Legislature approves budget, revenue bills; rejects Common Core challenge

The Kansas Legislature ended a three-and-a-half week wrap-up session early Sunday June 2, after adopting a budget that keeps K-12 funding essentially level over the next two years, and a tax bill that avoids a projected deficit within two years. A proposal aimed at slowing the state’s involvement in the multi-state educational standards known as ‘common core’ passed the Senate but was defeated in the House.

The outlook for school funding

Although the tax policies adopted in HB 2059 increase state revenues over the next few years compared to current law, the bill also includes further income tax cuts through 2018 that are likely to keep K-12 funding increases below the rate of inflation over the next five years. It also provides that, beginning in FY 2019, when annual revenue growth from certain tax sources exceeds two percent, further income tax rate cuts would be automatically enacted. As a result, future funding available for school finance would continue to be constrained.

Common Core and state standards

On Saturday, June 1, the House defeated HB 2391, which had been approved earlier in the day by the Senate to create a two-year joint legislative oversight committee for educational standards. It would also have blocked implementation of any new multi-state educational standards adopted by the Kansas State Board of Education between January, 2013 and April, 2014.

In March, the House Education Committee rejected a bill blocking implementation of the Common Core reading and math standards adopted by the State Board in 2010. However, Senate negotiators earlier this month offered a budget “proviso” that would have prohibited the use of state appropriated funds for implementation of the Common Core standards and the Next Generation Science Standards currently under consideration by the State Board, and assessments affiliated with those standards.

KASB opposed both the bill and proviso, urging legislators not to block standards that districts are already implementing; an action that could threaten the state’s No Child Left Behind waiver. The new language in HB 2391, which was adopted by the Senate Ways and Means Committee on Friday, May 31, addressed that concern by exempting standards already adopted prior to the 2013 Legislative Session, which include the Common Core reading and math standards.

Tax bill

The major issue that extended the 2013 Legislative Session from its planned 80 days to the wee hours of the 100th (although technically a continuation of day 99) was the Governor’s request for a tax bill to shore up current state revenues after last year’s massive income tax cut bill, while also providing further income tax cuts on what he calls the “glide path to zero (income tax).”

Governor Brownback and the Senate wanted to keep the state sales tax rate at 6.3 percent permanently, rather than dropping to 5.7 percent on July 1, as provided by the temporary increase approved three years ago. Until Saturday, the House had rejected keeping any part of the higher rate, but the conference committee report on HB 2059 makes the rate 6.15 percent. The bill also raises revenue by trimming both itemized and standard income tax deductions. Those increases are offset by phasing-in further income rate reductions through 2018.

The net impact of the bill is estimated to increase state revenues by $777 million over the next five years, leading opponents — especially Democrats who opposed the higher sales tax rate — to call the bill a tax increase. Supporters of the bill argued the revenue was necessary to maintain core government services, and should be viewed in the context of last year’s income tax cuts. In fact, last year’s tax cut bill was projected to reduce state revenues (tax collections) by $4.54 billion over the six years between 2013 and 2018. Even with the tax increases in this bill, Kansas taxpayers are projected to see a net six year reduction of $3.76 billion, but with a higher share of revenue coming from sales tax and a lower share from income tax.

To put that in context, $3.76 billion spread over six years would provide $752 million per year. If K-12 education received 50 percent of those revenues, continued on page 2
KASB Announces Leadership for Tomorrow Class of 2013-2014

The Kansas Association of School Boards is pleased to announce its Leadership for Tomorrow Class of 2013-14.

Participants are chosen through an application process on the basis of individual leadership in Kansas public education and participation in activities that promote effective governance and raise student achievement.

“Our Leadership for Tomorrow program is a great opportunity to explore state-wide topics. Our focus is to provide time to see issues from other perspectives,” said Dr. John Heim, KASB executive director. “This year’s class is a great mix of board members, district and building-level administrators. They are each leaders in their own community, and through our program we give everyone a chance to discover what our similarities and differences truly are, and where we can find common ground to make Kansas first in education.”

KASB Leadership for Tomorrow class will explore a broad spectrum of issues and concerns related to public education and student achievement.

The class will meet five times in various locations across the state. Presenters and facilitators will include civic leaders, government officials, educators and experts from a variety of fields.

2013-14 Class Members:

- Susan Beeson, superintendent, Chetopa-St. Paul USD 505
- Joyce Carter, board member, Great Bend USD 428
- Becky Cooper, board member, SE of Saline USD 306
- Tammie Hall, principal, McCune & Weir Attendance Centers, Southeast USD 247
- Janel Johnson, board member, Topeka USD 501
- Dr. Rose Kane, superintendent, Belle Plaine USD 357
- Janet Sprecker, board member, Derby USD 260
- Lynette Turney, board member, Belle Plaine USD 357
- Mike Wiley, principal, Basehor-Linwood Middle School, Basehor-Linwood USD 458
- Dennis Wilson, board member, Labette County USD 506
- Dave Younger, superintendent, Ulysses USD 214

Legislature approves budget
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It would mean $376 million for school districts annually, which would fund the entire shortfall in local option budget state aid ($90 million), restore capital outlay state aid ($23 million), and increase base state aid per pupil by almost $390.

Without increased revenues, the budget adopted by the Legislature was projected to face a $157 million or 2.6 percent deficit in Fiscal Year 2015.

KASB supported increased revenue to avoid further cuts in education funding, but expressed deep concerns about further tax cuts which would limit future funding. Under this tax bill, state general fund revenues are expected to be less than projected spending every year through 2018, reducing the SGF ending balance from 10.0 percent to a small deficit of 0.4 percent. These projections are based on “normal” income growth, which does not consider either additional economic growth due to the tax cuts, or reduced revenue if economic growth slows or falls into recession. The Senate approved HB 2059 on a vote of 24-13.

Budget for Fiscal Years 2013, 2014 and 2015

For the first time, the Legislature approved a two-year budget, which KASB supported. For K-12 education, the budget is expected to keep base state aid per pupil at $3,838 in the current year and next year, with a small increase due to anticipated higher revenue from the 20 mill statewide levy in 2015. No change is provided for local option budget state aid, which will result in further proration and probable mill levy increases or budget cuts for districts receiving such aid. No increase is provided in special education state aid, which means the “excess cost” percentage is likely to further decline.

The budget also replaces state general fund dollars with transfers from the state highway fund in both 2014 and 2015 to help finance transportation weighting and special education transportation aid. This change reduces the amount of funding from the state general fund, but does not change the amount of money districts will receive.

The budget provides increases in school district capital improvement (bond and interest) aid and KPERS employer contributions based on the estimated formula requirements of these programs.

New rules for payroll deductions take effect July 1

During this year’s session, the Legislature enacted several changes to the rules for payroll deductions from employee paychecks. These changes are all incorporated within Senate Substitute for House Bill 2022, which was signed into law by Governor Brownback on April 1, 2013, and will go into effect July 1, 2013.

One of the changes that will go into effect on July 1 is a prohibition against professional employee organizations and public employee organizations using funds deducted from members’ paychecks for the purpose of engaging in partisan or political purposes. However, it is important to note this change does not mean school districts should stop withholding deductions for union dues. The union dues should still be withheld by the district. This change places the burden on the union to ensure the funds withheld from paychecks are not used for partisan or political purposes. It does not place any additional burden on school districts.

In addition, the Kansas Wage Payment Act has been amended to allow employers to take certain deductions from employee paychecks. The general rule found in K.S.A. 44-319(a) remains in place and states as follows:

[Except as set forth in new language] no employer may withhold, deduct, or divert any portion of an employee’s wages unless: (1) The employer is required or empowered to do so by state or federal law; (2) the deductions are for medical, surgical, or hospital care or services; (3) the employer has a signed authorization by the employee for deductions for a lawful purpose accruing to the benefit of the employee; or (4) the deductions are for contributions attributable to automatic enrollment . . . in an employee retirement plan established by the employer described in sections 401(k), 403(b), 408, 408A or 457 of the internal revenue code.

The new language added to K.S.A. 44-319 now allows employers to make deductions from wages, if there is a signed written agreement between the employer and employee, for the following purposes:

1. To allow the employee to repay a loan or advance which the employer made to the employee during the course of and within the scope of employment;
2. To allow for recovery of payroll overpayment; and
3. To compensate the employer for the replacement cost or unpaid balance of the cost of the employer’s merchandise or uniforms purchased by the employee.

Furthermore, an employer may now deduct certain items from an employee’s final wages upon providing a written notice and explanation to the employee. Items which may now be deducted from the final paycheck after providing written notice and explanation are as follows:

1. To recover the employer’s property provided to the employee in the course of the employer’s business, including, but not limited to, tools of the trade or profession, personal safety equipment, computers, electronic devices, mobile phones, proprietary information such as client or customer lists and intellectual property, security information, keys or access cards or materials until such time as the property is returned. Upon return of the employer’s property, the withheld wages must be relinquished to the employee;
2. To allow an employee to repay a loan or an advance which the employer made to the employee during the course of and within the scope of employment;
3. To allow for recovery of payroll overpayment;
4. To compensate the employer for the replacement cost or unpaid balance of the cost of the employer’s merchandise, uniforms, company property, equipment, tools of the trade or other materials intentionally purchased by the employee.

However, when utilizing these new payroll deduction rules, employers must bear in mind the amounts withheld from the employee’s wages cannot reduce the wages paid to less than the minimum wage required under federal law.

If you have any questions, contact a KASB attorney at 800-432-2471.