

Approved: March 4, 2010

Date

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:30 p.m. on February 24, 2010, in Room 152-S of the Capitol.

All members were present except:

Senator John Vratil- excused

Committee staff present:

Theresa Kiernan, Office of the Revisor of Statutes
Martha Dorsey, Kansas Legislative Research Department
Sharon Wenger, Kansas Legislative Research Department
Dorothy Gerhardt, Committee Assistant

Conferees appearing before the Committee:

Barbara J. Hinton, Legislative Post Auditor, Legislative Division of Post Audit
Dan Bryan, Senior Auditor, Legislative Division of Post Audit
Robert A. Schiltz, Superintendent, St. Francis USD #297
Jerry Cullen, Superintendent, Barber County North USD #254
Bill Seidl, Superintendent, Canton-Galva USD #419 (written only)
Dale Dennis, Deputy Commissioner, Kansas Department of Education

Others attending:

See attached list.

Presentation: Performance Audit Report - K-12 Education: Reviewing the Potential for Cost Savings From Reorganization of Kansas School Districts - continued

Barbara J. Hinton, Legislative Post Auditor, appeared briefly before the committee to reiterate that the audit under review should be viewed as a 'piece of the pie' as there were many factors to be considered when discussing school district consolidation. She also distributed supplemental information which had been referred to in the previous meeting.

Dan Bryan, Legislative Division of Post Audit, (Attachment 1) continued his review of the audit comparing the changes in operating and capital expenditures and changes in operating and capital aid under the two scenarios.

Presentation: Representatives of Certain School Districts

Robert A. Schiltz, Superintendent, St. Francis USD #297 (Attachment 2), and Jerry Cullen, Superintendent, Barber County North USD #254 (Attachment 3) appeared before the committee to discuss steps each of their districts have taken to address decreased funding available to education. School district consolidation was also mentioned, with each superintendent stating it was his opinion that consolidation was a local issue and not one to be forced by the state. Bill Seidl, Superintendent, Canton-Galva USD #419 (Attachment 4) provided written testimony.

The next meeting is scheduled for February 25, 2010.

The meeting was adjourned at 02:30 p.m.



SENATE EDUCATION COMMITTEE GUEST LIST

DATE: February 24, 2010

NAME	REPRESENTING
Heidi Zimmerman	Leg. Post Audit
Dan Bryan	"
Tracy Russell	SQE
Jenny Cullen	USD 254 Berkeley Co. North
ROB SCHILTZ	USD 297 ST. FRANCIS
Wend Cassidy	USD 297 ST. FRANCIS
Tom Rube	KASB
Scott Frank	LPA
NATHAN ENSE	LPA
Brenda Heafey	LPA
Cherrie	LPA
Lindsay Rousseau	LPA
Berend Koops	Hein Law Firm
Missy Taylor	KFE
Bill Brady	SFFF

Figure 1-4
Comparing the Changes in Operating and Capital Expenditures to the
Changes in Operating and Capital Aid Under Our Two Scenarios
(dollars in millions)

	Scenario 1 Consolidate districts that don't meet the 1960s criteria	Scenario 2 Consolidate districts with fewer than 1,600 students
<i># of Districts Identified</i>	32	239
<i># of Consolidated Districts</i>	28	100
<i>Final # of districts</i>	266	152
OPERATING EXPENDITURES AND AID		
Change in Operating Expenditures	(\$17.9)	(\$138.4)
Change in Operating Aid		
State Funding		
<i>Basic Operating Aid (a)</i>	(\$13.5)	(\$111.3)
<i>Transportation Funding</i>	\$0.8	\$6.4
<i>KPERS Contribution</i>	(\$0.8)	(\$6.1)
<i>State Share of Local Option Budgets (b)</i>	(\$1.7)	(\$18.5)
Total State Funding	(\$15.2)	(\$129.4)
Districts' Share of Local Option Budgets	(\$2.1)	(\$13.0)
Total Change in Operating Aid	(\$17.3)	(\$142.4)
Net Savings or (Loss) to Districts (c)	\$0.6	(\$3.9)
<i># of Districts with a Net Savings</i>	15	56
<i># of Districts with a Net Loss</i>	13	44
CAPITAL EXPENDITURES AND AID		
Need for New/Expanded High School Buildings		
New Building	0	17
Expanded Building	10	37
No Construction	18	46
Total	28	100
Annual Cost of New/Expanded High School Buildings		
District Share	(\$1.3)	(\$45.5)
State Share	(\$0.4)	(\$18.2)
Total	(\$1.7)	(\$63.7)
Net Savings or (Loss) to Districts [Operating and Capital Expenditures Combined]		
Operating Expenditures (from above)	\$0.6	(\$3.9)
Capital Expenditures	(\$1.3)	(\$45.5)
Total (c)	(\$0.7)	(\$49.4)
<i># of Districts with a Net Savings</i>	12	38
<i># of Districts with a Net Loss</i>	16	62
<p>(a) Includes Base State Aid Per Pupil (BSAPP), as well as low-enrollment and correlation weighting.</p> <p>(b) Local option budgets allow districts to raise money locally for enhancing their education programs. To determine the local option budget we assumed that all districts were authorized up to 30%. The district share is generate by local taxpayer dollars, and the State share is equalization aid paid to "property poor" districts.</p> <p>(c) A negative number indicates that districts as a whole will be financially worse off. While operating expenditures would decrease (saving the districts money), the amount of funding would decrease even more (creating a net loss for the districts).</p>		
Source: LPA analysis of Department of Education data.		

Testimony before the Senate Education Committee regarding
**The Impact of Budget Cuts on Students in Small Rural Schools
and Thoughts on Consolidation**

Presented by: Robert A. Schiltz
Superintendent, USD 297 – St. Francis
February 24, 2010

I would like to thank the committee for the opportunity to be here today. It is truly an honor for me.

My name is Rob Schiltz and I am the superintendent of schools in St. Francis, USD 297. USD 297 is located in Cheyenne County which is in the northwest corner of the state.

I have been asked to speak to you about the impact the budget cuts are having and will continue to have on our students and also my opinion of consolidation. Let me begin with the impact on our students.

To this point in time, the impact of budget cuts has not had a huge impact on our students. We are fortunate to have some money in our contingency reserve fund and will be able to use our contingency reserve fund to make it through the rest of this year. We will most likely have very little money to carry-over at the end of the fiscal year to ensure adequate cash balances for several funds to begin the 2010-2011 school year, and will most likely not have any money in our contingency reserve fund after this current year. Next year is the year that concerns USD 297 the most.

We currently have several elective programs that benefit our students. Those include: K-12 art, K-12 vocal music, 5-12 band, 7-12 counseling, 4-12 computers and business, 8-12 industrial technology (including computer aided drafting, woodworking, and explorations in technology), K-12 library services, 9-12 yearbook/journalism, and 9-12 vocational agriculture.

We also offer the following extra-curricular activities: football, volleyball, wrestling, basketball, track, cheer/pom, and FFA.

To the best of my knowledge, the only program we have eliminated in the 23 years I have been in the district has been home economics.

If the financial situation does not improve and the estimates of an additional \$300/BSAPP reduction occurs next year, that would mean an additional loss of \$171,720 for USD 297 using this year's enrollment. We will most likely lose more than that amount due to declining enrollment as well.

Since most or all of our contingency reserve will be used to fund the current year, we will no doubt have to cut some of the programs mentioned above. It has been a common

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practice in St. Francis to reduce expenditures whenever possible without jeopardizing the education of the students. Some of the reductions that have already been made over the last 10 years include: 7.7 licensed personnel, 1 administrator, 4 bus routes, 6 assistant coaching positions, sack lunches for activities, combined activity trips and schedules, and we have increased student fees. We feel that this continual reduction where possible has allowed us to be in as good of financial condition as we are, but it has also eliminated the possibility of additional cuts without the reduction of programs. Additional cuts will now have a significant impact on the educational experience of our students.

At this time, we do not know what programs will be eliminated from the USD 297 curriculum. We would like to be able to see what the legislature does during this session to stabilize funding before making those types of decisions. If no further cuts are made to the BSAPP, we will most likely be able to keep our current services to students, and that is our wish. If additional cuts are made in the BSAPP, we will have no choice but to cut approximately one program per \$40,000 reduction in state aid. We currently do not offer programs that we feel are not important to students. The decision to cut programs will be life-altering for many current and future students.

My thoughts on consolidation are not as passionate as my thoughts on additional budget cuts. USD 297 was not directly included as a consolidation option in the two scenarios recently produced by the Legislative Post Audit; therefore, the thought of consolidation for our school with a neighboring school is just a thought, not a reality. If it were a reality as it is with other schools, my position would likely change.

In general, I do believe if consolidation is in the best interest of **students**, then it should be done. I believe there are situations that are reasonable from an educational standpoint and a financial standpoint to consolidate. As I'm sure you are aware, the main drawback of consolidation is that the community that loses the school will not survive for long. People tend to be extremely passionate about their communities, and rightfully so.

From a legislative standpoint, I feel a forced consolidation would be hard for communities to accept. I would encourage you to consider leaving consolidation to the communities involved if possible.

Barber County North USD 254
Jerry Cullen, Superintendent
308 South Main, Box 288, Phone 620-886-3370
Medicine Lodge, KS 67104
Fax 620-886-3640

I appreciate the opportunity to visit with you today concerning K-12 Education funding. After our base state aid per student dropped from \$4,433 to \$4,218 last year and the Kansas State Budget was passed with a zero balance, we made necessary cuts so we could stay within our budget, knowing that further reductions would be needed. This year our Base State Aid was cut to \$4,012 for the 2009-10 budget year which amounts to a 9.5% cut.

We made the following cuts, with the guiding principal of trying to have the least negative effect on our students;

1. Closed one building
2. Condensed our School Year by ten days
3. Froze all employees at current salary
4. Cut one administrator
5. Cut one librarian
6. Cut three teachers
7. Dropped our FACS program at the high school
8. Cut 1 custodian
9. Cut 1 secretary
10. Cut School Nurse
11. Cut 2 cooks
12. Cut 6 supplemental activities personnel
13. Dropped Summer School

Prior to these reductions, we were like many small rural schools, in that we were handling our declining enrollment and loss of revenue by making cuts and accessing 30% Local Option Budget. We made it work well. Our Kansas Assessment test scores met the Standard of Excellence, or were very close, and our graduation rate was in the mid to high nineties. However, I assure you, each of the above-mentioned cuts made to ensure that we live within our budget due to the cuts in base state aid have had a negative impact on our ability to address the needs of all our students.

If additional cuts to Base State aid are made to K-12 education, we are discussing and prioritizing the following cuts:

1. Use some of our carryover money, which is one time money and a temporary solution, with the hope we can cover our expenses month to month.
2. Move our Central Office to the old Middle School building, which is now being used by the Recreation Department.
3. Freeze all salaries for the second year
4. Cut half-time custodian
5. Cut fourteen activity sponsors

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6. Cut one cook
7. Cut one Title I teacher
8. Use teachers as room custodians
9. Cut four custodians
10. Cut four teacher aids
11. Lengthen school days so we can have fewer days
12. Cut six Junior/Senior High teachers
13. Cut four Elementary teachers.

I was visiting with one of our neighboring districts and they shared with me they had to ruff an excellent first-year teacher and replace her with a part-time retired teacher who didn't really want to go back to work. With the cuts we have made, we will not have the ability to work as well with at-risk students nor to offer the variety of classes 21st century schools need. We will have larger class sizes, less supervision of students, and salaries below the median in the state. How long can we keep our excellent staff? It concerns me that with no salary raises for two years, and with forced use of our teachers as room custodians, many of them will begin to look elsewhere for employment. Also, we have focused on implementing a wellness program, but with fewer cooks and more prepared food, will we lose ground in this endeavor.

The other issue I would like to address is forced school consolidation. This year, three school board members and I did visit with the other district in our county, which is twenty-eight miles away, to discuss the pros and cons of consolidation, because we felt that we needed to look at every possible way to control cost and provide a quality education. After many hours of discussion, it was decided our students were better off with two separate districts, even though I felt it would have helped us get through the next five years with combined budgets. This was not the first time the discussion has taken place and I'm sure it will continue in future years. The best type of consolidation is when both districts decide that they can provide a better education by consolidating the districts.

Studies that have been done conclude there is no reason to expect financial savings or increased revenue because of consolidation of school districts. Some consolidations even require additional cost because of larger facilities, greater transportation costs, additional personnel, specialized staff, and promised programs. Many studies have found higher levels of achievement in the smaller environments. Recent studies have shown that consolidated school districts incurred no overall fiscal advantages while possibly sacrificing both student achievement and community support. A study of 19 consolidations titled "The Financial Effects of Consolidation" concluded that three years after consolidation, major financial advantages were not a necessary outcome of school district consolidation. It is also interesting to note that New York City School District decentralized its school system from one district into thirty-two and from this change student achievement improved and community support grew stronger. This study recommends that each school district considering consolidation study the implications of fiscal and community advantages and disadvantages.

The closing of schools is wrong and could be devastating not only to education but to the children and communities in rural Kansas. The classic example is West Virginia. One billion dollars over fifteen years was spent in closing 300 schools. The "benefits" include longer bus rides for students and double the cost of school transportation. It did not save the taxpayers any money; local administrators' cost increased by 16%, despite a 13 % drop in student enrollment, and they spent more money on transportation than any other state in America. I would like to leave you with this thought: when a student becomes just another face in the crowd, it takes more adults--principals, vice principals, counselors, and security guards to deal with the alienation and the trouble that ensues.

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TO: Senate Education Committee

FROM: Bill Seidl, Superintendent
USD 419-Canton-Galva

SUBJECT: Consolidation

The only way that consolidation can save significant money over time is not through consolidation but the closing of buildings as a result of consolidation. Many of the buildings that we are talking about have had recent renovations costing millions of dollars, mostly through bond issues that were approved by the local patrons. With these renovations, the buildings are in reasonably good shape and quite likely there are still payments that need to be made to fulfill the obligation of the bonds. USD 419 bonds will be retired in 2016. People are proud of their small communities and are thankful when they have a place they can call their own. People in larger communities do not seem to have that same kind of appreciation.

One does not have to travel far in our area to see the results of past consolidations. The communities of Roxbury, Lehigh, Durham, Gypsum, are just a few of the examples of the demise of small towns in Kansas. Once the schools were closed, it didn't take long for the exodus to begin. Stores begin to close, buildings become empty, few if any new structures are built, and the buildings that were once vibrant with energy and excitement from school activities became dilapidated and useless. The patrons of Canton and Galva are not the least bit interested in becoming a statistic.

The second factor in saving significant amounts of money through consolidation is through the loss of jobs. Many of the current employees, both certified and classified would be out of work and that would have a tremendous impact on the communities of Canton and Galva. The school district is often one of the largest, if not the largest employer in the district. The businesses in these small towns depend on the income of these employees to purchase their goods and services. If the schools buildings are closed, the employees are gone and then the small businesses are not far behind. The houses become empty and before long they become run down as well. Valuations drop and then city government becomes more expensive.

People choose to live in a small community for a variety of reasons.

- a. family
- b. work related
- c. atmosphere – environment- feel safer
- d. less expensive – taxes – rent- new homes – utilities

People choose to have their children attend smaller schools

- a. small class size - teacher ratio – parents attended small schools
- b. neighborhood school – friends -
- c. day care – what district can provide

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Student participation in activities and athletics

- a. talent pool smaller – participate in a variety of activities
- b. more confidence around their peers
- c. State tournaments to see how small towns are supportive of schools

Post secondary choices are similar to attending larger K-12 districts.

- a. Some attend large Universities, small Colleges, Trade Schools and Community Colleges for a reason.
- b. Simply put, we live in a one size does not fit all society. By having choices, people have a tendency to do better, live longer and enjoy the life they have chosen.

BUDGET COMPARISONS (Gen. Fund Budget Cuts)

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Actual Enrollment FTE	393.7	398.4	418.5	388.0	366.8	368.9
Total Weighted FTE	760.8	721.8	761.5	781.7	747.9	750.3
Budgeted BSAPP	\$ 3,863	\$ 4,257	\$ 4,316	\$ 4,374	\$ 4,433	\$ 4,218
BSAPP Cut Before Budget						\$ (182)*
General Fund Budget	\$2,938,970	\$3,072,703	\$3,286,634	\$3,419,156	\$3,315,441	\$3,164,765
General Fund Loss						\$ (136,555)
Total weighted FTE						\$ 755
BSAPP After Budget Cuts					\$ 4,400	\$ 4,012
BSAPP Cuts After Budget					\$ (33)	\$ (206)
General Fund After Cuts					\$3,290,760	\$3,010,204
General Fund Loss						\$ (135,705)
Total Loss in General Fund Due to Budget Cuts					\$ (24,681)	\$ (272,260)

*BSAPP Cut \$182 from \$4,400 at the end of Fiscal Year 2008-09 to \$4,218 to begin Fiscal Year 2009-10

2009-10 Supplemental General State Aid (Local Option Budget) Prorated to 90% resulting in \$28,721 less LOB State Aid. Made up by local taxpayers.

Budget loss of approximately \$100,000 during 2008-09 due to declining enrollment.

Weighted FTE Formula changed during 2005-06 resulting in approximately 40 less Weighted FTE.

Budget Cuts 2009-2010

1 Elementary teacher	\$32,175	<u>savings</u>	9 school days	\$25,000
1 Middle School teacher	\$31,225		textbooks	\$35,000
1 Middle School teacher	\$35,975		library budget	\$5,000
1 ES/MS librarian	\$37,400		Technology	\$35,000
.5 Counselor @ ES	\$16,562		less coaches	\$5,000
.5 Spanish teacher	\$30,205		went from 2 full time tech	
Extended contracts	\$13,217		to 0.5 tech	
	\$196,759		No salary increases	

Pre-K-3 building has (29 - 33) students per grade level with 33 in pre-school

Grades 4-8 have picked up the reductions by covering classes, library, re-organizing staff responsibilities

Grades 9-12 have 1.5 teachers per curriculum area. HS Principal does all tech work at HS.

SPED enrollment continues to increase with autistic, ADHD, Special needs students

Elementary principal serves as district state assessment coordinator, curriculum director and counselor,

Middle School Principal serves as Athletic Director, fills in as a result of staff reductions, counselor

Superintendent is transportation director, bus sub, food service, staff development, supervises events, etc.

Teachers and staff constantly double up as coaches, supervisors, sponsors, ticket takers, score keepers, and a variety of other things because that is what happens while working in the small school districts.

Recent cuts have been handled through eliminating scheduled transfers to Capital Outlay, Contingency Reserve and stream lining the budget.