

MINUTES

2010 COMMISSION

May 28-29, 2009
Room 535-N—Statehouse

Members Present

Rochelle Chronister, Chairperson
Dr. Ray Daniels, Vice-Chairperson
Senator Jean Kurtis Schodorf
Representative Clay Aurand (Thursday only)
Dennis Jones
Carolyn Campbell
Emile McGill
Teri Canfield, Attorney General's Office
Barbara Hinton, Legislative Post Auditor
Stephen Iliff (Thursday only)

Member Absent

Representative Marti Crow

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
Matt Sterling, Office of the Revisor of Statutes
Dale Dennis, Kansas Department of Education
Janet Henning, Committee Assistant

Others Present

Scott Frank, Legislative Post Audit
Laurel Murdie, Legislative Post Audit
Lanessa Aurand
Stuart Little, Shawnee Mission School District
Tom Krebs, Kansas Association of School Boards
Mark Desetti, Kansas National Education Association

Bill Brady, Schools for Fair Funding
Val DeFever, Schools for Quality Education
Mike Reecht, K12, Inc.
Terry Forsyth, Kansas National Education Association
Dodie Wellshear, United School Administrators/Kansas
Diane Gjerstad, Wichita Public Schools
Bill Reardon, Kansas City, Kansas Public Schools
Berend Koops, Hein Law Firm
Sue Storm, Kansas Board of Education
Martin Hawver, Hawver Publications
Mark Tallman, Kansas Association of School Boards
Jennie Rose, Kansas Children's Service League

Thursday, May 28 Morning Session

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

Chairperson Chronister introduced Teri Canfield, Kansas Attorney General's Office, to Commission members. Ms. Canfield replaces Lee Urban (who resigned from the Kansas Attorney General's Office and took employment in another location) as the Attorney General's designee to the Commission.

School Finance Primer and Update

Sharon Wenger, Kansas Legislative Research Department, explained the handout material given to each Commission member, which included:

- Statutory charge of the 2010 Commission and a summary of the 2010 Commission recommendations to the Legislature from 2006-2009 (Attachment 1);
- School district performance audits authorized by the 2010 Commission from 2006-2009 as prepared by Scott Frank, Legislative Post Audit (Attachment 2);
- Summary of education legislation that passed during the 2009 Legislative Session (Attachment 3);
- School Finance primer as presented by Dale Dennis, Kansas State Department of Education (Attachment 4);
- Copies of "Budget at a Glance" and "Budget Profile" for USD 500, Kansas City, Kansas, and USD 215, Lakin, Kansas (Attachments 5 and 6); and
- Memorandum to 2010 Commission regarding Catastrophic Aid (Attachment 7).

Dale Dennis, Deputy Commissioner, Kansas State Department of Education, spoke to Commission members on school finance. Mr. Dennis told Commission members there was a great

deal of discussion during the 2009 Legislative Session regarding the Base State Aid Per Pupil (BSAPP). In school year 2005-06, the BSAPP was \$4,257. He advised that in 2008-09, the BSAPP started out at \$4,433 and because of state budget shortages, the BSAPP was reduced to \$4,400. He advised the BSAPP for 2009-10 will be \$4,280.

Mr. Dennis told Commission members that for the school year 2009-10, the Legislature passed a \$59 increase in BSAPP and it was put into a "lock box." This was set aside on the assumption that inflation was running about 2.2-2.3 percent at the time. However, by the time the year was over, inflation was running 3.7 percent. Schools were to get \$4,492 BSAPP for the year 2009-10. If the Consumer Price Index-Urban (CPI-U) were applied (which is 3.7 percent), the BSAPP would have been \$4,597. Both laws, the CPI-U and the \$59, had passed in the Legislature. However, the nation went into a recession, the economy went down, and the Legislature ended up approving a \$4,280 BSAPP.

Mr. Dennis then reviewed basic school finance concepts with Commission members. This information is available at: http://skyways.lib.ks.us/ksleg/KLRD/Publications/sdfandqpa_2008.pdf

Mr. Dennis also explained the "Budget at a Glance" and "Budget Profile" compiled by the Kansas Department of Education for each district. Each district has copies available for public viewing.

Mr. Dennis reviewed special education Catastrophic Aid. Mr. Dennis told Commission members that in 1995, a Catastrophic Aid law was passed, and it had worked quite well for a number of years. Mr. Dennis told Commission members that between the years of 2001-2009, the number of students qualifying for Catastrophic Aid has increased from 60 students in 2001 to 758 students in 2009. Mr. Dennis provided a summary of catastrophic aid activity over time (see Attachment 7).

Mr. Dennis identified options for consideration if the Commission chooses to recommend changes in Catastrophic Aid:

- Increase the Catastrophic Aid cost cap to \$66,750, with an annual increase based on the prior year's CPI-U;
- Increase the Catastrophic Aid cost cap to \$66,750 (comparable to the increase in the cost of special education), with an annual increase based on the prior year's CPI-U less state special education aid generated by the student;
- Increase the Catastrophic Aid cost cap to \$66,750, with an annual increase based on the prior year's CPI-U less categorical state aid and expenditures based solely on direct cost of instruction. This would exclude transportation since it is reimbursed at 80 percent under a different formula; or
- Set the Catastrophic State Aid amount based upon twice the previous years' categorical state aid per teacher less special education state aid.

Finally, Mr. Dennis summarized changes in special education funding over time. Mr. Dennis stated the average special education teacher salary in the 1993-94 school year was \$33,913 and this current year it is estimated to be \$52,869 or an increase of 55.9 percent. Mr. Dennis told Commission members that total Special Education expenditures for the State in 1993-94 were \$305,736,000 and the estimate for 2009-10 is \$816,700,000 or an increase of 167 percent.

A question and answer session followed the presentation.

Afternoon Session

Legislative Post Audit Performance Audit Update

Scott Frank, Audit Manager, Kansas Legislative Post Audit, told Commission members of the School District Efficiency Audits which had been started by Legislative Post Audit to analyze a variety of financial and enrollment data from various districts. The audit plan included auditors going out to the school districts and auditing in the areas where a district's costs were out of line. Mr. Frank provided the Commission with a summary of data collected so far from the efficiency audit work (Attachment 8).

Chairperson Chronister requested Mr. Frank provide the Commission with information regarding the "outlier school districts" in the efficiency audit work summary, including reasons for outlier status. Mr. Frank also was asked to provide information regarding reasons for variation in costs within the five district groups.

Following was discussion regarding the value of continuing the efficiency audit in light of increasing work loads on school district staff resulting from budget shortfalls leading to loss of district personnel and other lost resources.

Mr. Frank summarized for Commission members potential school district efficiency topics (Attachment 9):

- Medicaid Reimbursement for Special Education Services;
- School District Energy Conservation;
- National Gas Costs;
- School District Health Care Benefits;
- School District Procurement Cards; and
- Student Transportation.

Mr. Frank also summarized for Commission members the possible scope statements for school district performance audit topics (Attachment 10):

- Identifying Ways Kansas School Districts Encourage Parental Involvement;
- Reviewing Issues Related to Community Learning Centers;
- K-12 Education: Reviewing Issues Related to School Assignment Plans in Kansas;
- 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;
- Reviewing the Research on School Choice Programs;
- Reviewing the Geographic Boundaries of Kansas School Districts;
- Reviewing Issues Related to Low-Enrollment Funding;
- Reviewing Issues Related to the Quality of Virtual Schools in Kansas; and
- Reviewing the Reporting Requirements for Kansas School Districts.

A question and answer session followed the presentation.

Emile McGill moved that the 2010 Commission recommend an audit on Medicaid Reimbursement for Special Education Services and School District Health Care Benefits. The motion was seconded by Senator Schodorf. The motion carried on a voice vote.

Mr. Frank suggested the Medicaid Reimbursement audit start be postponed until the Kansas Health Policy Authority acts on changes to the Medicaid Program this summer.

Carolyn Campbell moved that the 2010 Commission recommend an audit which would identify ways Kansas school districts would encourage parental involvement. The motion was seconded by Dr. Daniels. The motion carried on a voice vote.

Dennis Jones expressed concern to Commission members, stating his reason for voting “no” to the previous two motions. Mr. Jones stated there are numerous schools districts in his area who are facing the reality of laying off teachers, custodians, school nurses, and janitorial employees. He stated he has reviewed the charter and the charge given to the 2010 Commission, and nowhere does it say the Commission is going to be required to make work for the Legislative Post Audit Division. Mr. Jones stated he has the utmost respect for what the people of Legislative Post Audit do, but these are tough times and it is going to get worse. He further stated the last thing these school districts need is for the State of Kansas and Topeka to be out there saying “you’ve got to spend this many man hours providing this information to us” for something that he felt is going to be totally irrelevant and will be subject to change in the next three to five years.

Chairperson Chronister told Commission members that she would suggest that Legislative Post Audit send out a request to school districts to determine if some of them would be interested in following up on the efficiency audit which had been started.

Commission members discussed providing districts with ideas for increased efficiency. Mr. Dennis informed the Commission that the Kansas State Department of Education website contains district-provided examples of efficiencies gained in a variety of areas.

Chairperson Chronister discussed the following tentative interim meeting dates for the 2010 Commission:

- June 29 and 30 (presentations from school district superintendents regarding ranking of issues for the Commission’s consideration and descriptions of budget cuts for the upcoming school year);
- August 6 and 7; and
- October 1 and 2.

The next meeting is scheduled for Friday, May 29, 2009 The meeting was adjourned at 3:40 p.m.

**Friday, May 29
Morning Session**

The meeting of the 2010 Commission was called to order at 9:00 a.m. by Chairperson Chronister.

Commission members were advised of handout material being distributed from the Kansas Department of Education regarding Kansas Scholars Curriculum, the KSDE Cost Savings Survey Results, and the Ranking of State for Federal Education Stimulus Money and the Prospects for Reform (Attachments 11, 12, and 13).

Discussion and Development of 2010 Commission Report to the 2010 Legislature (Continued)

Chairperson Chronister told Commission members that as the Commission starts its final report for the 2010 Legislature, one of the first issues for discussion should be catastrophic aid. It is obviously a very "hot" issue and the fact that such a large amount is coming off of the top of the Special Education funding source by three Johnson County schools and one Wichita school is making it a very difficult issue across the state.

It was the consensus of the 2010 Commission to recommend a change in the calculation of the special education catastrophic aid. This recommended change is to get the catastrophic state aid amount based upon twice the previous year's categorical aid per teacher less any special education state aid.

Mr. Dennis provided an example:

Cost of Special Education Student Services	\$ 75,000
Less Special Education State Aid (teachers, paras, transportation)	\$(15,000)
Net Cost to School District	\$ 60,000
Two times categorical aid per teacher of preceding year (2 X \$28,760 – 2008-09)	\$ 57,520
Difference	\$ 2,480
Percentage Determined by State Law	.75
Additional State Aid	\$ 1,860

Any recommendations for changes will require legislative action during the 2010 Legislative Session.

Commission members finished the meeting by discussing the following items for consideration at future meetings:

- The Legislature needs to look at what has happened as a result of increased funding, *i.e.*, test scores went up, at-risk funding improved;
- Consider revenue enhancements for the state;
- Consider consolidation of school districts; how many have consolidated or are considering consolidation;

- Revisit early childhood issues to determine status of collaboration and increased funding via Children's Initiatives Funds;
- Consider the future of education in the 21st Century; and
- Consider some discussion of year-round schools.

Chairperson Chronister requested staff provide a short summary of school district consolidation incentives over the past several years. In addition, Chairperson Chronister requested Mr. Dennis work with United School Administrators' staff conducting a survey regarding budget cuts, including positions lost, in school districts.

Barbara Hinton told Commission members that Post Audit staff would review performance audits and review literature summarizing efforts made across the United States in restructuring public education.

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for June 29, 2009.

Prepared by Janet Henning
Edited by Sharon Wenger

Approved by Commission on:

June 29, 2009

(Date)