

KASEA Legislative Update for February 3, 2017
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Four Weeks In (and running!)

The Legislature completed their fourth week on Friday. Most of the new legislators have grown acclimated and are showing readiness to tackle the multitude of issues before them. The Legislature, by and large, has shown a reluctance to accept most of the governor's budget and tax recommendations. To nearly a person, especially among new legislators, the message is clear: they want to fix the underlying revenue issues and restore the state to sound fiscal management.

Budget and Taxes

The House and Senate budget committees have held hearings on the Governor's Budget rescission plan for the current budget year. House Appropriations held hearings on [HB2052](#), but has not taken final action on it yet. Senate Ways and Means, on Wednesday, heard testimony on [SB27](#). Both of these contain the governor's proposal for one-time transfers and internal borrowing from investment portfolios in the Pooled Money Investment Board (PMIB). The PMIB policy would take legislative action. Both the House Appropriations and Senate Ways and Means committees have held hearings on bills ([HB 2161](#) and [SB115](#), respectively), which would enable the shift.

Legislators are clearly torn regarding how to fix the current year's budget shortfall. While they clearly find the Governor's Budget proposal distasteful, because it doesn't fix the underlying structure, failure to accept his plan means they'd have to make significant cuts – up to 8.6% on schools – in what's left of the current fiscal year. The PMIB is estimated to net \$317 million, which alone would nearly cover the state's shortfall in FY2017, as revenues came in above projections in January. Of course, the shortfall amount assumes the state paying its share of KPERS at the 2016 level, which is short about \$87 million of what it should be.

And legislators are not keen on continuing to short paying the state's share of KPERS. The governor's recommendation would assume delaying amortization another ten years, at a cost of about \$6.5 billion.

Already bills are in motion to consider a variety of tax initiatives – cigarette, tobacco, liquor, motor fuel, LLC "loophole," and sliding back a bit on personal income taxes. The House Taxation Committee has been busy vetting various types of taxes, holding informational meetings and hearings – but no real bills yet.

Senate leadership just unveiled a tax plan that raises about \$430 million in its first year. Key to the plan is that it not only addresses the much-publicized LLC loophole, but also proposes raising individual income tax rates, which are actually responsible for more of the revenue shortfall than the LLCs.

In tax year 2018, married and filing jointly: with taxable income of up to \$30,000, the rate goes from 2.7% to 3%; and income of more than \$30,000 is raised from \$780+4.6% to \$900+4.9%. Such increases would raise about \$54 million from those in the lower income bracket and about \$150 million from those over \$30,000.

The plan preserves the two tax brackets, rather than returning to the three brackets that existed prior to 2013. Senate president Susan Wagle stated this plan represents a consensus among

the 31 Republican members in the Senate. While most legislators seem to agree that personal income taxes need to be part of the solution, there may be significant disagreement among Democrat members over the increase on the lower-income bracket.

School Finance

The same pattern of development is occurring in the area of school finance. Education committees in both chambers have been holding hearings on various aspects of school funding, with more comprehensive school finance plans just starting to emerge.

Next week, the House Education Budget Committee, chaired by Rep. Larry Campbell, Olathe, will hold a hearing on [HB2242](#), the *Classroom-Based Funding Act*. The bill was introduced by Rep. Scott Schwab, Olathe, and is identical to one he introduced last year. Last year, Schwab acknowledged the bill had issues, but saw it as a place to begin discussions. One interesting aspect of his bill is the way he addresses equity, in that he proposes schools making new classes available to other schools, at no cost. For instance, if Blue Valley uses local funds to create new foreign language classes, this would get equalized by offering the same courses to other districts via online learning.

Introduced on Thursday was a bill by Rep. Melissa Rooker, Fairway, that is not yet out in print. She has spoken in recent weeks of a plan based largely on aspects of the former formula, with some tweaks. More on that when it's released.

New bill relating to ESI introduced

On Monday, the House Corrections and Juvenile Justice Committee will hold a hearing on [HB 2243](#), a bill regarding the use of emergency safety interventions by school safety personnel. The bill was just introduced this week. The bill specifically addresses training requirements for school safety officers, including the documentation of said training, and the use of mechanical restraints by school safety officers.

Those interested in testifying should contact the committee assistant Linda Kentch, at linda.kentch@house.ks.gov or 785.296.7447, as soon as possible.

Calendar Items for the Week of February 6, 2017

Following is a list of education-related meetings and hearings scheduled in the coming week. This calendar is subject to change.

Monday, February 6

9:00 a.m., H-Appropriations, 112-N*

Presentations:

- Pooled Money Investment Board (PMIB), Shawn Sullivan, Budget Director
- Legislative Post Audit (LPA), Scott Frank

9:00 a.m., H-Financial Institutions & Pensions, 281-N

- Subcommittee meeting on working after retirement (KPERS)

1:30 p.m., H-Corrections & Juvenile Justice, 152-S

Hearing:

- [HB 2243](#), Authorizing school security officers to use certain types of emergency safety interventions

Final action:

- [HB 2048](#), School district plans addressing child sexual abuse; establishing Erin's law

1:30 p.m., H-K12 Education Budget, 346-S*

Briefing:

- School Finance, Mike O'Neal

Tuesday

1:30 p.m., H-K12 Education Budget, 346-S*

Hearing:

- [HB 2242](#), Enacting the classroom-based funding act

Wednesday

9:00 a.m., H-Financial Institutions & Pensions, 281-N

- Subcommittee meeting on working after retirement (KPERS)

12:00 p.m., Legislative Post Audit (LPA), 118-N

Briefing:

- K-12 Health Insurance Consolidation Study

1:30 p.m., H-K12 Education Budget, 346-S*

Briefing:

- K-12 Health Insurance Consolidation Study – LPA

Thursday

1:30 p.m., H-K12 Education Budget, 346-S*

Discussion and possible action:

- KSDE Operational Budget, FY 2018 & FY 2019

1:30 p.m., S-Education, 144-S*

Presentation:

- School Mental Health and Kansas Students – William Skaggs, KSCA President; Barb Meyer, KS School Social Workers; Kyle Carlin, KS Association of School Psychologists

Discussion:

- Free & Reduced Lunch/At-Risk, Scott Frank, LPA & Dale Dennis, KSDE

3:30 p.m., H-Education, 546-S

Presentation:

- School Mental Health

*Live-streaming audio available. To access these committee online, click here

http://www.kslegislature.org/li/b2017_18/committees/, select the committee you want to listen to and click on the link for “audio stream.”