

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:00 a.m. on February 10, 2009, in Room 143-N of the Capitol.

All members were present except:

Representative Mitch Holmes- excused

Committee staff present:

Nobuko Folmsbee, Office of the Revisor of Statutes

Theresa Kiernan, Office of the Revisor of Statutes

Alan Conroy, Kansas Legislative Research Department

Raegan Cussimano, Kansas Legislative Research Department

Christina Butler, Kansas Legislative Research Department

Kathy Holscher, Committee Assistant

- Attachment 1 Kansas Division of the Budget Fiscal Note for **HB 2095**
- Attachment 2 **HB 2095**
- Attachment 3 Kansas City, Kansas Public Schools Testimony
- Attachment 4 Kansas Health Policy Authority Response

Conferees appearing before the committee:

None

Others attending:

See attached list.

Chairman Yoder opened the meeting and stated that negotiations have been broken off at this time with the Senate regarding **SB 23**, due to the inability to reach an agreement on physical and mental disability waivers.

Introduction of Proposed Legislation

Representative Feuerborn moved to introduce legislation pertaining to the investment of state monies. The motion was seconded by Representative Gatewood. Motion carried.

Representative Light moved to introduce legislation pertaining to bed and breakfasts. The motion was seconded by Representative Watkins. Motion Carried

Representative Carlin moved to introduce legislation pertaining to veterans benefits. The motion was seconded by Representative Ballard. Motion carried.

Representative Donohoe moved to reintroduce legislation pertaining to reimbursing doctors for experimental products when used and insurance companies that have not provided an item or coverage for reimbursement. The motion was seconded by Representative DeGraaf. Motion carried.

HB 2095 - School finance; capital outlay; cash-basis law, exemption; LOB authority.

Chairman Yoder stated that the Fiscal Note for **HB 2095** is being distributed to Committee members, (Attachment 1).

Theresa Kiernan, Office of Revisor of Statutes, addressed questions and provided explanations regarding Committee revisions to **HB 2095** (Attachment 2).

Representative Watkins made a motion to move the technical amendments. The motion was seconded by Representative Kelley. Motion carried.

Theresa Kierman responded to questions from Committee members regarding the mill levy and school board's authority to pass a new resolution. Under Section 1 this would be on-going and renewable every two years. The school years effected by these recommended changes and budget cycles were reviewed.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:00 a.m. on February 10, 2009, in Room 143-N of the Capitol.

Committee members discussed items to be modified and applied to FY 2009. A recision in the current year, the impact on LOB, and the need to provide districts the opportunity to stabilize their cash flow was noted.

Representative Yoder made a motion to modify Section 1. The motion was moved by Representative Watkins and seconded by Representative McLeland.

Discussion by Committee members followed. Recommended language change for Section 3 would include any school year in which the base aide per pupil drops below \$4,433, and the addition of FY 2009 to the list of years.

Representative Watkins was asked to clarify his motion, which was for FY 2009.

Representative Watkins made a motion to move the balloon as part of the original motion. The motion was seconded by Representative McLeland.

Discussion by Committee members followed regarding state aid and to grandfather what was appropriated in FY 2008 and 2009. This would not protect special education but would protect the LOB, as recommended in the Senate Committee. LOB is figured on general state aid and special education, which is consistent with current law. It was noted that the Senate wanted to make sure that the LOB isn't just latched with general state aid so that if special education funding was reduced the LOB would not be effected..

Representative Watkins renewed the motion. Motion carried.

Theresa Kierman responded to questions from Committee Members regarding BSAPP. The current base is \$4,433, FY 2010 projected BSAPP is \$4,492, and if the recision bill passes the BSAPP would be \$4,422. If school funding was reduced the LOB would be reduced at the same amount as well. If local aid remains at the same level, districts would not be forced to reduce their local aid. Section 3 protects the computed BSAPP at \$4,433. This would also allow districts to issue no-fund warrants and districts would have the opportunity raise up to 2 mills on the LOB. Reference was made to Section 2 regarding the current law for the use of no-fund warrants. Section 4 was discussed regarding the cash basis law. The amendment would ensure that districts could pay salaries only if the district does not exceed their budgeted amount. Language consideration for FY 2010 was discussed. Questions were raised regarding the equalization formula, and the 2 mill capital outlay formula (not equalized) for utilities and insurance referred to in Section 1. Sections 6 and 7 refers to 8 mills (equalized) for construction, repairs and remodeling; and 2 mills for insurance and utility service. It was noted that a bill that passed out of the House had a cushion of \$114 million, which includes January. If the shortfall exceeds \$114 million schools would have to make adjustments with local flexibility options. The later we go in to the fiscal year the more difficult it will be for school districts, and the greater the impact budget cuts may have in the 2009 and 2010 school year. A review of the fiscal note for **HB 2095** with an estimated state fiscal effect of \$250,000 in FY 2010. Using the same formula but equalized for two new mills would be \$350,000 for a total fiscal on this bill in the amount of \$600,000. The suggestion was made to separate issues that effect FY 2009 and deal with provisions that are less objectionable and items that the Committee could go forward with. Clarification on the use of no-fund warrants, cash basis and contingency funds was provided. Discussion followed regarding ways to provide the districts the greatest flexibility, as reductions are made to their budgets, in order to lesson the overall impact. Modification to this bill may be necessary for FY 2009 and FY 2010.

Chairman Yoder suggested that Committee members visit with their school districts and other legislators to bring other ideas forward, in order to help districts get through this period. The hearing on **HB 2095** is closed. Members were encouraged to bring their balloons and other items to the Committee meeting tomorrow in order to work this bill with the intent of sending it out at that point.

Copies of the Kansas City, Kansas Public School testimony (Attachment 3) and the Kansas Health Policy Authority Response (Attachment 4) were distributed to Committee members.

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:00 a.m. on February 10, 2009, in Room 143-N of the Capitol.

The next meeting is scheduled for February 11, 2009.

The meeting was adjourned at 10:04 a.m.

Kevin Yoder, Chairman