

## **MINUTES**

### **LEGISLATIVE EDUCATIONAL PLANNING COMMITTEE**

August 5-6, 2003  
Room 514-S—Statehouse

#### **Members Present**

Senator Dwayne Umbarger, Chair  
Representative Kathe Decker, Vice Chair  
Senator Bob Lyon (August 5)  
Senator Lana Oleen  
Senator John Vratil  
Representative Carol Edward Beggs  
Representative Eber Phelps  
Representative Larry Powell  
Representative Bill Reardon

#### **Members Absent**

Senator Christine Downey  
Senator Mark Taddiken  
Representative Barbara Ballard  
Representative Bill Mason

#### **Staff Present**

Deb Hollon, Kansas Legislative Research Department  
Carolyn Rampey, Kansas Legislative Research Department  
Kathie Sparks, Kansas Legislative Research Department  
Theresa Kiernan, Office of the Revisor of Statutes

#### **State Department of Education Staff**

Dale Dennis, Deputy Commissioner

## Conferees

Jim Edwards, Governmental Relations Specialist, Kansas Association of School Boards  
Peggy Hanna, Deputy Assistant State Treasurer  
Tammy Dickson, Parent of Special Education Child  
Jim Hays, Research Specialist, Kansas Association of School Boards  
Dee McKee, Director of Special Education, USD 383 (Manhattan)  
Rick Bowden, Assistant Executive Director, Kansas State High School Activities Association  
Dr. Sharol Little, Superintendent USD 383 (Manhattan-Ogden)  
Ken Kennedy, Superintendent USD 382 (Pratt)  
Dr. Morris Reeves, Retired Associate Superintendent for Business Services  
Dr. Gary Norris, Superintendent USD 305 (Salina)

## Tuesday, August 5

### Property Tax Accelerator

Dale Dennis, State Department of Education, presented information about the impact of HB 2397, which was enacted by the 2003 Legislature. The legislation gives the Governor the option, to be exercised in August or September of 2003, of accelerating the payment date for the second half of the prior year's property taxes from June 20 to May 10. Mr. Dennis told the Committee indications are that the Governor will implement the accelerator. (Mr. Dennis' presentation is [Attachment 1](#)). The intent of the Legislature in authorizing the accelerator was to create a one-time "windfall" in property tax revenues so that general state aid to school districts could be reduced by an estimated \$163,000,000 in FY 2004.

An effect on school districts will be that the second half of taxes, which currently must be paid by June 20 and distributed to schools July 20 (in the next fiscal year), will be due May 10 and distributed to school districts on June 5 (the current fiscal year). As a result, in the year in which the bill is implemented (school year 2003-04), school districts will receive approximately one-third more property tax revenue than usual. This is because they will get three major distributions of property tax payments, not two. As is the case under current law, they will get approximately 40 percent of property tax payments in July of 2003, (from the second half of payments due June 20), 50 percent in January of 2004 (from the first half of payments due December 20), and 40 percent in June of 2004 (from the second half of payments that would be due under the accelerator May 10 instead of June 20). (There also are smaller property tax distributions throughout the year, primarily from the payment of delinquent taxes.) Once the transition year under the accelerator is complete, the number of major payments would revert to two: one in January and the other in June.

These changes will impact school district local option budgets. Districts will have available in school year 2003-04 more property tax revenues than normal to fund their local option budgets, enabling them to reduce their mill levies. However, after the transition year, districts will have to increase their mill levies again because only two major property tax distributions would be made. Mr. Dennis observed that school boards dislike fluctuations in mill levies (the "yo-yo" effect) and could try to smooth the levies out by increasing the local option budget authority for the 2003-04 school year for the purpose of spending the additional tax revenues they will receive. They also could underestimate their local option budget property tax revenues. Most likely, expenditures would be

made for one-time purchases only. This “smoothing” could occur only in those districts that are not already at their maximum local option budget authority.

Mr. Dennis expressed concern that school districts in FY 2005 will not get a major property tax distribution until six months into the fiscal year. For some districts, this will present a cash-flow problem and, in those districts that derive most of their revenues from local resources, could result in the State Department of Education having to “loan” them state aid, which would be returned to the state as soon as local resources are adequate.

In response to questions, Mr. Dennis said he expects that the State Board of Education will request a supplemental appropriation for supplemental general state aid (local option budgets) in FY 2004. He also explained that, if the state were to resume making the second property tax distribution in July instead of June, a significant appropriation for general state aid (currently estimated at \$163,000,000) would have to be made in the year in which the change is made to compensate for lost property tax revenues.

### **Rank of Kansas Students on National Indicators**

Jim Edwards, Kansas Association of School Boards, presented information based on the 2002 National Assessment of Education Progress (NAEP) for reading and information about education funding based on the 2002 *Digest of Education Statistics*. (Mr. Edwards’ presentation is [Attachment 2](#)). Mr. Edwards told the Committee the data indicate that, among the states, “no state scores higher and spends less.” However, he warned that other states are closing the gap or even exceeding Kansas in performance and that three-fourths of the states have had a higher rate of increase in education funding.

Mr. Edwards told the Committee that there appears to be a link between education spending and education results: The 17 states that rank significantly above the national average on the fourth grade NAEP reading assessment spent more per pupil than did the 14 states that are at about the national average and even more per pupil than did the 12 states that were significantly below the national average on the fourth grade reading assessment.

While Mr. Edwards agreed that it is laudable that Kansas students do as well as they do, he cautioned that Kansas’ relative standing among the states may change if per pupil expenditures do not increase. He cited Kansas’ relatively low rank (40<sup>th</sup>) on teacher salaries as an example of how educational achievement in Kansas may suffer if the state is at a competitive disadvantage for teachers, particularly at a time when the No Child Left Behind Act places a priority on highly qualified teachers. When asked what the state should do in terms of expenditures for education, he noted the recommendations for increased expenditures contained in the consultants report by Augenblick and Myers.

Mr. Edwards concluded his prepared remarks by saying that Kansas students presently are doing well, but policy makers should strive for excellence. Committee members encouraged Mr. Edwards to share his findings with business and civic groups and also noted that educational attainment in Kansas varies among subgroups of students and that students who are disadvantaged or from certain minority groups do not always do well. (The State Department of Education was asked to provide specific information on educational attainment by student subgroups.)

### **Learning Quest**

Peggy Hanna, Deputy Assistant State Treasurer, gave the Committee an update on the Postsecondary Education Savings Program, popularly known as "Learning Quest." (Material provided by Ms. Hanna are Attachments 3 through 7). Learning Quest was created by the 1999 Legislature so that individuals and organizations could contribute to a savings account to pay for education expenses at any accredited public or private college or university or vocational or technical school in the United States that is eligible for federal financial aid. Money in accounts is invested by American Century Investment Management, Inc. Earnings on withdrawals for qualified expenses are exempt from federal and Kansas income taxes and Kansas taxpayers may deduct up to \$2,000 in contributions annually for each beneficiary (or \$4,000 annually for married taxpayers who file jointly).

Ms. Hanna highlighted the following points:

- More than 50,000 accounts have been opened as of June 2003, of which almost half belong to Kansans. 300 new accounts are opened each week.
- As of June 2003, the program asset value is \$453 million, of which Kansas residents account for more than \$125 million (approximately 28 percent).
- The annual maintenance fee has been eliminated for Kansas account owners and reduced from \$40 to \$27 for out-of-state account owners.

Ms. Hanna told Committee members that State Treasurer Lynn Jenkins likely will propose statutory changes to the program during the 2004 Session. Changes under consideration include increasing the amount of the deduction for Kansas income tax purposes and eliminating the 12-month waiting period before a qualified withdrawal may be made following the opening of an account.

Committee members asked Ms. Hanna to ask the Treasurer to consider presenting her proposed changes to the Committee for its consideration.

### **Concerns of Special Education Parent**

Tammy Dickson discussed her experiences concerning her child's educational needs (Attachment 8). Ms. Dickson has a five-year old child with Down Syndrome. She emphasized the importance of early intervention, particularly when a child has disabilities. Ms. Dickson described problems she had getting her son into the local Headstart program (problems with administrators, not teachers) and gave credit to the program for preparing her son to enter kindergarten this fall.

Ms. Dickson made several suggestions for how special education could be improved:

- Each child's individualized education program (IEP) should include providers of transportation services so that they will be aware of each child's special health needs. In addition, special education children should not be allowed to miss instructional time because they are delivered to school after regular students arrive or are required to leave school early.
- A signed medical release form should be mandatory in cases when a health emergency arises and a parent cannot be reached.
- Paraprofessionals who will be involved with a special education student should be on the IEP team.

- Allow parents to meet with staff and students to educate them about their child's disability or condition.
- Make particular efforts to assist low income or single parents who may feel intimidated or stigmatized by the system.
- Refrain from involving the Department of Social and Rehabilitation Services when a situation calls for less drastic intervention.

## **Wednesday, August 6**

### **School District Consolidation**

The staff presented a memorandum entitled *Unified School District Consolidation*, which describes findings of the 1999 study of school district consolidation conducted by the consulting firm of Augenblick and Myers (A&M) and summarized five bills concerning consolidation that were considered during the 2003 Session ([Attachment 9](#)). The memorandum also discussed sharing superintendents by school districts and reported that eight school districts (four pairs of districts) currently share superintendents. There also are 52 superintendents who serve as building principals.

### **Shared Services and Personnel**

Jim Hays, Kansas Association of School Boards, presented information he has compiled about how school districts cooperate ([Attachment 10](#)). He told the Committee there presently are 274.3 full-time equivalent (FTE) superintendents for 303 school districts and that in about 60 percent of the districts superintendents perform some other duty, such as serving as a building principal or director of some school program. He indicated that the smaller the school district, the more likely it is that the superintendent performs some other function.

Mr. Hays observed that major periods of school consolidation taking place in the 1960s did not save money. For example, per pupil expenditures of \$487.86 in school year 1965-66, when there were 1,303 school districts, increased to \$574.30 in school year 1967-68, when the number of districts was reduced to 336. He said a recent informal survey of school districts indicates that most engage in cooperative efforts with other districts: 66.7 percent are in special education cooperatives, 49.0 percent are in purchasing cooperatives, and more than one-fifth are in cooperative sports or activities arrangements. He said only 30 school districts are not involved in either a cooperative or an interlocal.

At the request of the Committee, Mr. Hays agreed to provide additional information about school district participation in health insurance and natural gas purchasing pools administered by the Kansas Association of School Boards.

### **Items to Consider When Consolidating**

Dee McKee, Director of Special Education for USD 383 (Manhattan), explained to the Committee that in her capacity as county commissioner and school official, she has developed a list of conditions that ought to exist in order to make consolidation less painful and more efficient. They are the following:

- Financial incentives or support should be provided for an auditor or accountant who is neutral and acceptable to participants to help with planning, analyze funding and expenditure information, and develop an operational budget.
- Funding should be provided for an experienced attorney who has experience in Kansas school restructuring laws and options. Each board may need its own attorney.
- Funding should be provided for advisors who are expert in conflict resolution, interest-based bargaining, and other areas of potential disagreement who would help boards work through conflicts and help “isolate” them from emotional repercussions.

### **Rules and Regulations of the Kansas State High School Activities Association**

Rick Bowden, Kansas State High School Activities Association, discussed the relationship between school district consolidation and rules and regulations of the Kansas State High School Activities Association (Attachment 12). He began by describing the Association’s rule making process and emphasized that the Association is comprised of member schools in Kansas and that any rules promulgated must be agreed to by a majority of member schools. He also noted that school districts have successfully consolidated and continued their combined activities under the Association’s rules.

Mr. Bowden told the Committee that controversy over the application of the Associations’ rules in a consolidation situation usually centers around strong local opposition to consolidation, not on the particular rule. He said the rule usually involved is Rule 29, the “cooperative agreement rule,” which allows two member schools to join to form a cooperative athletic team or program. (More than two schools can join for a non-athletic activity.) The combined team cannot compete against a team from a smaller enrollment classification. Mr. Bowden explained that schools are classified on the basis of student population so that schools compete against schools with student bodies of comparable size. Classifications are determined annually, except in the case of football, which is determined on a two-year basis in order to accommodate the scheduling of football games. Association rules also prohibit eight-man football teams from competing in post-season games if the school’s enrollment is more than 100 students.

Mr. Bowden told the Committee that controversy about the Association’s rules in relation to consolidation generally has to do with combined schools being placed in a larger enrollment classification.

In response to questions, Mr. Bowden said he knows of no existing activities that have been eliminated due to budget cuts, although he knows of staffing positions that have been cut. Mr. Bowden said no data are available on the extent to which football programs subsidize other activities and agreed to provide information on how activities classes and classifications in Kansas compare to other states of similar size.

## Regionalization Proposal

Dr. Sharol Little, Ken Kennedy, Dr. Morris Reeves, and Dr. Gary Norris, current or retired school administrators, described their proposal to reorganize Kansas school districts into approximately 40 regional education districts (REDs) (Attachments 13 and 14). The conferees recommended the following:

- REDs should be formed in Kansas over the next five to ten years, with governing boards, attendance centers determined by geographical needs, and curricula necessary to provide a suitable education.
- Conversion to REDs should be phased in, with consideration given to changing to an equitable system of school finance which funds *necessary* small schools, reduces attendance centers as appropriate, increases teacher compensation to the national average, provides affordable health care, and allows large districts to petition the state to separate into smaller districts.
- Many services should be provided in a cooperative method in order to reduce unnecessary duplication, improve services, and reduce costs.
- Cost savings that result from the regional structures should be retained by the regions and used to enhance educational opportunities by, for example, expanding offerings, reducing class size, or increasing teacher salaries and benefits.
- Those communities that lose an attendance center should be provided financial compensation or community development incentives to convert school facilities to other uses, such as community centers or senior citizen centers, or to raze buildings if no other uses can be determined.

Conferees told the Committee that the current low-enrollment weight is a disincentive to school districts to consolidate because they would lose state aid if they merged with another district. Therefore, changing the school finance formula is a prerequisite to consolidation, in their opinion. Further, local boards are generally uninterested in consolidation and prefer instead to devise strategies to continue as they are, such as recruiting students from other districts.

## Meeting Dates

The Committee selected the following dates for interim meetings:

- September 17;
- October 9 and 10;
- November 11 or 12 (the Committee will hold a one-day meeting with the State Board of Education and select either the 11<sup>th</sup> or 12<sup>th</sup>, depending on the State Board's agenda);

- November 19 or 20 (the Committee will hold a one-day meeting with the State Board of Regents and select either the 19<sup>th</sup> or 20<sup>th</sup>, depending on the State Board's agenda); and
- December 4.

The Committee decided that its meeting in September will be on the Washburn University campus.

The meeting adjourned.

Prepared by Carolyn Rampey

Approved by Committee on:

October 9, 2003