

MINUTES

LEGISLATIVE EDUCATIONAL PLANNING COMMITTEE

August 23, 2005
Room 123-S—Statehouse

Members Present

Senator Jean Schodorf, Chairperson
Representative Kathe Decker, Vice Chairperson
Senator Marci Francisco
Senator Mark Taddiken
Senator John Vratil
Representative John Faber
Representative Steve Huebert
Representative Eber Phelps
Representative Jo Ann Pottorff

Members Absent

Senator Barbara Allen
Senator Roger Pine
Representative Barbara Ballard
Representative Deena Horst

Committee Staff

Carolyn Rampey, Kansas Legislative Research Department
Mary Galligan, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Theresa Kiernan, Office of the Revisor of Statutes
Art Griggs, Office of the Revisor of Statutes

State Department of Education Staff

Dale Dennis, Interim Commissioner

Conferees

Barb Hinton, Legislative Post Auditor, Legislative Division of Post Audit
Katrin Osterhaus, Auditor, Legislative Division of Post Audit
Reginald Robinson, President and Chief Executive Officer, Kansas Board of Regents
Janice DeBauge, Member, Kansas Board of Regents
David Shulenburger, Provost and Executive Vice Chancellor, University of Kansas
Duane Dunn, President, Seward Community College
Richard Hoffman, Director, Kaw Area Technical School

65 Percent of Funding for Instruction

The staff presented a memorandum entitled *The Initiative to Keep 65 Cents of Every Education Dollar in the Classroom* ([Attachment 1](#)). The memorandum describes the efforts of First Class Education, an organization dedicated to having legislation enacted in the 50 states and Washington, D.C., which would require that by the end of 2008 at least 65 percent of education operating budgets be spent in the classroom. The memorandum highlights activities in several states in which efforts are underway to implement the policy and also shows percentages of expenditures for instruction by Kansas school districts for school year 2003-04. The 2005 Legislature enacted legislation stating that it is the public policy goal of the State of Kansas that at least 65 percent of money provided by the state be spent for instruction.

Post Audit Study of Educational Costs

Barb Hinton, Legislative Post Auditor, gave the Committee a report on the status of two studies of educational costs which will be presented to the 2006 Legislature ([Attachments 2 through 5](#)). Ms. Hinton reported that the Division is hiring five new auditors who will assist in ongoing performance audits and that the entire staff of the Division is involved in the current effort to complete the cost studies by January 1, 2006. Ms. Hinton explained that legislation enacted during the 2005 Special Session requires that two cost studies be done -- one input-based and one outcome-based.

The input-based study will consider how much it should cost school districts to deliver the curriculum, related services, and programs that are mandated by state statute, including high school graduation requirements developed by the State Board of Education and scholarship requirements imposed by the Kansas Board of Regents. Ms. Hinton said the approach will be to develop eight prototype school districts based on enrollment size and determine what it would cost each model district to provide statutorily-mandated courses and programs. The models then could be applied to actual school districts of similar size to determine how efficient they are compared to the hypothetical models.

The outcomes-based study will estimate how much it should cost school districts to meet the performance outcome standards set by the State Board of Education. Ms. Hinton said this would be accomplished by collecting data from the last five years on spending per pupil, student performance, and district and student characteristics. From these data, the auditors will identify the relationships between spending, performance, and other factors.

Ms. Hinton told the Committee that the Division has contracted with the Center for Policy Research at Syracuse University to conduct the statistical tests pertaining to the relationships among spending, performance, and other factors. The scope of the consultant's assignment is to "include a statistical cost function analysis of relevant demographic, spending, and outcome data for Kansas

school districts to derive an estimate of what it 'should cost' to achieve specified educational outcome measures adopted by the State Board of Education." The consultants, William Duncombe and John Yinger, intend to provide the Division of Post Audit a draft copy of the report by November 1, 2005, and a final report by December 1, 2005. The cost of the consultant's report is estimated to be \$49,094.

Ms. Hinton explained that expenditures for services that have no real impact on elementary and secondary education, such as adult education and driver training, will be excluded from the outcomes-based study. She said the study will result in models of expenditures by school districts, based on proficiency in meeting State Board standards, which would allow for comparisons among districts.

In general discussion about the studies, Ms. Hinton told the Committee that the auditors are looking at such things as whether some bilingual students are receiving services for which school districts are not compensated because the services are being provided by individuals who do not meet guidelines and standards to provide bilingual services. She said the auditors also are looking at the at-risk program to determine the relationship between students who qualify for free lunches, thereby generating funding for the at-risk program, and students who actually are at risk and need or are receiving services.

Interim Topics

The Committee reviewed a list of items, including suggestions from the Chair and Vice Chair, and agreed to study the following topics:

Elementary and Secondary Education

- Report from the State Board of Education on its progress to implement the Skills for Success Program. The report is statutorily required.
- Hearings on the initiative to require that 65 percent of elementary and secondary education funding be spent for instruction.
- Funding for juvenile detention facilities, with emphasis on services provided students who are not restricted to the facility. (Requested by Representative Kelsey and on Senator Schodorf and Representative Decker's lists.)
- Update on vouchers and what other states are doing. (On Representative Decker's lists.)
- Alternative teacher compensation plans in use by school districts, with particular focus on USD 259 (Wichita). (On Senator Schodorf and Representative Decker's list.)
- Lost time from the regular classroom day due to student sports and other activities. (On Representative Decker's list.)
- Update on virtual schools—how many there are and how they operate. (On Representative Decker's list.)

- Update on State Board of Education's Financial Literacy Standards. (Requested by Senator Vratil.)
- Preschool nutrition. (Requested by Senator Schodorf.)
- Report on federal programs, amounts of funding received, and timely expenditure of federal funds. (Requested by Representative Pottorff.)
- Joint meeting between the State Board of Education and the Committee. Joint activities likely would take only a morning or an afternoon.
- Report on high school reform activities. (Suggested by Senator Vratil.)
- Report on teacher training, retention, and retirement.

Postsecondary Education

- Vocational Educational Program Waiting Lists. The Legislative Coordinating Council has assigned the following topic to the Committee: Study the current waiting list for vocational education programs throughout the state, including those offered by area vocational schools and technical colleges. The purpose of the study is to identify programs of high demand which may need to be expanded. Develop strategies for addressing those lists to reduce the number of students waiting for educational programs.
- Receive update on activities of the Center for Innovative School Leadership (Emporia State University, Fort Hays State University, and Pittsburg State University consortium to assist school districts in achieving efficiencies). (Suggested by Senator Schodorf and Dr. Larry Clark, Interim Director of Jones Institute for Educational Excellence.)
- Review of the Board of Regent's concurrent enrollment policy.
- Report on the Joint Transition Council, an endeavor of the Board of Regents and the State Board of Education working jointly to address transition issues.
- Request by the Chair of the Board of Regents and other Board members to be scheduled on the Committee's agenda to discuss matters of mutual concern.
- Request by Dr. Larry Clark, Interim Executive Director, Jones Institute for Educational Excellence, to review programs, including the Great Plains Center for National Teacher Certification, Kansas Future Teacher Academy, Reading Recovery, and the Center for Innovative School Leadership. Dr. Clark also would like to discuss alternative teacher certification programs at Kansas City Kansas Community College and Butler County Community College and introduce an Emporia State University exemplary faculty member who was a recipient of the 2004 Presidential Award for Excellence in Science, Mathematics, and Engineering Mentoring.

Report on School District Activity

Dale Dennis, Interim Commissioner of Education, reported to the Committee on items relating to the start of the 2005-06 school year. He said that school district personnel are working to implement and expand programs for at-risk children as the result of additional funding being made available by action of the 2005 Legislature. He said that districts also are working to hire staff and fill vacancies in needed areas. According to Mr. Dennis, negotiations with teachers still are taking place in many districts. Budget preparation also is underway, with the deadline for submission to county clerks delayed to September 7 in order to allow districts additional time to complete their budgets following late adjournment of the Legislature in July. Mr. Dennis said that some districts report that costs for fuel have increased by 40 percent.

In response to a question from Senator Vratil about whether school districts will be able to use additional funding efficiently and effectively, Mr. Dennis responded that district officials know they need to put money in programs that help close the achievement gap and many are adding summer school, tutoring, and extended day programs.

Facilities Needs at State Universities

Katrin Osterhaus, Auditor, Legislative Division of Post Audit, presented an audit entitled *Regents Institutions: Reviewing Proposals for Increased Maintenance Funding at the State's Colleges and Universities*. (Copies of the audit (#05-16) are available from the Legislative Research Department or from the Legislative Division of Post Audit.) The audit described the recent history of funding for facility needs and addressed the question of why more money is needed now than when the Legislature approved the "Crumbling Classrooms" initiative in 1996.

The Crumbling Classrooms initiative involved the issuance of bonds to fund \$178.6 million in projects on university campuses, including rehabilitation and repair, improvements to meet State Fire Marshal codes and the Americans with Disabilities Act, major remodeling of existing buildings, and new construction projects. (The amount originally requested by the Board of Regents for facilities needs was \$288.3 million.) The Legislature authorized repayment of the bonds from the Educational Building Fund, a fund that is earmarked for maintenance of state university buildings which has as its source of revenue a 1.0 mill statewide property tax. Bond repayments are \$15.0 million annually and will continue through fiscal year 2012.

Ms. Osterhaus explained that the bond repayment obligation has reduced the amount of money normally available for other building maintenance projects and has contributed to the facilities needs that have been deferred. She informed the Committee that a study completed in 2004 shows that the deferred maintenance needs at the six state universities totals \$584.0 million. A consultant hired by the Board of Regents reviewed the preliminary results of the study and determined that the methodology used generally was sound. Ms. Osterhaus said that the amount of money needed to address maintenance and repair issues for buildings rated "poor" or "unsatisfactory" is estimated to be \$95.0 million, based on the study.

Reginald Robinson, President and Chief Executive Office of the Board of Regents, told the Committee that the Board supports the findings of the audit ([Attachment 6](#)). He said the Crumbling Classrooms initiative was an important short-term funding solution, but the money needed to retire the bonds is taking money from an existing revenue source. He said many buildings and systems simply have worn out and have to be replaced. He warned that failure to address facility needs could cause the amount of deferred maintenance to climb to nearly \$800.0 million by FY 2014.

Performance Agreements with Regents Institutions

Janice DeBauge, Member of the Kansas Board of Regents, discussed accountability and the requirement that the Board of Regents enter into performance agreements with each institution and award new state funding based upon compliance with the performance agreement (Attachment 7). Regent DeBauge explained that performance agreements lead to both individual institutional improvement and to improvement of the postsecondary system as a whole. She also explained that the Board is committed to recognizing the variations among the 36 institutions and implemented the system so that each institution proposes its own performance contract consisting of its own goals, performance measures, and proposed performance targets. She said the Board requires that the goals be "stretch" goals that challenge the institutions to improve.

From a list of six systemwide goals developed by the Board, individual institutions must address the first goal (System Goal A) and two additional goals selected from System Goals B, C, and D. System Goals E and F also may be addressed in addition to other goals identified by the institution that are not on the list. The Regents System Goals are the following:

- System Goal A. Increase System Efficiency/Effectiveness/Seamlessness.
- System Goal B. Improve Learner Outcomes.
- System Goal C. Improve Workforce Development.
- System Goal D. Increase Targeted Participation/Access.
- System Goal E. Increase External Resources.
- System Goal F. Improve Community/Civic Engagement.

Regent DeBauge told the Committee that institutions prepare performance agreements, which are reviewed by the Board's staff. Changes in the agreement may be made at this point in the process, after which the agreement is reviewed by the Board's Academic Affairs Committee. Agreements also may be changed at this point. The Academic Affairs Committee makes a recommendation to the Board, which may approve the agreement, approve it but recommend that issues be addressed in the future, or disapprove the agreement.

Once an agreement is approved, an institution must submit a report the following year on how it has complied with its agreement. The process by which a report reaches the Board is the same as for the initial agreement (staff review followed by review by the Academic Affairs Committee) and, depending upon whether the institution has made improvement toward reaching the majority of its goals, the Board may award 100 percent, 80 percent, or 60 percent of new funding, or it may deny any new funding altogether.

Reginald Robinson reported to the Committee on the Board's actions regarding the agreements (Attachment 8). He said 2004 was the first year the institutions submitted performance agreements and the Board approved 22 without comment, approved 13 with comment, approved only one goal for one institution, and disapproved one institution's agreement entirely. ("With comment" means the Board approved the agreement on the condition that certain issues be addressed in the future.)

Mr. Robinson said that the first compliance reports were made in 2005. Twenty-eight institutions were approved by the Board for full new funding, six were awarded full new funding with comments, one was awarded 80 percent of new funding, and two were awarded no new funding.

Institutions that get no or only partial new funding will have the full new funding amount added to their base the following year.

Mr. Robinson said the second set of performance agreements covering the period January 1, 2005, through December 31, 2005, was approved by the Board in November of 2004. Reports on compliance with these performance agreements will be due to the Board Office in March of 2006. The Board staff currently is in the process of reviewing the third round of performance agreements which will cover performance in the 2006 calendar year. Institutions are encouraged to refine and strengthen performance agreements from prior years, but they also may add new goals, indicators, and targets.

David Shulenburger, Provost and Executive Vice Chancellor of the University of Kansas, told the Committee that the performance agreements have forced institutions to focus on long-term goals that can be accomplished through a series of short-term, annual steps (Attachment 9). For example, the University of Kansas has as one of its goals to increase the graduation rate, which it is working on by improving the retention rate of freshmen, particularly minorities. He said increases in the retention rate may be measured on an annual basis, but it will be several years before changes in the graduation rate are known. Another example he gave is the goal to train more police and fire fighters, with the long-term goal to help develop a workforce in Kansas that advances the fiscal, physical, and social welfare of the state.

Duane Dunn, President of Seward County Community College, told the Committee that his institution is one of the smaller institutions in the state and faces several unique challenges, but the performance agreements have been implemented in such a way that each institution has the ability to develop goals that are unique to its own particular mission (Attachment 10).

Dr. Dunn said implementation of the new system has not been without difficulties. For example, institutions already have strategic plans, accreditation goals, and grant requirements that utilize resources to prepare and must on occasion be adapted to meet the Board's performance agreement goals. In addition, the fact that new funding for institutions has been limited in some years removes the incentive to prepare and implement performance agreements. In Dr. Dunn's opinion, adequate funding is necessary for the agreements to work. He concluded that the agreements have helped the institutions move more rapidly toward meeting goals and he believes commitment to the process has strengthened.

Richard Hoffman, Director of the Kaw Area Technical School, described his institution's efforts to implement its performance agreement (Attachment 11) and responded to questions from Senator Taddiken about why some institutions failed to receive full new funding and whether there is sufficient incentive for institutions to implement the agreements. Mr. Hoffman explained that failure to meet the Board's standard for full new funding could hurt an institution's recruiting efforts. He acknowledged that some institutions may not have taken the effort seriously or may not have had enough staff to develop and implement the agreements.

Meeting Dates

The Committee will meet November 7-8 and December 12-13. The November 8 meeting will include a joint meeting with the State Board of Education. The Committee may not need to meet both days in December. (If both days are used, it will be necessary to receive approval from the Legislative Coordinating Council to exceed the six-day limit that has been approved for the Committee.)

The meeting was adjourned.

Prepared by Carolyn Rampey

Approved by Committee on:

November 7, 2005
(date)