

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:35 p.m. on March 6, 2006, in Room 123-S of the Capitol.

Committee members absent:

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

Conferees appearing before the committee: Senator Steve Morris
Dale Dennis, Deputy Commissioner, State Department of
Education
Mark Tallman, Kansas Association of School Boards
Bill Reardon, Kansas City, Kansas, Public Schools
Diane Gjerstad, Wichita Public Schools

Discussion of Senate School Finance Plan

Senator Steve Morris discussed the Senate school finance bill which was scheduled to be introduced in the Senate later in the day. He explained that, from the beginning of the 2006 Legislative Session, Senate leadership met several times with House leadership and the Governor to define the general parameters for school finance. The final consensus was that \$150.0 million a year over three years was appropriate. Ultimately, the new money was comparable to the Governor's plan – \$130.0 million the first year, \$150.0 million the second year, and \$150.0 million the third year. He commented that, although the Senate plan did not address all the recommendations of the Legislative Post Audit cost study or the Augenblick and Myers study, it came close. He went on to say that a small bi-partisan working group was set up to develop the suggestions included in the bill. He noted that the bill included suggested amounts for at-risk, high at-risk, and special education, and it included a new concept for equalizing part of the local option budget (LOB). He explained, "Currently, we equalize 81 percent of the LOB statewide. We've taken a small portion of the LOB (two and one-half percent the first year, two and one-half percent the second year, and one percent the third year) and equalized that to 100 percent. That takes, I think in this bill, something like \$38.0 million. It will leverage us additional state money that's already in the state system that we've never been given credit for. If you look at the total package – the new money plus the leverage money – it should be fairly close to what the Post Audit study called for."

With regard to the financial outlook for the out years, Senator Morris commented, "As most of you know, this year we can handle what we have to put in the first year per ending balances. Next year, it gets a lot tighter. The third year out, it becomes problematic without any revenue. Right now, we're sitting at \$77.0 million above what the estimate was in November. That will certainly help in '08, and I would anticipate that number will increase when we get the estimate in April. So, when you look at the '08 profile by the time we finish (final adjournment), it would be where it is now as far as current year ending balances. But it should be at least something we could live with if we have to. But then, '09, that is the year that we will probably have to have more revenue from some place, whether it's gaming, taxes, or – it would be nice, I'm not counting on this – enough increase in the economy to take care of it, but that would be pushing the envelope, and we certainly can't count on that. We don't have any choice. We have to do this. It's a court mandate. The court has jurisdiction."

Senator Morris responded to a question regarding the proposed equalization of the LOB to 100 percent. Committee discussion followed at which time Senator Vratil commented, "I think it's really on a pretty firm legal ground because, when you look at it as being analogous to the 20 mill levy, the 20 mill levy is mandated by the state. The tax levy necessary to generate that first two and one-half percent of the local option budget will be mandated by the state. Every school district will have to levy that amount. So the only other component to it is the state supplemental aid. So, really, if you think of it in terms of the 20 mills in an analogous situation, it's on firm legal ground."

CONTINUATION SHEET

MINUTES OF THE Senate Education Committee at 1:35 p.m. on March 6, 2006, in Room 123-S of the Capitol.

Theresa Kiernan, Revisor of Statutes Office, distributed copies of the draft of the school finance bill scheduled to be introduced in the Senate. She responded to questions as she explained the provisions in New Section 1 for high at-risk weighting, New Section 2 which requires every school district to adopt a mandatory student performance improvement budget, Section 3 which amends the special education excess cost provisions, Section 4 which amends the definition section in the school finance law regarding weighting, Section 5 which amends the statute concerning base state aid per pupil, Section 6 which amends a provision on low-enrollment weighting to conform the threshold change in the correlation weighting, Section 7 which amends the current determination of at-risk pupil weighting, Section 8 which amends the statute concerning school facilities weighting, Section 9 which addresses suggested changes regarding the LOB, and Section 12 which changes the threshold for correlation weighting.

For the Committee's information, Dale Dennis, Deputy Commissioner, Kansas Department of Education, distributed a handout concerning the LOB provisions in the Senate school finance plan, pointing out that the LOB percentages in current law were outlined at the top of the page. He went on to explain the proposed changes in LOB equalization aid as shown in the handout. (Attachment 1)

Mark Tallman, Kansas Association of School Boards (KASB), commented that KASB supports the Kansas Supreme Court's finding that state funding for public education remains at least \$568 million below the requirements for suitable funding. He noted that the three proposed education plans approached that amount, but none of them achieved it. He expressed concern that each of the plans would be phased-in over a three year period which meant that the level of funding would immediately begin to fall behind inflation and other costs. He discussed KASB's support for a significantly higher base budget per pupil that would incorporate most of the current LOB funding. He went on to discuss KASB's strong support for increased funding for full-day kindergarten, at-risk students, bilingual and special education, educator salaries and benefits, and professional development. In conclusion, he reasoned that state spending on education is not a "cost" but rather is truly an investment in the future of the state and its people. (Attachment 2) In support of his argument that state spending on education is an investment that pays the state back, Mr. Tallman distributed copies of a press release which stated that, according to the Alliance for Excellent Education, high school dropouts cost the United States billions in lost wages and taxes. He called attention to an attached table which itemized the lost lifetime earnings (\$260,000 per dropout) for non-graduates in each state. (Attachment 3)

Bill Reardon, representing Kansas City, Kansas, Public Schools (USD 500), noted that classroom achievement of at-risk children in USD 500 had improved over the past several years, but the gains were insufficient and not sustainable at current funding levels. Emphasizing that USD 500 educates over 800 homeless students, he urged the Committee to support increased funding for at-risk students, including the recommendation for a new urban at-risk weight. (Attachment 4)

Diane Gjerstad, representing Wichita Public Schools, testified in support of the Legislative Post Audit recommendation for a new urban poverty weighting. As she discussed the diverse student family profiles in the Wichita public schools, she commented that she was amazed at the number of students who live on their own. She went on to outline the specific risk factors for Sedgwick County students, which included the availability of illegal drugs and firearms. She emphasized that Sedgwick County accounts for 25 percent of the total youth in the JJA population, and the rate of adult incarcerations in the county is higher than the national average. She pointed out that few communities embody the mix of so many complex issues as Wichita (poverty, language, crime). She contended that Wichita needs smaller class sizes, adequate student support, technology, and more teacher collaboration time. She noted that Wichita put together its own cost of a suitable education a year ago, and the Legislative Post Audit's cost analysis study confirmed their suitable cost projection. She urged the Committee to adopt the Post Audit's recommendations both for at risk and urban at risk weightings. (Attachment 5)

Theresa Kiernan, Revisor of Statutes Office, distributed copies of a revised comparison of the three school finance plans currently under consideration which she discussed at a previous meeting. (Attachment 6)

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

The next meeting is scheduled for March 7, 2006.

CONTINUATION SHEET

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