

**PRELIMINARY
MINUTES**

2010 COMMISSION

October 22-23, 2007
Room 123-S—Statehouse

Members Present

Rochelle Chronister, Chairperson
Dr. Ray Daniels, Vice-Chairperson
Representative Clay Aurand (October 22 only)
Representative Sue Storm
Carolyn Campbell
Barb Hinton
Stephen Iliff
Dennis Jones
Emile McGill
Lee Urban

Member Absent

Senator Jean Schodorf

Staff Present

Sharon Wenger, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Theresa Kiernan, Office of the Revisor of Statutes
Dianne Rosell, Office of the Revisor of Statutes
Dale Dennis, Kansas Department of Education
Jarod Waltner, Kansas Legislative Research Department
Janet Henning, Legislative Educational Planning Committee Assistant

Others Present

October 22, 2007

Glenn Deck, Executive Director, Kansas Public Employees Retirement System
(KPERS)
Representative Steve Huebert
Representative Ed Trimmer
Scott Frank, Legislative Division of Post Audit
Dodie Wellshear, United School Administrators/Kansas

Rob Mealy, Little Government Relations Consulting
Diane Gjerstad, Wichita Public Schools
Mark Desetti, Kansas National Education Association
Bill Brady, Schools for Fair Funding
Katie Firebaugh, Kearney & Associates
Val DeFever, Schools for Quality Education
Bill Reardon, Kansas City Public Schools
Mike Reecht, Gaches Braden Barbee
Doug Mays, Topeka Public Schools
Mark Tallman, Kansas Association of School Boards
Sue Gamble, Kansas Board of Education

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Scott Frank, Legislative Division of Post Audit
Mark Desetti, Kansas National Education Association
Rod Mealy, Little Government Relations Consulting
Val DeFever, Schools for Quality Education
Jennie Rose, Kansas Children's Service League
Scott Heidner, Gaches Braden Barbee
Tom Krebs, Kansas Association of School Boards
Doug Mays, Topeka Public Schools
Sue Gamble, Kansas Board of Education

Monday, October 22

The meeting of the 2010 Commission was called to order at 10:00 a.m. by Chairperson Rochelle Chronister.

Chairperson Chronister asked if there were any additions or corrections to the minutes of September 13-14, 2007. *Dr. Ray Daniels moved to accept the minutes as recorded. The motion was seconded by Carolyn Campbell. The motion carried.*

School Finance: Review and Recommendations for 2008 Legislature

Brief Review of Commission's Charge Regarding School Finance

Theresa Kiernan, Office of Revisor of Statutes, gave an overview to Committee members of the duties of the 2010 Commission ([Attachment 1](#)).

Update on KPERS and Retired School Teachers' Issue

Glenn Deck, Executive Director, Kansas Public Employees Retirement System, reported to Committee members regarding their request for options for modifying working after retirement restrictions as one tool for managing the teacher shortage. Mr. Deck reported the following proposal

as one possible framework for a targeted exception to earnings limitations for retirees who are re-employed by the school district from which they retired.

Cost Estimates:

- Type of Exception:** Eliminate the \$20,000 earnings limitation for retired teachers returning to work for the same employer when the criteria outlined below are met.
- Length of Exception:** Sunsets after a three-year period.
- Eligible Retirees:** Any teacher who retired from the hiring school district with normal (unreduced) retirement benefits.
- Waiting Period:** Must have a break of 320 days after retirement date before returning to any work with any KPERS employer.
- Eligible Positions:** Subject to the limitation below, the position to be filled is in one of the following categories:
- Math;
 - Science;
 - Special education; and
 - Other individual positions approved by the State Board of Education.

The maximum number of positions in each school district to which the exception may be applied is the greater of the following:

- 5 percent of total district teaching positions; or
- Five positions.

Employer Requirements: The school district must document the following recruitment efforts:

- (1) A good faith effort was made to hire a non-retiree; and
- (2) The opening was posted for at least one month.

Contributions: No employee contributions paid by the re-employed retiree. Employer pays employer and employee contributions. Two options with respect to contribution rates follow:

Option 1: An amount equaling the annual statutory employer contribution rate, plus the statutory employee contribution rate.

Option 2: An amount equaling the annual actuarial employer rate, plus the statutory employee contribution.

Contractual Treatment: School contract provisions would not be applicable to these retirees.

Mr. Deck stated that modifying the earnings limitation cannot impact the cost of retirement benefits significantly, depending on the number of retirees affected. The cost impact results primarily from two factors.

- Changes in retirement patterns and behavior stemming from incentives for members to retire earlier than assumed in actuarial projects; and
- Reductions in employee and employer contributions that occur when positions historically filled by active, contributing members are instead filled by non-contributing retirees.

Retention Incentives

Mr. Deck stated one retention incentive related to retirement benefits is the provision of an employer contribution to a deferred compensation plan on behalf of teachers who continue to work beyond the point at which they would otherwise be eligible to retire with full benefits. Whether structured as a one-year or multi-year plan, such a contribution could be made subject to a vesting schedule consistent with the period over which the employer is seeking to retain the employee before retirement. Furthermore, it could provide a significant incentive to employees who are eligible to retire while remaining cost effective for employers (Attachment 2).

A question and answer session followed the presentation.

School Finance Update

Dale Dennis, Deputy Commissioner, Kansas State Department of Education, told Commission members the Kansas teacher shortage is the most serious problem facing education in the state. The areas where vacancies are most serious include special education, math, science, vocational-technical, foreign language, music, and counseling (Attachment 3).

Using a Power Point presentation, Mr. Dennis told Commission members that Kansas education “shines.” In Kansas, 77 percent of graduating seniors went on to postsecondary education. According to the National Assessment of Educational Progress (NAEP), Kansas 4th and 8th graders ranked second in the nation in math and sixth in the nation in reading. Kansas students have an average attendance rate of 95 percent and a graduation rate of 90.2 percent, topping the national average of 84.2 percent. He further stated that 95 percent of all teachers in Kansas are fully licensed and in the past six years, Kansas has had four national finalists for the National Teacher of the Year award (Attachment 4).

Mr. Dennis provided information to the Commission members concerning the school districts’ general fund and the component weighting parts that make up the general fund for the past three years (Attachment 5).

In response to questions concerning the general and supplemental general fund expenditures for the past three years and the increase in funding, Mr. Dennis provided Commission members with explanations and charts to identify these expenditures (Attachment 6).

Mr. Dennis also provided information to Commission members which identified school district expenditures for selected fund, by function, for the 2004-05, 2005-06, and 2006-07 school years (Attachment 7).

A question and answer session followed the presentation.

Discussion and Recommendations

Chairperson Chronister asked Commission members for discussion and any recommendations as to how the 2010 Commission wanted to proceed.

Michelle Alishahi, Kansas Legislative Research Department, gave an overview of fiscal facts as requested by the Commission. Ms. Alishahi explained the State General Fund profile for FY 2006 -FY 2010 as projected. She also gave an overview of the 2007 Session Budget Highlights (Attachment 8).

A question and answer session followed the presentation.

Representative Steve Huebert presented to Commission members a financial analysis he had requested regarding school finance. Representative Huebert stressed to Commission members the need to get back to fiscal responsibility (Attachments 9 and 10).

Discussion and Recommendations Regarding Teacher Recruitment and Retention

During the discussion by Commission members, possible recommendations for further action were presented:

- All-day kindergarten;
- Professional development;
- Bilingual weighting adjustment;
- Leadership Academy; and
- Teacher recruitment and retention.

Dr. Ray Daniels moved to resubmit inclusion of last year's recommendations and put this into a package of recommendations for the 2008 Legislature. The motion was seconded by Representative Sue Storm. The motion carried.

Representative Clay Aurand moved to create an incentive program for retention of teachers in which the state would provide up to \$2,500 per teacher with a match from the school districts for math, science, and special education teachers. The motion was seconded by Dennis Jones. The motion passed by show of hands.

Issues to Consider in Reviewing Kansas School Finance Law

Catastrophic Aid Related to Special Education Funding

Chairperson Chronister requested information on Special Education Categorical State Aid. Dale Dennis, Deputy Commissioner, Kansas State Department of Education, told Commission members that in 1994, the Kansas Legislature provided that any student that met the qualifications of an exceptional child and the school district provided special education services that exceeded \$25,000, that the state would reimburse the district 75 percent above the \$25,000. The number of students qualifying for this program is increasing substantially. Mr. Dennis told Commission members that if the consumer price index-urban were applied to the \$25,000 each year since 1994, the limitation would be approximately \$36,000 in fiscal year 2007. Another second option would be to evaluate the limitation each year and increase by the consumer price index to make it more appropriate.

Chairperson Chronister moved to change the amount from \$25,000 to \$36,000 for the upcoming school year and that in future years, the consumer price index-urban be used. The motion was seconded by Representative Sue Storm. The motion carried.

Pupils Confined to Psychiatric Residential Treatment Facilities

Theresa Kiernan, Office of Revisor of Statutes, explained to Commission members the need to reinsert language in KSA 72-6407 that was inadvertently deleted which provides that a pupil housed, maintained, and receiving education services at a psychiatric residential treatment (PRT) facility is not counted under the school finance formula. This would make a technical amendment to the definition of enrollment in KSA 72-8187 to add a reference to PRT facilities.

Dennis Jones moved for staff to reinsert the proper language to make the technical correction. The motion was seconded by Dr. Ray Daniels. The motion carried.

Local Option Budget

Theresa Kiernan explained to Commission members the conflict that resulted by the passage of HB 2368 which contains a local option budget state-prescribed percentage of 32 percent and SB 68 which contains a state-prescribed percentage of 31 percent. The Attorney General has opined that HB 2368 contains more than one subject in violation of Section 16 of the *Kansas Constitution*.

The Commission chose to pass on this item and not take any action.

Vocational Education Funding

The recent performance audit on this topic included the following: “. . . the Legislature should re-examine its funding policy and decide if it wants to continue to pay for all Vocational Education programs equally, or if it wants to focus its resources on a smaller group of employment areas that are most likely to benefit the State.” Commission members also discussed federal changes affecting this program.

Commission members agreed the Legislature should be alerted to the fact that federal changes are resulting in reorganization of vocational education programs in Kansas. The Research Department was directed to write a paragraph(s) in its 2008 report to the Legislature in regard to what the Legislature should be watching for, particularly the House and Senate Education committees.

Base State Aid Per Pupil

The State Board of Education recommends increasing the Base State Aid Per Pupil (BSAPP) in FY 2009 to \$4,474 per student (which is a \$100 per student increase). This increase would cost an additional \$26 million.

If BSAPP were increased to an extent that teachers' salaries in Kansas would become 25th in the nation (rather than 38th), this could occur over a five-year period.

To accomplish this, BSAPP would need to increase to \$220 per student in the 2008-09 school year, costing an additional \$138 million (instead of the \$26 million mentioned above.)

Dr. Ray Daniels moved to encourage school districts to support the State Board of Education's recommendation to increase the BSAPP by \$100 for FY2009 (school year 2008-09) and include this recommendation in the package of teacher recruitment/retention. The motion was seconded by Representative Sue Storm. The motion carried. (Attachment 11)

Audit Topic Selection

Representative Ed Trimmer spoke to Commission members requesting an audit regarding diagnosing and identifying students who have tracking deficiencies in their eyesight. The Kansas Optometric Association had tried this summer to do screenings and referrals and have considered proposing a program similar to the dental screening conducted at schools. Representative Trimmer advised the first step would be to do a study to see what kind of programs, as far as identification, is already in place. The goal is not to force schools to do a project which would cost more money, but the Kansas Optometric Association has indicated it would do the screening and referrals.

A question and answer session followed the presentation.

Representative Clay Aurand spoke to Commission members requesting an audit surveying the research on school choice programs around the country. He advised he has requested a review on how effective school choice programs are at improving student performance.

A question and answer session followed the presentation.

Review of Issues Related to School District Transportation Policies

Sharon Wenger, Kansas Department of Legislative Research, gave an overview of the transportation weighting formula and the LCC request for review from last year.

Scott Frank, Legislative Division of Post Audit, told Commission members that legislators and others raised two primary questions regarding the current transportation formula and rural districts:

- Does the current formula allocate a higher percent of transportation costs to students bused more than 2.5 miles just for the small, rural districts?

- Does the current formula allocate a higher percent of transportation costs to rural districts because of the longer distances they have to bus their students?

The answer to both questions was “no.”

According to Legislative Post Audit staff, an analysis of allocated transportation costs for seven paired districts that transport the same percentage of their students more than 2.5 miles showed the over-allocation occurs for both small and large districts. In the small districts, a lot of the students transported at least 2.5 miles also were non-residents. These students' costs also were allocated to in-district students, even though the law says their costs should not be counted in computing transportation weighting. Districts are reimbursed based on the average transportation costs for districts with similar student densities (Attachment 12).

A question and answer session followed the presentation.

Commission members unanimously agreed not to recommend any further action.

Representative Storm reminded Commission members of handout material from the Kansas National Education Association entitled: “*No band aids: A realistic plan to address the recruitment and retention of teachers.*” (Attachment 13)

The meeting was adjourned at 3:55 p.m. The next meeting is scheduled for October 23, 2007 at 9:00 a.m. in Room 123-S.

Tuesday, October 23

The meeting of the 2010 Commission was called to order at 10:00 a.m. by Chairperson Chronister.

Discussion of Performance Audits and Recommendations

Scott Frank, Legislative Division of Post Audit, gave a summary of school district performance audits currently under way or approved (Attachment 14).

Mr. Frank also gave a summary of scope statements for school district performance audit topics (Attachment 15). They are as follows:

- Reviewing Issues Related to the Hiring of Retired Teachers and School Administrators;
- Reviewing Issues Related to Teacher Turnover;
- School District Efficiency Audits;
- Reviewing Teacher Mentoring Programs in Kansas;
- Reviewing Issues Related to Teacher Professional Development in Kansas;

- Identifying Ways Kansas School Districts Encourage Parental Involvement;
- Reviewing Issues Related to Community Learning Centers;
- Estimating the Impact of a Second Count Date on School District Funding;
- Reviewing School Districts' Use of the Additional Funding Received since 2005;
- K-12 Education: Reviewing Issues Related to School Assignment Plans in Kansas;
- K-12 Education: Reviewing the State's Eye Examination Requirements for Young Children;
- Reviewing Issues Related to the Administration of the Fort Leavenworth School District;
- Assessing the Availability of the Kansas Scholar's Curriculum in Public High Schools; and
- Reviewing the Research on School Choice Programs.

A question and answer session followed the presentation.

Dr. Ray Daniels moved to request an efficiency study of at-risk programs to determine what is being done, what research is showing statewide and nationally regarding successful at-risk programs, what school districts are doing, and what professional development is available. Essentially, this performance audit would include the following question: "Have school districts spent the state at-risk funding they have recently received on services that are likely to be effective?" from the audit scope statement entitled "School District Efficiency Audits" as well as the scope statement entitled "Reviewing Issues Related to Teacher Professional Development in Kansas" and "Reviewing School Districts' Use of the Additional Funding Received Since 2005." The motion was seconded by Carolyn Campbell. The motion carried.

Stephen Iliff moved to request a study on the scope statement entitled "School District Efficiency Audits" deleting audit work looking at at-risk programming. The motion was seconded by Dennis Jones. The motion carried.

Scott Frank of Legislative Post Audit said that an audit of one school district would be done, with audit findings brought back to the Commission for review before a second school district audit would be done.

Dennis Jones moved to request a study on the scope statement entitled "Estimating the Impact of a Second Count Date on School District Funding." The motion was seconded by Carolyn Campbell. The motion carried.

Dennis Jones requested scope statement 13 be considered for a study as this is not offered in a number of western Kansas schools. Commission members agreed, by consensus, to ask the Kansas State Department of Education to do a survey on this topic.

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for Tuesday, November 13, 2007.

Prepared by Janet Henning
Edited by Sharon Wenger

Approved by Committee on:

November 13, 2007
(Date)