

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:30 p.m. on February 7, 2007, in Room 123-S of the Capitol.

Committee members absent:

Committee staff present: Sharon Wenger, Kansas Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Mark Desetti, Kansas National Education Association
Scott Frank, Legislative Division of Post Audit
Diane Gjerstad, Wichita Public Schools
Bill Brady, Schools for Fair Funding
Senator John Vratil
Corey D. Peterson, Associated General Contractors of
Kansas
Trudy Aron, American Institute of Architects
Mark Tallman, Kansas Association of School Boards

Continued hearing on: **SB 142 – Finance; cost of living weighting; comparative wage index**

Mark Desetti, Kansas National Educational Association, stated that KNEA was neutral on **SB 142**. He went on to say that, while KNEA members appreciated the effort to move to a more rational basis for the cost of living weighting, they still believe that the Legislature is ignoring the fundamental fact that all teachers in Kansas are underpaid. He recalled that a Legislative Post Audit study found that, after making adjustments for regional differences in overall wages, Kansas' average teacher salaries ranked 33rd in the nation. KNEA believes that the bill moves the weighting in the right direction, but KNEA continues to be troubled by the disparity in wealth and property valuations that makes it easy to raise funds in some parts of the state and very difficult in other parts of the state. Mr. Desetti urged the Committee to find a way to address the shortfall in all teacher salaries. (Attachment 1)

Scott Frank, Legislative Division of Post Audit, responded to Committee questions regarding the comparable wage index developed by the National Center for Education Statistics, which he summarized at the February 6 meeting.

Diane Gjerstad, Wichita Public Schools, testified in opposition to **SB 142**. She noted that the bill would allow about one-third of Kansas school districts to increase local property taxes, unequalized, based on comparable wages in the area. She pointed out that, under the bill, Wichita's adjustment would be markedly less even though it is in competition with Johnson County for teachers. In her opinion, it was premature to allow a few districts to increase spending power while urban districts continue to struggle to meet the needs of challenging populations. (Attachment 2)

Bill Brady, Schools for Fair Funding, testified in opposition to **SB 142**. He said that passage of the bill would provide certain districts with the equivalent of an additional LOB authority of nearly 22 percent. Combined with the current 30 percent LOB and additional weights available, some districts would be afforded the opportunity to levy in excess of 60 percent in additional budget authority. He went on to say that the current cost of living weighting applies to approximately 16 school districts, but passage of the bill would extend additional authority to approximately 100 districts. He then discussed the reasons that Schools for Fair Funding believes that this type of index is unfair. In conclusion, he noted, "If every district eligible for property tax authority took was offered in **SB 142**, we would see a property tax increase of \$190 million." In his opinion, the legislative focus should be on the implementation of the portions of the Legislative Post Audit cost study not fully addressed last year. (Attachment 3)

There being no others wishing to testify, the hearing on **SB 142** was closed.

SB 130 – School districts; authorized expenditures from capital outlay fund

CONTINUATION SHEET

MINUTES OF THE Senate Education Committee at 1:30 p.m. on February 7, 2007, in Room 123-S of the Capitol.

Theresa Kiernan, Revisor of Statutes Office, explained that **SB 130** would add utility services, insurance, computer software, and other computer and technology expenses as authorized expenditures from the capital outlay fund. It would also codify an Attorney General's opinion which stated that capital outlay funds could be expended for computer hardware. She also explained the clean-up language on pages 1 and 2.

Senator John Vratil testified in support of **SB 130**. He noted that school districts which have an existing levy for capital outlay could not take advantage of the bill unless they get a new resolution incorporating insurance, utilities, and computer technology. He explained that the purpose of the bill was to continue with the philosophy the Legislature has followed the last two years to allow school districts more flexibility in determining how to best allocate the funds available to them. (Attachment 4)

Corey D. Peterson, Associated General Contractors of Kansas, testified in opposition to **SB 130**. He argued that the availability of the expanded use of capital outlay funds by school districts would open the door for districts to forgo needed capital projects. With capital improvement projects postponed or not scheduled at all, the K-12 system could be faced with a backlog of capital improvement needs similar to what the Board of Regents was currently facing. He emphasized that the reassignment of funds would have a detrimental impact on Kansas' construction industry, many of which rely heavily on school work. (Attachment 5)

Trudy Aron, American Institute of Architects, testified in opposition to **SB 130**. She commented that insurance and utility costs are part of the on going operational expenses of buildings, but capital outlay funds are for expenses that are durable. In her opinion, passage of the bill would be harmful to the design and construction industry, and it would have a damaging impact on housing for K-12 students. (Attachment 6)

Diane Gjerstad, Wichita Public Schools, testified in opposition to **SB 130**. She noted that capital expenditures are traditionally improvements to the physical structure of the district (building, remodeling, or repair). She reasoned that utility and insurance costs are on going expenditures, not investments in capital. In her opinion, the best state policy was to keep capital funds focused on building and grounds. (Attachment 7)

Mark Tallman, Kansas Association of School Boards, informed the Committee that KASB members have not proposed or adopted a position that would support changes in the capital outlay law. They believe that **SB 130** is a symptom of a more basic problem: If the base budget per pupil was adequate, school districts would not have to shift operating expenses to capital outlay. KASB believes that the base should be high enough to provide funding for basic operating expenses such as utilities and insurance. Mr. Tallman urged the Committee to develop a proposal that would move toward a base budget per pupil that truly reflects education costs, reduces reliance on the LOB, and makes reliance on bills like **SB 130** unnecessary. (Attachment 8)

There being no others wishing to testify, the hearing on **SB 130** was closed.

SB 143 – School districts; procedure to adopt local option budget

Due to the lack of sufficient time for a hearing on **SB 143**, Senator Schodorf announced that the hearing would be rescheduled for the February 19 meeting.

Attention was turned to the minutes of the January 30 and 31 meetings and the February 1 and 5 meetings.

Senator Vratil moved to approve the minutes of the meetings for January 30, 31, February 1, and 5 meetings, seconded by Senator Goodwin. The motion carried.

The meeting was adjourned at 2:20 p.m.

The next meeting is scheduled for February 8, 2007.