

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:35 p.m. on January 11, 2005, in Room 123-S of the Capitol.

Committee members absent: Dennis Wilson

Committee staff present: Deb Hollon, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Dale Dennis, Deputy Commissioner, State Board of Education

Senator Schodorf noted that the Senate President requested that the Senate Education Committee study all of the issues mentioned in the recent Kansas Supreme Court ruling on school finance and that the Committee develop a plan in response to the ruling. She commented that the Committee does not often have the opportunity to be instrumental in determining an education plan and that she viewed the opportunity as a means to improve the future of Kansas children. She expressed her opinion that committee members should not address the issues as politicians but rather simply focus on working together to improve education for all children. She went on to say that the Committee would not address budget concerns yet.

For the Committee's information, Senator Schodorf called upon Dale Dennis, Deputy Commissioner, State Board of Education, for an overview of school finance. (Attachment 1) Mr. Dennis defined the basic concept of the school finance formula as follows: state financial aid minus local effort equals the general state aid. He explained that state financial aid is calculated by multiplying the base state aid per pupil times the adjusted enrollment. He explained further that the adjusted enrollment is determined by the use of weighting, which is determined by the following factors: low enrollment, transportation costs, enrollment in vocational education programs, enrollment in bilingual education programs, the number of at-risk pupils qualifying for free meals, the costs associated with beginning operation of new school facilities, ancillary school facilities (currently applies to three rapidly growing school districts), and the amount of special education and related services generated by local effort.

As the Committee discussed the weight assigned for costs associated with new school facilities, Senator Vratil commented, "Part of the rationale of school facilities weighting is based not only on the fact that it costs more to open a new building, but when you open a new building, you don't plan to open that building at a 100 percent capacity. You will open it more like 60 to 70 percent of the capacity so that you have a chance to grow in the facility." Mr. Dennis concurred. He pointed out that rapidly growing areas must plan ahead because it takes approximately three years to plan and construct a new school facility. With regard to Mr. Dennis' comment that a district must have utilized the full amount of the local option budget (LOB) authorized for the school year (25 percent) in order to qualify for the new school facility weight, Senator Goodwin noted that there has been an increase in the number of school districts reaching 25 percent.

Mr. Dennis discussed the decreasing enrollment provision which provides that, when a district's enrollment in the current school year has decreased from the preceding school year, the district may base its budget on the greater of unweighted full-time equivalent enrollment of the preceding year or the three-year average of unweighted full-time equivalent enrollment. He commented that the decreasing enrollment provision is immensely helpful because it allows a one year grace period to make cuts.

Mr. Dennis went on to explain that the law provides that, in addition to state financial aid (SFA) funding, a school district board may approve LOB spending in any amount up to 25 percent of its SFA. He followed with a description of the limitations and constraints which apply to the use of LOB authority and referred to relevant graphs in his handout. Senator Lee observed that the rationale for the LOB in the original formula in 1992 was that it was meant to be used for extraordinary things which the voters of the district felt were

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important. However, as the Legislature did not fund the school formula, it became more and more necessary for school districts to turn to the LOB.

In conclusion, Mr. Dennis discussed the formula for computing school district bond principal and interest obligation state aid payments. He explained that bond and interest state aid is based on an equalization principle which is designed to provide state aid inversely to school district assessed valuation per pupil. He commented, "The richer the district, the less it gets." To illustrate the use of the formula, he referred to calculations on sample forms for an Estimated Legal Maximum General Fund Budget, for Estimated General Fund State Aid, and for Estimated Supplemental General (LOB) State Aid Payments which were included in his handout.

Senator Apple asked Mr. Dennis for an opinion as to what factors should be considered when formulating the actual cost to educate a pupil adequately. In response, Mr. Dennis noted that the definition of a "suitable education" should include such things as graduation requirements, regents curriculum, and No Child Left Behind requirements. He noted that it is important that legislators have a rational basis for arriving at the cost. He suggested that perhaps existing studies on school finance could be used as a basis for arriving at the cost. Senator Vratil commented, "The Court said that historical data and political deals cannot be used in determining the rational basis." He asked Mr. Dennis, "What does the Department have in the way of data other than historical cost data?" Mr. Dennis said that he did not know of any. He cautioned, if legislators decide to ask school professionals across the state what it would take for them to meet the definition of a suitable education, someone should evaluate the answers to eliminate the extremes. Senator Vratil commented that this was one of the approaches used in the Augenblick & Myers study on the definition of suitability. Mr. Dennis pointed out that the Augenblick & Myers study also addressed what successful schools spent.

The meeting was adjourned at 2:30 p.m.

The next meeting is scheduled for January 12, 2005.