

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 12:10 p.m. on February 15, 2005, in Room 123-S of the Capitol.

Committee members absent:

Committee staff present: 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: Mark Tallman, Kansas Association of School Boards
Kathy Cook, Kansas Families United for Public Education
Missy Taylor, Kansas Families for United Public Education
Cathy Creed, Shawnee Mission
Amelia McIntyre, Shawnee Mission
Diane Gjerstad, Wichita Public Schools
Richard Hoffman, Kansas Association of Technical Schools
and Colleges

SB 244—Schools; establishing The 2010 Commission**SB 245—School districts; audits by Legislative Post Audit****SB 246—School finance; three-year plan**

Senator Schodorf called upon Carolyn Rampey, Kansas Legislative Research Department, for an overview of **SB 244**, **SB 245**, and **SB 246**. (Attachment 1) Ms. Rampey noted that, although the bills were independent of each other, they were companion bills. She explained that The 2010 Commission created by **SB 244** would become effective July 1, 2005, and terminate December 31, 2009. The Commission's purpose would be to monitor the implementation and operation of school finance legislation to ensure that the public school system is maintained in a manner that promotes constant and improved levels of measurable student achievement. Ms. Rampey noted that the creation of Commission was in response to the Supreme Court's focus on the concept that the education system must advance. She pointed out that the language in Section 2, subsection (a), was broad enough to encompass whatever legislation is enacted this year or in subsequent years. She went on to discuss the duties and responsibilities of the Commission as set out in the bill. In addition, she discussed the composition of the 13 member Commission and explained how the members would be appointed. She noted that the Commission would not be authorized to introduce legislation but would be able to include recommendations for legislative changes in its annual reports which would be due on or before December 1 of each year.

Ms. Rampey explained that **SB 245** would establish the "School District Audit Team" within the Legislative Division of Post Audit and that the Team would operate under the direction of the Legislative Post Audit Committee and conduct annual performance audits of selected school districts. She outlined the possible topics for performance audits. She pointed out that the bill would require the State Department of Education to verify the costs incurred by school districts providing programs required by law and the number of pupils enrolled in such programs.

Barbara Hinton, Legislative Post Auditor, responded to questions from Senator Allen concerning school district audits. She explained that the last audit was conducted two years ago and that audits have been dependent on legislative interest. She commented that **SB 245** envisions creating a unit of auditors that would be responsible, on an ongoing basis, for doing performance audits of school districts. She recalled that there was a similar bill in 1980-81 which required audits of school districts every year. At that time, approximately eight audits were conducted a year, which required the equivalent of two audit teams and support staff. Ms. Hinton did not yet have a fiscal note for **SB 245**. With regard to the provision in the bill allowing the legislative post auditor to enter into contracts for consultants as deemed necessary for any school district performance audit, she explained that the revisor included the language to make it clear that the post auditor

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has the authority to contract out an audit. She explained that, in some instances, it would be advisable to have persons with expertise in a particular subject conduct the audit rather than having a post audit team spend a great deal of time learning about the subject. Ms. Hinton commented further that it was her understanding that the bill would concern an efficiency audit of school districts rather than just a verification of the actual cost to educate students in various categories.

Ms. Rampey explained that **SB 246** contains the amendments to the School Finance Act. She explained that the bill provides funding for special education excess costs at a statutorily prescribed level, deletes the vocational education weight, increases Base State Aid Per Pupil (BSAPP), increases the bilingual and at-risk pupil weights, increases the maximum local option budget (LOB), and renews the 20 mill school district property tax levy. She discussed the details of each of the components. As she discussed the method to determine special education excess costs, she called attention to data regarding the history of special education funding shown in a handout entitled, "Selected Information on Special Education Expenditures—FY 1983-FY 2006 (EST)." (Attachment 2)

Following a brief discussion of the funding levels specified in the bill, Senator Vratil clarified for new committee members, "Even though a certain funding level is put in the statute, that is not a guarantee that it will be funded at that level. Ultimately, what is appropriated in our budget determines how money is spent on the various weighting factors. And if we don't budget and appropriate enough money to meet our promised level, then it's pro rata reduced. So what we put in statute is really more of a goal or a promise, and there is no guarantee."

Senator Schodorf commented, "When discussing the three bills, we need to ask ourselves: Is this good for education? I think that's our number one goal. And then, of course, the second part is: Does this address the Court's ruling? We need to think about our own districts, but we also need to think about the whole. There's always room for compromise. We have to be able to give. I hope that we will be able to work a great bill that all of us are pleased with or at least to be able to get out on the floor and have a full debate. We also have to think about how we are going to pay for this."

Mark Tallman, Kansas Association of School Boards (KASB), called the Committee's attention to a chart which compared KASB's school finance resolution with the provisions in **SB 244**, **SB 245**, and **SB 246**. (Attachment 3) He pointed out the provisions in the bills which KASB supported or opposed. In addition, he discussed suggested improvements or additions. He also called attention to his written testimony which addressed what KASB believed the Legislature should do to make suitable provision for school finance as directed by the Supreme Court. (Attachment 4) He emphasized that KASB believes new revenue sources must be identified for any plan to be meaningful and that increased state taxes will be required. In addition, he emphasized that, while KASB supported the fact that increased LOB was equalized, it believed that base aid should be high enough to replace most current LOB funding. With regard to the elimination of vocational weighting, he confirmed that KASB members do not agree with the Augenblick and Myer conclusion that it costs no more to educate a vocational student than other types of students such as science or chemistry students. He reported that many KASB members have expressed their opinion that vocational programs are different and should continue to be funded. Senators Teichman, Ostmeier, and Lee expressed their support for vocational weighting, noting that vocational education is very necessary because not all students plan to go to college after graduating from high school.

Kathy Cook, Kansas Families United for Public Education, contended that, if the school finance plan passed in its current form, it would be rejected by the Kansas Supreme Court because the plan did not use a cost study as directed. She urged the Committee to use the cost analysis referenced by the Supreme Court ruling—the Augenblick and Myers study. In addition, she objected to the plan in its current form because it still relies on the LOB for the essentials instead for the extras, and the funding stream for the second two years was not identified. (Attachment 5)

Missy Taylor, a recently retired teacher with nearly 30 years of classroom experience, urged committee members to "meet your constitutional responsibility to educate all the children of Kansas to a high level of performance and be able to show proof of what you accomplished." In her opinion, the Committee had demonstrated a good grasp of the necessity to provide more funds and to increase base state aid per pupil;

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however, without a clear, unencumbered source of revenue, the proposed plan was like turning in an incomplete assignment. She concluded, "I just don't see how the Supreme Court can give you credit at this point. Please go back to work now." (Attachment 6)

Cathy Creed, a nurse and parent of three children in the Shawnee Mission School District, informed the Committee that, while living and working overseas for 15 years, she became aware of what the competition looks like and how much higher the expectations are in other societies. In her opinion, the state cannot attract highly qualified teachers without providing competitive salaries and long-term funding dedicated to public education. In conclusion, she commented that she wanted her children to have a world-class education, and she was willing to pay for it. (Attachment 7)

Amelia McIntyre, a parent of two Shawnee Mission School District students, urged that the Committee provide "increased support, beyond the financial commitments in **SB 246**, for a solution to the Kansas school finance formula and budget crisis which has significantly impacted the quality of public education for students statewide." She noted that the bill failed to identify steady, continuous sources for quality public education and that school districts would still not receive 100% of the excess special education costs. In her opinion, the Committee should effectively use its time to develop a school finance system that would be in compliance with the expectations for education in today's world. She observed, if Kansas wants to compete in the changing national and international economies, it must maintain an educational advantage by providing adequate funding for a suitable K-12 public education. (Attachment 8)

Diane Gjerstad, representing Wichita Public Schools, informed the Committee that Winston Brooks, the Superintendent of Wichita Public Schools, held a press conference in reaction to the first school finance plan of the session, and he was very complimentary of some of the elements in the plan. However, when she attended the Wichita School Board's public hearing on potential budget cuts, the auditorium was filled with parents, students, and staff members who argued against cuts which they believe would have a devastating effect on the district's athletics, Junior ROTC, fine arts, and driver's education programs. She noted that all of those programs are important because they keep students in school and increase student achievement. She went on to say that the three-year school finance plan would totally change the dynamics of budget discussions in Wichita. As one parent put it, "I'm really tired about cutting budgets. I'd like to talk about growing programs for a change." Ms. Gjerstad commented that the three-year plan would allow the district to plan ahead. She noted that special education is an important issue in Wichita. With the bill, 50% of the districts would get less than 85% excess costs and 50% would get more and that districts like Wichita with high special education costs will not receive 85% excess costs. At this point, she called attention to a handout which included graphs relating to district performance on state assessments in Wichita public schools for grades 4, 5, 7, 8, and 10. (Attachment 9) She discussed the achievement gaps for each grade in meeting proficiency for the past five years. She noted that, to get all Wichita students up to proficiency, smaller classes would be necessary. Therefore, more funding would be required, especially in those districts which have urban demographics. Smaller classes for bilingual and at-risk populations would take a weighting of 1.0 for bilingual and .6 for at-risk. She commented that vocational weighting sends a very strong public policy message to school districts that vocational programs are highly valued. She noted that vocational programs cost extra money, but they keep students in school and provide them a good start in the job market when they graduate. She noted that the largest cost is for instructors, especially when classes are smaller. She urged the Committee to keep vocational weighting in the plan until such time as further data is available for study.

Richard Hoffman, Kansas Association of Technical Schools and Colleges (KATSC), urged the Committee to reconsider the elimination of the .5 weighted vocational education funding. He emphasized that the elimination would seriously affect the ability of technical schools and colleges to provide quality technical training. He pointed out that technical schools have already had to take millions of dollars from capital improvement funds just to pay day-to-day expenses. In conclusion, he noted that statistics show that the majority of jobs in the future will require advanced training past high school, but only 20% of the jobs will require a four-year degree. He reasoned, if high school students are not exposed to technical training, they will not choose technical training for their careers. (Attachment 10)

Senator Apple commented that, in the past four or five years, most increases for education have been through local property taxes, and some school district struggle more than others. Some school districts have been able

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to protect their local option budget, but some have maxed out their local option budget. For the sake of discussion, he suggested that the Committee consider a fair tax policy for this year which would make the property tax burden equal across the state. He suggested consideration of a plan which would shift the burden from local option budgets to the state level where there are options other than property tax. To provide property tax relief statewide, he proposed a 1/4 cent state sales tax increase and a 2 ½% income tax surcharge. Senator Vratil commented that, in order to raise \$415 million for education this year, it would be necessary to increase the sales tax by over 1.0% and have a 20% income tax surcharge. Senator Lee said increasing the statewide mill levy from the current 20 mills would be another option. She explained that, for each mill raised, approximately \$24 million is raised. She noted that, with five mills, \$120 million could be raised, and a 4% sales tax would raise about \$90 million. She went on to discuss other options for changes in the statewide mill levy. She summarized Senator Apple's proposal as looking at "what kind of resources we have to get statewide fair funding for the funding we are now doing from state dollars and the local property tax dollars, and then move from there to see where we go." Senator Schodorf commented, "My concern, when I hear revenue neutral, is raising taxes a whole bunch to take over the LOB and not receiving any increases. So it would take additional taxes to increase for schools."

Senator Allen requested that Dale Dennis, State Department of Education, prepare a run showing the increased benefit per pupil for each district under the Senate Plan as introduced. Senator Lee commented that the Committee should be aware that the plan did not include weighting for new facilities or the ancillary weighting.

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

The next meeting is scheduled for February 16, 2005