districts; use of funds from tax levies on motor vehicles and recreational vehicles.

A motion was made by Rep. Spalding for favorable passage. It was seconded by Rep. Arpke and passed by voice vote.

The next meeting is scheduled for March 14, 2011, in 159-S.

The meeting adjourned 4:25 pm.

EDUCATION BUDGET COMMITTEE

3:30pm

Room 159S, State Capitol

GUEST LIST

DATE:

3-9-11

NAME	REPRESENTING
<i>Bob Denny</i>	<i>HW</i>
<i>Rob Henry</i>	<i>Kenneth / Assoc.</i>
<i>Dodie Wellshear</i>	<i>USA / Kansas</i>
<i>DICK CARTER</i>	<i>JCW</i>



The House Education Budget Committee

Hearing on S.B. 28

March 9, 2011

Testimony of Robert M. Clark

Vice Chancellor

University of Kansas

Chairperson Gordon, I am Robert M. Clark, Vice Chancellor for the University of Kansas and I am here to testify in support of S.B. 28.

The University of Kansas sincerely appreciates the Committee's attention to this legislation.

S.B. 28 amends current law to provide that interest be credited to three funds that were created in FY 2010 to accept deposits of the Johnson County Education Research Triangle Sales Tax funds: the Johnson County Education Research Triangle Fund of Kansas State University, the Johnson County Education Research Triangle Fund of the University of Kansas Edwards Campus, and the Johnson County Education Research Triangle Fund of the University of Kansas Medical Center. Interest would be credited to these funds at the net earnings rate for the pooled money investment portfolio for the preceding month.

The University of Kansas Edwards Campus and the University of Kansas Medical Center deposit funds received from the Johnson County Education Research Triangle sales tax in a unique fund with the State Treasury. Because of the unique nature of the revenue source, and the desire to ensure that interest from Johnson County taxpayer funds remain in Johnson County for the benefit of local residents paying the tax, the university requests that the interest earnings accrue to the referenced funds. The monthly balance in each of the funds is estimated at \$60,000. At an interest rate of 0.50% the estimated interest income would be less than \$4,000 in FY 2011.

I would be happy to answer any questions.

Edwards Campus | Administrative Offices

12610 Quivira Road | Overland Park, KS 66213-2402 | (913) 897-8400 | edwardscampus.ku.edu

House Education Budget Committee

Date: March 9, 2011

Attachment #: 1



KANSAS BOARD OF REGENTS

March 9, 2011

Representative Lana Gordon, Chairwoman
House Education Budget Committee
Statehouse, Room 151-S
Topeka, KS 66612

Representative Valdenia Winn, Ranking Member
House Education Budget Committee
Statehouse, Room 451-S
Topeka, KS 66612

Dear Chairwoman Gordon and Ranking Member Winn:

On behalf of the Kansas Board of Regents, I write to you in support of Senate Bill 28, legislation that would amend statutes to enable the University of Kansas Edwards Campus, Johnson County location of Kansas State University, and the Johnson County location of the University of Kansas Medical Center to retain the earned interest on revenue raised by the Johnson County Education Research Triangle Authority (JCERTA) sales tax during the period of time those revenues are on deposit in the State Treasury for the benefit of those programs. Current statute does not specify what is to be done with the interest earned on JCERTA funds during this period. Senate Bill 28 was approved by the Senate on February 22 by a 38-1 vote.

As you may know, JCERTA oversees revenue raised by a one-eighth-cent sales tax in Johnson County. The JCERTA funds are used for building, construction, academic and research program development and growth, faculty and staff recruitment and retention, and operations and maintenance in support of the undergraduate and graduate programs at the Edwards Campus of the University of Kansas, the research and education programs in animal health and food safety and security at the Johnson County location of Kansas State University, and the medical education and life sciences and cancer research programs at the Johnson County locations of the University of Kansas Medical Center. Current statutes do not contemplate what is to be done with the interest earned on JCERTA funds while on deposit with the State. However, the earned interest on JCERTA funds should be used in the same manner as other revenue derived from the JCERTA sales tax. Amending the statute would ensure that all revenue, including earned interest, from the sales tax is used for its intended purpose of supporting the Johnson County Education Research Triangle.

I have attached the Division of the Budget's fiscal note for Senate Bill 28, which provides some additional detail regarding the small amount of revenue tied to this proposal (approximately \$4,320 in FY 2012). Thank you for your consideration of this legislation.

Sincerely,

Dr. Andy Tompkins
President & CEO

★ LEADING HIGHER EDUCATION ★

Landon State Office Building
900 SW Jackson Street, Room 504
Topeka, Kansas 66612

Steven J. Anderson, CPA, MBA, Director



Division of the Budget

phone: 785-296-2436
fax: 785-296-0231
steve.anderson@budget.ks.gov

Sam Brownback, Governor

January 28, 2011

The Honorable Jean Schodorf, Chairperson
Senate Committee on Education
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Schodorf:

SUBJECT: Fiscal Note for SB 28 by Legislative Educational Planning Committee

In accordance with KSA 75-3715a, the following fiscal note concerning SB 28 is respectfully submitted to your committee.

SB 28 would require that the interest earnings from the Johnson County Education Research Triangle sales tax be transferred from the State General Fund to the Johnson County Education Research Triangle Fund of the University of Kansas, the University of Kansas Medical Center, and Kansas State University. The Department of Revenue currently collects the Johnson County Education Research Triangle sales tax at the same time and manner that other state and local sales taxes are collected and the revenue collected is deposited in the state treasury and paid out at least on a quarterly basis. This bill would require that the interest earnings from these deposits be transferred by the tenth day of each month, and would be determined by the average daily balance in each of the respective funds in the preceding month, and the net earnings rate for the Pooled Money Investment Board (PMIB) portfolio for the preceding month.

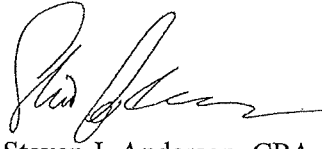
The Board of Regents estimates that SB 28 would decrease State General Fund revenues by approximately \$4,320 in FY 2012 and would also have a corresponding increase in revenue to the Johnson County Education Research Triangle Fund of the University of Kansas, the University of Kansas Medical Center, and Kansas State University. To formulate these estimates, the Board of Regents reviewed data on the average daily balances of these funds and the estimated net earnings rate for the PMIB portfolio. For FY 2012, each of these three funds are estimated to have an average daily balance of approximately \$60,000 and the net earnings rate for the PMIB portfolio is estimated to be 0.24 percent, which would produce a total of \$4,320 in interest earnings (\$60,000 x 3 funds x 0.24 percent).

The Department of Administration indicates that the costs associated with calculating and transferring interest earnings on a monthly basis would be negligible and could be absorbed

The Honorable Jean Schodorf, Chairperson
January 28, 2011
Page 2—Fisc_Note_Sb28

within existing resources. Any fiscal effect associated with SB 28 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue
Melissa Wangemann, KS Association of Counties
Diane Duffy, Board of Regents
Pat Higgins, Administration

TERRIE W. HUNTINGTON

SENATOR, 7TH DISTRICT
6264 GLENFIELD
FAIRWAY, KANSAS 66205
(913) 677-3582

STATE CAPITOL, ROOM 235-E
TOPEKA, KANSAS 66612
(785) 296-7369
TERRIE.HUNTINGTON@SENATE.KS.GOV



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS
CHAIR: ETHICS AND ELECTIONS
MEMBER: LOCAL GOVERNMENT
PUBLIC HEALTH AND WELFARE
TRANSPORTATION
WAYS AND MEANS

TOLL FREE (DURING SESSION) 1-800-432-3924

Testimony in Support of SB 28
House Education Budget Committee
March 9, 2011

To quote the JCERT website, The Johnson County, Kansas, Education Research Triangle was created in November 2008 when residents invested in the county's future by voting for a one-eighth cent sales tax. The proceeds from this tax, first assessed in April 2009, generate more than \$15 million a year to fund higher education and degree offerings through a unique partnership among Johnson County, the University of Kansas and Kansas State University. The initiative includes the development of the Business, Education, Science and Technology (BEST) Building and new degree programs at KU's Edwards Campus in Overland Park; the International Animal Health and Food Safety Institute at K-State's Innovation Campus in Olathe; and The University of Kansas Clinical Research Center in Fairway.

Besides an economic impact of well over \$1.4 billion in the next two decades, the triangle will bring more cancer treatment options to our Kansas citizens. It will unlock millions of dollars in private and public donations and research grants. It will bring world-class food safety research and animal health master's degrees to Johnson County. It will provide expanded and much-needed engineering, science, business and technology programs to keep our existing businesses and jobs as well as attract new companies and new jobs.

To summarize, the JCERT dollars:

- Enhances the quality of life
- Creates new jobs and new companies
- Provides opportunities for cancer cures and treatments
- Protects the food supply
- Expands the knowledge-based economy
- Provides scholarships for Triangle programs
- Sustains existing engineering, technology and animal health companies

I support the Kansas Board of Regents efforts to return interest income derived from Johnson County sales tax dollars to the Authority, and I would ask the Education Committee to agree to their request.

Submitted by:

Senator Terrie Huntington

JCERT Authority Board Member

House Education Budget Committee

Date: March 9, 2011

Attachment #: 3

HOUSE BILL No. 2360

By Committee on Appropriations

2-18

AN ACT concerning school districts; enacting the Kansas uniform financial accounting and reporting act; amending K.S.A. 2010 Supp. 72-8254 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2010 Supp. 72-8254 is hereby amended to read as follows: 72-8254. ~~In order to achieve uniform reporting of expenditures by school districts in school district budgets, districts shall report expenditures in the manner required by the state board.~~

(a) *This section shall be known and may be cited as the Kansas uniform financial accounting and reporting act.*

(b) *As used in this section:*

(1) "Reporting system" means the uniform reporting system, including a uniform chart of accounts, developed by the state board as required by this section, **that is in accordance with generally accepted accounting principles as set forth in K.S.A. 75-1120a, and amendments thereto.**

(2) "School district" means any school district in the state.

(3) "State board" means the state board of education.

(c) The state board shall develop and maintain a uniform reporting system for the receipts and expenditures of school districts. The accounting records maintained by each school district shall be coordinated with the uniform reporting system. Each school district shall record the receipts and expenditures of the district in accordance with a uniform classification of accounts or chart of accounts and reports as shall be prescribed by the state board. Each school district shall submit such reports and statements as may be required by the state board. The state board shall design, revise and direct the use of accounting records and fiscal procedures and prescribe uniform classifications for receipts and expenditures for all school districts. The reporting system shall include budgetary, **proprietary (real) and activity fund** accounts. The state board shall prescribe the necessary forms to be used by school districts in connection with such uniform reporting system.

(d) The reporting system developed by the state board shall be developed in such a manner that allows school districts to record and

and

Balloon Amendments

Prepared by: Jason B. Long

H:\StaffDocs\JasonL\HB 2360 (Gordon uniform acc'ting)\Balloon amendment.odt

1 report any information required by state or federal law.

2 (e) The reporting system shall provide records showing **at all times**
3 by funds, accounts and other pertinent classifications, the amounts
4 appropriated, the estimated revenues, actual revenues or receipts, the
5 amounts available for expenditure, the total expenditures, the
6 unliquidated obligations, actual balances on hand and the unencumbered
7 balances of allotments or appropriations for each school district.

8 (f) The reporting system shall allow a person to search the data and
9 allow for the comparison of data by school district.

10 **(g)** From and after July 1, 2012, the board of education of each
11 school district shall record and report the receipts and expenditures of
12 the district in the manner prescribed by the state board in accordance
13 with this section.

14 Sec. 2. K.S.A. 2010 Supp. 72-8254 is hereby repealed.

15 Sec. 3. This act shall take effect and be in force from and after its
16 publication in the statute book.

(g) As part of the uniform reporting system established pursuant to this section, each school district shall annually submit a report to the state board on the receipts and expenditures of the activity fund accounts and the construction fund accounts of such school district. Such report shall be submitted in a form and manner prescribed by the state board in accordance with the provisions of this section.

(h)