

## MINUTES

### LEGISLATIVE EDUCATIONAL PLANNING COMMITTEE

October 12, 2009  
Room 545-N—Statehouse

#### Members Present

Senator Jean Kurtis Schodorf, Chairperson  
Representative Deena Horst, Vice-Chairperson  
Senator Marci Francisco  
Senator Bob Marshall  
Senator Ruth Teichman  
Senator John Vratil  
Representative Steve Huebert  
Representative Eber Phelps  
Representative Valdenia Winn

#### Members Absent

Senator Mark Taddiken  
Representative Barbara Ballard  
Representative Owen Donohoe  
Representative JoAnn Pottorff

#### Staff Present

Sharon Wenger, Kansas Legislative Research Department  
Martha Dorsey, Kansas Legislative Research Department  
Theresa Kiernan, Office of the Revisor of Statutes  
Kristen Kellems, Office of the Revisor of Statutes  
Renaë Jefferies, Office of the Revisor of Statutes  
Dale Dennis, Kansas State Department of Education  
Janet Henning, Committee Assistant

#### Others Present

Scott Frank, Legislative Division of Post Audit  
Laurel Murdie, Legislative Division of Post Audit  
Alex Gard, Legislative Division of Post Audit  
Mike Reecht, K12, Inc.  
Kathy Damron, University of Kansas

Lee Stickle, Kansas Instructional Support Network  
Sarah Hoffmeier, Kansas Instructional Support Network  
Bill Reardon, Kansas City Kansas Public Schools  
Bill Brady, Schools for Fair Funding  
Jennie Rose, Kansas Children's Service League  
Bruce Givens, USD 260, Derby and Kansas Association of Special Education Administrators  
Mike Lewis, High Plains Educational Coop. and Kansas Association of Special Education Administrators  
Tom Krebs, Kansas Association of School Boards  
Stuart Little, Shawnee Mission USD 512  
Missy Taylor, Kansas Families for Education  
Val DeFever, Schools for Quality Education  
Erin Dugan, USD 233, Olathe  
Sue Denny, USD 229, Blue Valley  
Phoebe Rinkel, Kansas State Department of Education, University of Kansas, Kansas Inservice Training System  
Ryan Wright, Kansas Action for Children  
Doug Bowman, Coordinating Council on Early Childhood Developmental Services  
Diane Gjerstad, Wichita Public Schools  
Dodie Wellshear, United School Administrators/Kansas  
Dr. Gary George, Olathe School District

### **Morning Session**

The meeting of the Legislative Educational Planning Committee (LEPC) was called to order at 10:00 am by Chairperson Schodorf.

#### **Performance Audit: *Can State Universities Provide Postsecondary Education More Efficiently to Reduce Costs?***

Joe Lawhon, Principal Auditor, Kansas Legislative Post Audit, spoke to Committee members regarding the findings, conclusions, and recommendations of the completed performance audit, *State Universities: Can State Universities Provide Postsecondary Education More Efficiently To Reduce Costs?* (On file - Kansas Legislative Division of Post Audit, August, 2009)

Mr. Lawhon told Committee members the February 2008 *State Legislatures* magazine reported that officials from the university system in Maryland had recognized the need to demonstrate greater efficiencies in how they delivered postsecondary education. This information led to questions about whether the six public universities in Kansas could apply some of the same techniques to achieve greater efficiencies and reduce the overall cost of providing a college education. For reporting purposes, the question was broken down into three audit questions.

- How do costs per student and staffing levels compare for Kansas' six major universities?

The primary measure of efficiency for universities are expenditures per student and teacher workload. In fiscal year 2008, Emporia State and the University of

Kansas spent about \$2,000 more per student than their in-State counterparts. From 2005-2008, average expenditures per student increased from 8 percent to 22 percent and much of that increase was funded with tuition revenues. Additionally, expenditures per student increased at a higher rate than inflation at four of the six universities between 2005 - 2008. Over the same four-year period, full-time equivalent (FTE) student enrollments increased by an average of just two percent, but that increase varied considerably among universities. For educational programs, staffing and salary levels appeared to account for most differences in spending. However, a variety of factors appear to have contributed to differences in spending on general operational programs. Overall, Emporia State and Kansas State had more total staff per student than their counterparts in 2008. Emporia State also had significantly more staff per 1,000 students than its out-of-state peers. Comparable data were not available for the research universities. Across all six universities, total staffing levels increased by 4.4 percent from 2005-2008. Data limitations hindered the ability to compare Kansas universities with out-of-state peers.

- What actions could universities take to reduce their academic spending?

Numerous options exist for delivering universities' academic programs and courses more economically or efficiently. These include eliminating or combining low-enrollment course sections, academic departments, or degree programs within universities; collaborating with other universities to share course content, teachers, instructional programs; increasing the number of courses and programs offered online or through distance learning; increasing faculty workloads; and modifying remedial courses.

- What actions could universities take to reduce their institutional spending?

Universities in other states are considering or have taken a variety of actions to reduce their institutional spending, including maximizing the use of existing space to reduce the need for additional space, consolidating or changing administrative functions or processes – both within and across universities, outsourcing some non-academic services (like bookstores and grounds maintenance, and taking other actions such as sharing purchasing costs, reducing energy costs, improving recycling efforts, and more).

In Kansas, the six universities have taken steps in several of these areas, but the reviews suggest that additional opportunities exist to reduce costs and streamline university operations. Some of the most difficult actions to take involve consolidation or streamlining of administrative functions or processes. Such action likely would involve considerable study and may be the most difficult to accomplish, given the fact that each university in Kansas is separate and not part of an integrated system, but could yield some of the most significant savings. Finally, university officials identified a number of laws or practices that they felt inhibit their ability to provide services more economically, many of which limit their authority to buy, lease, or sell certain goods or services without State approval.

A question and answer session followed the presentation.

## **Kansas Board of Regents Preview of Legislative Initiatives**

Reginald Robinson, President and CEO, Kansas Board of Regents, spoke to Committee members in response to the Legislative Post Audit performance audit: *Can State Universities Provide Postsecondary Education More Efficiently to Reduce Costs?*

President Robinson expressed appreciation to the Legislative Post Audit (LPA) staff for their time and professionalism in their effort to understand and analyze a very complex and difficult set of issues. He also extended his appreciation to state university officials for their work with LPA staff to provide all of the information that was needed.

However, President Robinson told Committee members there were areas of concerns with some of the analysis and data that had been presented. He stated some of the concerns related to the failure of the audit to include meaningful data or analysis that compares the state universities with peer institutions nationally. President Robinson advised the data is presented in a manner that invites comparisons among Kansas' state universities, both within and across sectors and missions, without reference to a broader set of national or even regional peers. He further stated it is important that efforts to understand and analyze these cost-related matters be benchmarked against institutions with similar missions and added the Board of Regents will continue to work with the state universities to use national data sources to analyze cost-related issues (Attachment 1).

President Robinson presented to Committee members the Board of Regents 2010 preliminary legislative initiatives:

- Revision of Private Postsecondary Statutes (proposal submitted by Board Staff);
- Technical Education Authority, Establish Terms and Eliminate 45-day Provision (proposal submitted by Board staff);
- State University Purchasing Pilot Project, Make Permanent (proposal submitted by the University of Kansas);
- State University Surplus Property Exemption (proposal submitted by the University of Kansas);
- Amend Investment Statutes (proposals submitted by Emporia State University and Kansas State University);
- Gifts and Bequests (proposal submitted by the University of Kansas);
- Kansas Academy of Mathematics and Science, Funding (proposal submitted by Fort Hays State University);
- Pittsburg State University School of Construction, Funding (proposal submitted by Pittsburg State University);
- National Institute for Aviation Research (NIAR)/Industry State Aviation Research Program, Funding (proposal submitted by Wichita State University);
- Technical Colleges, Taxing Authority (proposal submitted by the Kansas Association of Technical Colleges); and

- Fort Hays State University, Authorization to Sell Land (proposal submitted by Fort Hays State University) (Attachment 2).

A question and answer session followed the presentation.

### **KPERS: Working After Retirement - Rules and Utilization and Funding of KPERS School Group**

Glenn Deck, Executive Director, Kansas Public Employees Retirement System (KPERS), gave an overview to Committee members of KPERS rules and regulations. Mr. Deck told Committee members that recent studies and statutory changes included:

- 2006 House Sub. for SB 270
  - Raised the earnings limitation for retirees returning to work for their previous employer from \$15,000 to \$20,000; and
  - Required employers hiring a retiree who did not previously work for that employer to pay KPERS the actuarial employer and employee contribution rate.
- Interim Studies in 2007 and 2008
  - During the 2007 Interim, the LEPC, the 2010 Commission, and the Joint Committee on Pensions, Investments and Benefits received testimony on the teacher shortage problem in Kansas and the impact of the working-after-retirement restrictions on the shortage.
  - During the 2008 Interim, the Joint Committee on Pensions, Investments and Benefits studied a number of different proposals for changes to the working-after-retirement restrictions and particularly focused on the issue of third-party contracting arrangements that circumvent the restrictions.
  - The Joint Committee introduced SB 196 in the 2009 Session, which would apply the same working-after-retirement provisions to employees returning to work either as individuals or as contracted employees of third-party companies.

Mr. Deck told Committee members that during the 2009 Session, Senate Sub. for HB 2072 included various versions of working-after-retirement legislation. The final legislation included the following major provisions:

- Break in service: Extends the minimum break in service from any employment with any KPERS participating employer from 30 days to 60 days for all KPERS retirees;
- Licensed School Professional Retirement Date: Amends school law provisions to allow licensed professionals to retire before June 30 of a calendar year;

- Earnings Limit for Licensed School Employees: Lifts the \$20,000 earnings limit for retired licensed professionals returning to work for the same school district from which they retired, for a three-year period (through June 30, 2012), if they retired either:
  - Under a normal retirement option; or
  - Under an early retirement option more than 60 days before the effective date of the bill.
- Employer Contribution Rates: Establishes a special employer contribution rate for public school employers who employ retired licensed professionals, for a three-year period;
- Third-Party Contractors: Applies working-after-retirement restrictions to retirees who provide licensed professional services to a participating employer through a third-party contractor. Contracts that are effective on or after April 1, 2009, are covered by the bill; and
- Report to Joint Committee: Requires KPERS to report to the Joint Committee on Pensions, Investments and Benefits on the results of the provisions for licensed school professionals when they expire on June 30, 2012.

Mr. Deck told Committee members that as of December 31, 2008, there were 2,672 KPERS retirees who had returned to work and of those, 1,351 were rehired by the same employer and 1,321 by a different employer.

Mr. Deck also told Committee members that investment losses have had a substantial adverse impact on KPERS' long-term funding outlook. He advised current benefits are safe for a period of time. He advised investment returns alone cannot fix the funding shortfall. While it is not an immediate crisis, addressing the funding shortfall is critical. He told Committee members that KPERS is committed to a comprehensive funding solution that is sustainable and balanced (Attachment 3).

A question and answer session followed the presentation.

## **Afternoon Session**

### **Summary of School Districts' Actions to Increase Efficiency**

Sharon Wenger, Kansas Legislative Research Department, gave an overview to Committee members of recent surveys and studies conducted by various entities. This study consisted of cost-cutting or efficiency measures being taken by Kansas school districts. Ms. Wenger told Committee members that, as might be expected, the largest cost savings have come from elimination of staff. It should be noted that professional development and new teacher orientation and induction have been cut in many districts when recent studies indicate these are areas needed the most for the best outcomes.

Ms. Wenger told Committee members the Standard & Poor's Efficiency Study makes the point that one of the most important "investments" a school district can make is in good professional development. The Study describes how this investment "optimizes returns (*i.e.*, student achievement) on resources."

Ms. Wenger also told Committee members that comparing the cost-cutting and efficiency measures with the items included in the performance audit entitled "*K-12 Education: School District Efficiency Audits*" as examples of things districts could do to reduce various costs, out of all the examples, the majority have been done by at least one school district, and in all likelihood several districts, in efforts to cut costs (Attachment 4).

A question and answer session followed the presentation.

### **School Districts with High Assessed Valuation Per Pupil Enrollment and Free Lunch Estimates for School Year 2009-10**

Dale Dennis, Deputy Commissioner, Kansas Department of Education, spoke to Committee members and expressed concerns being related to their department from schools districts across the state. Mr. Dennis told Committee members that free and reduced lunch applications are up significantly, estimating a minimum of ten percent, which could increase cost approximately an additional \$30 million in at-risk funding. He also told Committee members of the increased enrollment of students across the state. He advised it has been determined that as parents lose their jobs in other states, they are returning to Kansas to live with relatives. It is estimated there are between 1,500 - 2,000 additional students that have enrolled this school year with an estimated cost of approximately an additional \$7 million. Mr. Dennis told Committee members there were 2,101 licensed positions and 1,603 non-licensed positions eliminated for the 2009-10 school year.

Mr. Dennis told Committee members the State Department of Education has appealed to the U.S. Department of Education for a special education waiver which has not been approved or disapproved to date. He stated that if the special education waiver is not approved, federal law requires the U.S. Department of Education to reduce the federal allocation to Kansas by approximately \$60.0 million. Such a reduction would create serious funding problems for special education in our state.

Mr. Dennis also told Committee members the Kansas Department of Education is planning to apply for federal Race to the Top Funds (RTTF). Details for application have not been received or made available by the U.S. Department of Education (Attachment 5).

Mr. Dennis spoke to Committee members about the assessed valuation and assessed valuation per pupil (AVPP) (Attachment 6).

A question and answer session followed the presentation.

## **Overview: Special Education in Wichita School District**

Tom Racunas, Director of Categorical & Transition Services, Division of Special Education and Support Services, USD 259 Wichita, spoke to Committee members and gave an overview of Autism Spectrum Disorders ([Attachment 7](#)).

Mr. Racunas also spoke to Committee members about the catastrophic aid proposal from the Kansas Association of Special Education Administrators (KASEA).

A question and answer session followed the presentation.

## **Early Childhood Programming: Ages 0 - 3**

Colleen Riley, Director for Special Education, Kansas State Department of Education, spoke to Committee members regarding early childhood programming. She introduced Sarah Hoffmeier, MSW, Family Service and Training Coordinator, University of Kansas Medical Center.

Ms. Hoffmeier gave an overview of the Kansas Instructional Support Network (KISN). She told Committee members the mission of KISN is to assist Kansas school districts in building local capacity to serve students with autism through results based on professional development and technical assistance. She advised their 'target population' includes children, birth to 21 years of age, who are on or show characteristics of an autism spectrum disorder ([Attachment 8](#)).

Lee Stickle, Co-Director of Kansas Instructional Support Network, also gave an explanation of services in western Kansas.

A question and answer session followed the presentation.

Phoebe Rinkel, M.S. Technical Assistance Specialist, Kansas Inservice Training System (KITS), spoke to Committee members of the KITS program. She told Committee members the program is designed to meet the need for professional development and technical assistance for early intervention and early childhood special education professionals, paraprofessionals, related services professionals, and parents. She advised the framework supporting this system is composed of information services, collaboration, linkages, training, and technical assistance. She further advised that professional development is addressed at three levels of training - Proactive/General Issues Staff Development, Focused Staff Development, and Intensive Staff Development. Ms. Rinkel advised the goals are:

- Sustain collaborative partnerships between state agencies, institutions of higher education, local education agencies, and professional organizations working in the area of early childhood;
- Develop and disseminate evidence and research-based materials;
- Increase the knowledge, skills, and capacity of individuals or organizations across the state through results-based training and technical assistance; and
- Contribute to the development of state level guidance documents, processes, and training materials ([Attachment 9](#)).



A packet of handout material also was distributed to Committee members (On file - Kansas Inservice Training System, 2601 Gabriel, Parsons, Kansas 67357 PS#620-421-6550, Ext 1618).

A question and answer session followed the presentation.

**Performance Audit: K-12 Education:  
Reviewing Issues Related to Catastrophic  
Funding for Special Education**

Laurel Murdie, Principal Auditor, Kansas Legislative Post Audit, gave an overview to Committee members on the school district performance audit report: *K-12 Education: Reviewing Issues Related to Catastrophic Funding for Special Education*. (On file - Legislative Post Audit, October 2009)

Ms. Murdie told Committee members the 2010 Commission became concerned about the recent dramatic increase in special education catastrophic aid claims. Specifically, they were concerned that districts may not have been including the same types of costs when applying for catastrophic aid and wanted to know what might happen to catastrophic claims if the law is not changed.

One question was asked by the Performance Audit team:

- Why has the number of “catastrophic” special education claims increased in recent years, and how many claims are likely over the next several years?

Claims submitted to cover the “catastrophic” costs for very expensive special education students - those costing more than \$25,000 per year - jumped from 276 claims to 768 between 2008 and 2009, and catastrophic aid jumped from \$6 million to \$12 million.

Historically, districts submitted claims only for their very expensive students who required full-time teachers, expensive contracted services, and similar costs. The big increase in 2009 occurred mostly because the Shawnee Mission School District decided to prorate all costs related to its special education students, even its less expensive ones. In recent years, several other large districts also began prorating costs for their most expensive students.

If the law does not change for 2009-10 and if all districts and cooperatives were to follow Shawnee Mission’s practice of prorating costs and submitting all the claims they could, it is estimated claims would jump to 5,500 and aid to nearly \$48 million for 2009-10. This worst-case scenario represents a 625 percent increase over the claims filed in 2008-09.

Proposed changes to the requirements for qualifying for catastrophic aid, including raising the threshold for qualifying, and requiring districts to deduct the State special education aid they already receive when calculating catastrophic costs, would reduce catastrophic aid claims significantly.

A question and answer session followed the presentation.

## **Presentation of Catastrophic Aid Recommendation from Special Education Directors**

Bruce Givens, Legislative Chairperson for the Kansas Association of Special Education Administrators (KASEA), spoke to Committee members regarding revisions to the catastrophic aid formula. Mr. Givens told Committee members the group had met on several occasions to discuss catastrophic aid and the complexity of the issues associated with this concept.

Mr. Givens advised each KASEA region has been requested to vote on the proposed revisions to KSA 72-983, which are as follows:

- Everywhere the phrase "in excess of \$25,000" replace with "two times the average cost of a full-time special education student of the preceding year."
- Add language that would require the district to subtract any state revenue tied specifically to the resources provided in the application (excluding any revenues associated with Medicaid).
- Add a limit to the amount of appropriations that districts can receive via this statute that would be one-half of one percent of the state's total special education expenditures of the previous year.
- Add language that any funds left unapplied for shall be applied to the state's special education fund for all schools.
- Refer to this type of funding as "Extraordinary Cost" rather than "catastrophic."
- The revisions to KSA 72-983 should be enacted for the 2009-2010 school year (Attachment 10).

Sue Denny, Executive Director of Student Services, Blue Valley School District, and representing Region 1 of the Kansas Association of Special Education Administrators (KASEA), spoke to Committee members in opposition to the proposal submitted by KASEA (Attachment 11).

Chairperson Schodorf asked Committee members if there were any changes or additions to the minutes of July 28-29, 2009. *Senator Teichman moved to accept the minutes as presented. The motion was seconded by Representative Horst. The motion carried.*

Chairperson Schodorf announced there would be a meeting in November, however, the date has not been finalized.

The meeting was adjourned at 4:10 pm. The next meeting is scheduled in November 2009.

Prepared by Janet Henning  
Edited by Sharon Wenger

Approved by Committee on:

November 19, 2009  
(Date)