

KASEA Legislative Update March 10, 2017

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Budget, Tax and School Finance Await Legislature Upon Return

On Monday, the Legislature returned following a brief turnaround break. The Senate continued working on assembling a tax package and budgets for the fiscal years 2017, 2018 and 2019. On Tuesday, the Senate rejected the Governor's tax proposal, [SB 175](#). While the plan was not expected to pass, the debate took an unexpected turn following a motion to separate the bill into different parts, requiring a vote on each one. After about two hours of mostly procedural debate, a motion to remove the enacting clause was introduced and on a 37-1 vote, the bill was dead.

The Governor's plan did not generate enough revenue to address budget deficits and failed to address the LLC loophole. The Senate Assessment and Tax Committee continues to meet in hopes of working towards a plan that can both pass the chamber and, if necessary, override a veto by the Governor.

The Senate Ways and Means Committee this week held a hearing on the House-passed rescission bill, [HB 2052](#). As passed by the House, the bill includes no cuts to K-12 education funding. On Monday, the committee is expected to take action on HB2052, possibly with a few tweaks.

Absorbing the Gannon IV Decision

The first week back from the legislative turnaround break the Legislature spent grappling with the Supreme Court's *Gannon IV* decision on school finance adequacy.

In many ways, the decision was what most had expected and pretty basic: the block granted CLASS Act is unconstitutional in that both its structure and implementation don't pass constitutional muster; the Legislature needs to design a formula that is structurally set up to adequately fund the educational needs of students; special funding attention needs to be given to the 25% of students who fall into the "achievement gap;" and the Legislature has until June 30, the end of the fiscal year, to pass a constitutionally-sound school finance formula.

As with most things in life, though, the proverbial devil is in the details. Some legislators are questioning the rationale of the Court even opining on the CLASS Act, since the lawsuit was filed before its passage. Others expressed frustration that the opinion is short on providing parameters of a constitutional formula. All seem to be questioning just what they can put in and what they can throw out from years past.

Some legislators would like the state to simply go back to the old SDFQPA formula and put more money into it, while others see this as an opportunity to design something new.

Both the House and Senate will begin delving more pointedly into the school finance discussion next week.

Click [here](#) to access the court decision.

For a comprehensive summary prepared by legislative legal staff, click [here](#).

Senate School Finance Committee Appointed

The Senate this week appointed a special committee, charged with the responsibility of drafting a new school finance formula. The committee will be chaired by Senate Majority Leader Jim Denning, R-Overland Park.

Other members of the Select Committee on School Finance are:

- Sen. Carolyn McGinn, R-Sedgwick, Senate Ways & Means Committee chair
- Sen. Anthony Hensley, D-Topeka, Senate Minority Leader
- Sen. Molly Baumgardner, R-Louisburg, Senate Education Committee chair
- Sen. Barbara Bollier, R-Mission Hills
- Sen. Bud Estes, R-Dodge City
- Sen. Dan Goddard, R-Parsons
- Sen. Dan Kerschen, R-Garden Plain
- Sen. Pat Pettey, D-Kansas City

KPERS, Working After Retirement

On Tuesday, the Senate Committee on Financial Institutions and Insurance will hold hearings on [SB 138](#) and [HB 2268](#). Both bills include key provisions related to working after retirement, including:

- Extending the earnings limitation.
- Combining current special exemptions for emergency vacancy, special education, and hard-to-fill positions into a single special working-after-retirement exemption.
- Starting on July 1, 2017, individuals who retire at age 62 or older and who are subsequently re-employed by a participating school district also would be exempt from the earnings cap. The school district would make a contribution to KPERS equal to 30 percent of the retiree's compensation.

A&M Efficiency Recommendations

The House K-12 Education Budget Committee held an informational briefing from the Secretary of Administration this past week on the A&M Efficiency Report recommendation, related to procurement and health care benefit consolidation.

An *ad hoc* group of interested parties met with the Secretary during the turnaround break and identified some significant barriers to moving ahead on the recommendations. Among the concerns, questions about the accuracy of the data and cost savings in both the A&M study and the subsequent LPA report on consolidated health insurance.

Following the presentation, Chairman Campbell announced that the committee will not take action on [HB 2142](#) or [HB 2143](#). The committee asked that the workgroup continue to meet to discuss procurement and supported the recommendation that Legislative Post Audit conduct a study of all school districts' health plan data and report back next year with more sound actuarial data.

The chair will report these recommendations to the House Appropriations Committee next week.

Bill Tracking Report

We have prepared a bill tracking report that includes budget, tax and education bills that may be of interest to KASEA members. Click [here](#) to access that report. If you have additional questions about a specific bill, please feel free to contact us.

Committee Schedule for the Week of March 13, 2017

This is a list of committee meetings that may be of interest to KASEA. The calendar is subject to change.

Monday, March 13

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

Update:

- K-12 Efficiency Study Recommendations – Rep. Campbell

9:30 a.m., S-Assessment & Taxation, 548-S*

Hearing:

- [SB 146](#) – Continuation of 20 mill statewide levy for schools
- [SB192](#) — *Under Kansas income tax act; providing rate changes, determination of Kansas adjusted gross income and sunseting certain modifications, itemized deductions.*

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

Subcommittee on Working After Retirement, KPERS

10:30 a.m., S-Ways & Means, 548-S*

Final Action:

- [HB 2052](#) – Substitute for HB 2052 by Committee on Appropriations - Appropriations for FY 2017, FY 2018, FY 2019 and FY 2020 for various state agencies.

1:30 p.m., H-K-12 Education Budget, 346-S*

Discussion:

- School Finance

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

Update:

- Requested data from KASB

Tuesday, March 14

9:30 a.m., S-Financial Institutions & Insurance, 546-S

Hearings:

- [SB138](#) – Exempting KPERS licensed school retirees from the WAR earnings limitation
- [HB2268](#) – Extending the sunset date on certain WAR exemptions

1:30 p.m., H-K-12 Education Budget, 346-S*

Hearing:

- [HB 2379](#) – Requiring school district expenditure reporting under the Kansas uniform financial accounting and reporting act (at a transactional level)

Discussion:

- School Finance

Wednesday, March 15

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

Discussion & possible action: Working After Retirement, KPERS

*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.”