

MINUTES

LEGISLATIVE EDUCATIONAL PLANNING COMMITTEE

December 7, 2011
Room 152-S—Statehouse

Members Present

Senator Jean Schodorf, Chairperson
Representative Steve Huebert, Vice-chairperson
Senator Marci Francisco
Senator Bob Marshall
Senator Ruth Teichman
Senator John Vratil
Representative Owen Donohoe
Representative Lana Gordon
Representative Eber Phelps
Representative Jo Ann Pottorff

Members Absent

Senator Terrie Huntington
Representative Barbara Ballard
Representative Pat Colloton

Staff Present

Sharon Wenger, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Jason Long, Office of the Revisor of Statutes
Eunice Peters, Office of the Revisor of Statutes
Debbie Bartuccio, Committee Assistant

Conferees

Dr. Andy Tompkins, President and CEO, Kansas Board of Regents
Doug Powers, Superintendent, Maize School District
Landon Fulmer, Policy Director, Office of Governor Brownback
Dale Dennis, Deputy Commissioner, Department of Education
Mark Tallman, Kansas Association of School Boards

Others Present

See attached list.

Morning Session

The meeting of the Legislative Educational Planning Committee (LEPC) was called to order by Chairperson Schodorf. *Representative Pottorff made a motion to approve the minutes of the September 22, 2011, Committee meeting. The motion was seconded by Senator Teichman. The motion passed.*

Dr. Andy Tompkins, President and CEO, Kansas Board of Regents (KBOR), provided testimony concerning the KBOR's legislative initiatives and how higher education contributes to everyday lives (Attachment 1). A chart was presented showing a total of 35,412 higher education graduates with a breakdown of occupations for selected graduate populations in academic year 2010. One chart illustrated employment and education levels. Another chart showed the fall student headcount for selected years ranging from 1959 through 2011. The 2010 revenue distribution showed the portions funded by total state funding, tuition and fees, local appropriations, and other sources, such as grants and contracts.

The five-year revenue comparison by full time employee (FTE) showed the following:

- Educational appropriations per FTE - \$6,386 in 2005 to \$5,191 in 2010 – 18.7 percent decline;
- Net Tuition Revenue per FTE - \$3,847 in 2005 to \$4,241 in 2010 – 10.2 percent increase; and
- Educational revenue per FTE - \$10,233 in 2005 to \$9,432 in 2010 – 7.8 percent decline.

Dr. Tompkins stated for every \$1 invested by the state, Kansas receives \$11.94 in return. The KBOR's areas of focus include:

- Excellence – In programs of study, quality of faculty, research, and preparing our citizens for success in the workplace and civic life.
- Efficiency – In use of resources, unnecessary duplication of programs, conservation of natural resources, and promoting collaboration between institutions.
- Economic Development – In promoting translational research, partnering with business and industry, and responding to the workforce needs of the state through quality programs and customized training.

The Board of Regents' Foresight 2020 includes: 1) align systems and institutions, 2) increase participation, 3) improve retention and graduation rates, 4) enhance student success, 5) align with Kansas workforce needs, and 6) ensure state university excellence.

Dr. Tompkins provided the following information concerning Kan-ed:

- Cut \$4 million from the budget, which included a plan to phase-out content services by FY 2013;

- Established regular meetings of the Kan-ed Advisory Committee;
- Reported to Kan-ed Interim Study Committee and working with Legislative Post Audit with a performance audit to be completed by the end of January 2012; and
- Pursuing a new model that would merge the Kan-ed network with KanREN and develop a sliding fee schedule for services.

The following legislative policy initiatives for the 2012 Legislative Session were presented for the Committee to consider introducing as bills.

- **Deferred maintenance tax credit legislation for universities, community colleges, and technical colleges.** Proposal: This would extend the sunset for deferred maintenance tax credits until 2015, reduce the total tax credits from \$15 million to \$10 million for state universities, raise the tax credit for taxpayers from 50-60 percent, and allow community and technical colleges to pool unused tax credits;
- **Sunset for the current fee structure for private postsecondary.** Proposal: Request the elimination of the sunset, so KBOR can continue to charge adequate fees in order to continue to be able to review the institutions and programs offered in Kansas, in a timely manner. The number of programs has increased 337 percent since 2007;
- **Technical Workforce Grant.** Proposal: Request shift to a needs-based, technical education grant program that focuses on programs related to critical, high-demand, high-cost job training. KBOR will work with KDOC to identify which areas are or will be in the greatest need of trained workers;
- **Remove sunset from the Project Delivery Construction Procurement Act.** Proposal: Request to eliminate the sunset on this act that streamlined the building process of state universities. The process has saved an average of 138 days and is supported by the universities and the private sector. This process only applies to privately funded projects;
- **Streamline license plate process.** Proposal: Simplify the currently cumbersome process to allow people to buy educational license plates directly from the county treasurer when they register their vehicle;
- **Publication of Notices.** Proposal: Request an alternative path of publishing notices when there is no paper of general circulation in the county;
- **Advancing commercialization in Kansas.** Proposal: Request clarifying language to allow a state employee (researcher) to provide information to the university when they are in the process of commercializing the research, as long as the employee does not have contract authority. Currently such disclosure could violate the government ethics rules; and

- **Add University of Kansas Medical Center (KU Med) to the list of healthcare providers for quality assurance and peer review activity.** Proposal: Request KU Med be defined as a health care provider for the purposes of quality assurance and peer review only. This corrects an oversight that occurred in 1988 when the University of Kansas Hospital and Medical Center were separated.

Questions from the Committee were addressed throughout the presentation. *Representative Pottorff made a motion to introduce all the legislative policy initiatives presented by Mr. Tompkins. The motion was seconded by Representative Huebert. The motion passed.*

Doug Powers, Superintendent, Maize School District, provided testimony concerning the issues faced by a mid-sized school district ([Attachment 2](#)). He began with the conclusion that working together – school officials and legislators – is the only way Kansas children will benefit. Maize USD 266 was formed in 1966 and the District currently serves over 6,600 students within 42 square miles. During the past decade, the District has experienced one of the highest growth rates in the Sedgwick County with an average enrollment increase of 131 students per year over the last decade. He reviewed how cuts in funding have affected staffing, programs, and infrastructure. Some positive changes include the use of technology, strategic partnerships, green initiatives, and business efficiencies.

His presentation provided information concerning the community, district demographics, students, and staff. Some items mentioned included the following:

- The Maize School District is located on the rapidly growing northwest side of Wichita and is noted for being progressive and innovative while also providing a personal and caring atmosphere.
- The ethnicity of the area is approximately 81 percent white, six percent Hispanic, two percent African American, one percent American Indian/Alaskan, four percent Asian, with six percent of Maize students are multi-ethnic.
- In the 2009 survey of parents, parents cited small class size, quality of teaching staff, use of technology, and well-rounded curriculum and activities as strong points for the district.
- The 2011 ACT average composite score was 22.9, a score higher than both the state and national averages, with 380 students taking the exam last year.
- The district made Adequate Yearly Progress (AYP) in reading and math in the 2010-11 school year with 94.7 percent scoring at proficient and above in reading and 92.5 percent of the students tested scoring at proficient and above in math.
- The Maize Educational Foundation funded over \$68,000 in grants to teachers for the 2011-12 school year. The Foundation's focus is on technology, student enrichment, instructional grants, and their goal of raising \$2.5 million in the next five years.

- The district currently has 629.5 FTE employees. This includes classified, licensed, and administrators. Approximately 60 percent of the staff live within the district.
- 395 staff members are licensed (teachers or nurses). This group's average length of service at Maize is 12.7 years. Fifty percent of the teachers have been with the district ten or more years.
- Fifty-six percent of the teachers have earned their master's or PhD degree.

Budget information was provided. The largest portion of budget is for salaries and benefits for the highly qualified staff. Sixty-two percent of the budget is spent on instruction and instructional support, eight percent for administration, 11 percent for capital improvements and maintenance, 11 percent for bond projects (debt services), and eight percent in miscellaneous costs for transportation, food service, special education transportation, and professional development for staff. Historically, the district's property tax levy is consistently one of the lowest in the county.

Superintendent Powers stated some of the challenges ahead include: meeting increasingly high expectations; implementation of the common core standards; handling unfunded state and federal mandates; and accommodating future growth.

Questions by the Committee were addressed throughout the presentation.

Afternoon Session

Landon Fulmer, Policy Director, Office of Governor Brownback, provided a presentation on Governor Brownback's School Finance Plan ([Attachment 3](#)). According to Mr. Fulmer, in Governor Brownback's Roadmap for Kansas, he made a commitment to the people of the state to improve education by increasing the percentage of students who are career and college ready upon graduation and the percentage of fourth graders reading at grade level. He also made a commitment to introduce a new school finance formula that increases local control, transparency, accountability, breaks the cycle of litigation, and focuses more resources on the classroom.

Mr. Fulmer told the Committee the concepts described below are the result of several months of discussions with hundreds of Kansans who share the Governor's interest in improving education. They are the framework of a modern formula that will provide districts with the resources and flexibility they need to help Kansas students meet today's challenges, prepare for tomorrow's opportunities, and excel in education:

- Hold-Harmless: This provision will provide districts with a level of funding certainty as there is a transition from one formula to the other;
- FTE Payment: A standard per-student payment will be made to each school district in a lump sum based on their full-time equivalent enrollment as certified by Kansas Department of Education (KSDE). The amount of money paid per student will be determined by the Legislature;

- Equalization: This provision will make payments directly to school districts to equalize for the discrepancy in property tax values. The state mandated mill levy will be reduced and the money would be collected into a special revenue fund for distribution. School districts will have the ability to raise or lower their local mill levies to a rate determined by the local school board;
- Block Grants: Block grant programs managed and accounted for by KSDE will be made available to the school districts through an application process. The Legislature will determine the amount available in each block grant. Block grants will include the following:
 - An operating premium block grant designed to help sparsely populated rural areas pay for physical plant equity and student transportation costs;
 - An at-risk block grant designed to aid districts with high poverty rates, a large bilingual population, or non-proficiencies;
 - A teacher incentive program designed to reward highly effective teachers who have shown the ability to increase student performance in at-risk populations; and
 - A block grant for innovations in education; and
- County Sales Tax Option: This provision will allow counties to opt-in to an equalized education fund managed by the state. The decision to opt-in must be approved by the voters of the county. Funding will then be distributed to the school districts operating in the participating counties.

The following information was provided concerning why the Governor proposes changing the current formula, as opposed to fully funding the current formula:

- The current formula is almost twenty years old. Kansas has changed significantly during that time;
- The current formula has been under constant litigation for many years. The time has come for all Kansans to work together so we can stop sending education dollars to the courtroom and send them to the classroom;
- The current formula does not focus resources on the classroom. Districts can fund the construction of new schools and athletic facilities, while being forced simultaneously to layoff teachers because they lack funding for the classroom;
- The current formula does not connect the allocation of resources to student outcomes. The weightings structure was designed to address the unique needs of local school districts, but lacks accountability measurements to ensure the students' educational needs are being met; and
- The current formula limits local control and flexibility. The challenges and opportunities encountered by Kansas students vary significantly from one district to another. Local school boards should be given maximum flexibility to help students rise to local challenges and seize local opportunities.

The following information was provided concerning whether the new formula will shift the burden of financing education from the state to the local level:

- Education is the primary mission of state government and will continue to be so moving forward; and
- The “Hold-Harmless” provision of the Governor's plan sets a floor for state spending on education, both statewide and for every individual district in Kansas. Therefore, the state cannot spend less state money on education in the future than it does at the time the new formula takes effect.

The following information was provided concerning the question as to whether the new formula will distribute money equitably:

- Kansas must provide a quality education for every child, regardless of zip code;
- The Governor's formula will include a powerful equalization mechanism that distributes money from property tax rich districts to property tax poor districts;
- Revenue generated from the county option sales tax for education also will be equalized among the school districts with students in the participating counties; and
- The block grant program also will provide additional state funding to address the needs of economically disadvantaged students.

Concerning the question as to how the state will fund education if income tax rates are reduced, the Governor has stated his proposed changes to state income tax rates will be revenue neutral. Therefore, his tax plan will not reduce the amount of resources available to fund education.

Concerning the question of whether the state's use of block grants to fund education create financial uncertainty from year to year, pit school districts against each other to fight for funding, and require them to hire additional staff to write the grant applications—the following information was provided:

- As part of his plan, the Governor has suggested Kansas move to a two-year budget cycle for education spending. Therefore, the new formula will provide more financial predictability and certainty for school districts, not less; and
- Kansas will use non-competitive formula grants for the operating premium and at-risk grant programs. The formula will allow school districts to make reasonable assumptions about future funding levels. The Kansas State Department of Education (KSDE) will not require extensive application submissions for these programs. However, districts will be required to show the additional money they received to address the unique needs of at-risk students improved the measurable outcomes of their at-risk population at the end of the school year.

Questions by the Committee were addressed throughout the presentation.

Dale Dennis, Deputy Commissioner, KSDE, provided an update on FY 2012 and 2013 Education Finance and K-12 issues for possible Committee action.

Mr. Dennis first provided a copy of a memorandum from Alan Conroy concerning new revenue estimates. He called attention to the last line on the first page which stated, if only looking at the state's tax receipts for the two years 2012 and 2013, there is an increase of approximately \$500 million ([Attachment 4](#)).

The next document reviewed ([Attachment 5](#)) included information the Committee could review for possible action during the 2012 Legislative Session:

- Base State Aid Per Pupil (BSAPP) (the statutory BSAPP is \$4,492). The Governor's recommendation for 2011-12 is \$3,780;
- Supplemental General State Aid Low Valuation Districts (LOB). The question is whether or not the Committee wants to make any recommendations on LOB State Aid which is not fully funded ([Attachment 6](#));
- Virtual School Enrollment. Whether such enrollment should be counted when computing local option budgets and bond and interest aid;
- 2011 SB 21. Beginning on July 1, 2012, requires school districts to develop and maintain a uniform reporting system for receipts and expenditures; and requires KSDE, annually, to publish all expenditures for each school district on a per pupil basis;
- Contingency Reserve Fund. Provides that the contingency reserve fund will drop from ten percent to six percent July 1, 2012;
- Salary cap elimination for teachers working after retirement in their school district ends on July 1, 2012 ([Attachments 7 and 8](#));
- Special Education State Aid. Changes the starting date of the portion of the special education school finance formula that determines the minimum and maximum amount of special education state aid a school district may receive. This provision now goes into effect for the 2012-13 and 2013-14 school years and ends on June 30, 2014; and
- Computation of local option budget amount. Current law allows the local option budget to be calculated based on a BSAPP of \$4,433 and the 2008-09 special education state aid. The latter could be changed to state the use of the 2008-09 special education state aid or the current special education state aid appropriated, whichever is greater ([Attachment 9](#)).

Following Mr. Dennis' presentation, the Committee discussed and made the following recommendations and bill introductions.

Senator Vratil made the motion the Committee support the Governor's recommended base state aid of \$3,780. The motion was seconded by Representative Huebert. There was discussion as to whether the purpose of the Committee is to look at appropriations. Senator

Vratil stated the recommendation is simply to support the Governor's proposal. Three of the members voted for the recommendation and six voted against the recommendation. Motion failed.

Senator Teichman made the motion there be no recommendation and there will be further study on the base aid per pupil. The motion was seconded by Representatives Pottorff and Donohoe. The motion passed.

Senator Marshall made a motion to rescind the Teichman motion and change the recommendation to make the base state aid per pupil of \$3,780 be the minimum amount per student. The motion was seconded by Senator Vratil. There were two votes in opposition. Representative Donohoe requested his vote be recorded as being opposed. The motion passed.

Representative Huebert requested Mr. Dennis provide information to the Committee showing the total state aid to schools beginning in 1992 and what it would be today, if the amounts had kept up with inflation.

Concerning the Supplemental State Aid (Local Option Budget State Aid) now being funded at 85.7 percent, the Committee decided to make no recommendation, at this time. If it was to be 100 percent funded, there would be an additional expense of about \$56 million.

Concerning the question whether to include the virtual student enrollment in the local option budget and bond and interest state aid calculations, Senator Vratil made a recommendation to count virtual school students as they have been counted and as all other students are counted, which would result in no change to state aid calculations. Mr. Dennis indicated this is what the current law states. The Committee stated its support for the current law.

The next topic discussed was 2011 SB 21, the uniform accounting and reporting issue, which Mr. Dennis indicated KSDE was proceeding to implement at an estimated cost of \$50,000 to KSDE. *Senator Vratil made a motion to provide money to the Department of Education to carry out this mandate and to introduce a supplemental appropriations bill to appropriate \$50,000 to cover the expenses related to implementing 2011 SB 21. The motion was seconded by Senator Teichman. The motion passed.*

The next issue discussed was the Contingency Reserve Fund which will change from ten percent to six percent effective July 1, 2012. *Senator Teichman made a motion to introduce a bill to maintain the present level at ten percent with a sunset date of July 1, 2015. Senator Marshall seconded the motion. The motion passed.*

The next topic was the Working After Retirement bill which contains a provision which expires on July 1, 2012. *Senator Teichman made a motion to introduce legislation to extend the provision three more years to July 1, 2015. The motion was seconded by Senator Francisco. The motion passed.*

Concerning the Special Education State Aid and the minimum and maximum amounts' calculations, Senator Vratil made a motion to introduce a bill to repeal this law. The motion was seconded by Senator Teichman. The motion passed.

Concerning the computation of Supplemental General State Aid, Senator Vratil made a motion to introduce legislation to amend the pertinent statute to allow school districts to choose

the 2008-09 Special Education State Aid appropriation or the current year's Special Education State Aid appropriation, whichever is greater. Senator Teichman seconded the motion. The motion passed.

KSDE provided the Committee with a short demonstration of a website providing information on high school students concerning their progress through high school and subsequent enrollment in higher education. Detailed information is available per student for each district. This provides quantitative information concerning how well schools are preparing their students for higher education.

Mark Tallman, Kansas Association of School Boards, presented testimony concerning Kansas Educational Outcomes. His testimony reviewed a document entitled "Improving Kansas Education" ([Attachment 10](#)). Educational improvement can be measured over time and against other benchmarks in four key areas: mastery of basic reading and math skills, high school completion, preparation for postsecondary education, and adult educational attainment. The first three reflect how the school system prepares students for postsecondary education; the fourth measures the results of that preparation and its impact on economic indicators, such as employment, income, and poverty.

According to Mr. Tallman, none of these measures is entirely the result of the school system. Schools have only limited control over the circumstances, motivation, and abilities of their students. Students are frequently mobile, so the exact same students cannot be measured as they move through and exit the system, especially as adults. In addition, there are many important aspects of education that cannot be easily or consistently measured. However, there is enough data to draw some important conclusions:

- Kansas students have improved in mastery of basic reading and math on both state and national tests over the past decade;
- Kansas students rank among the top performing states for all students, as well as for low-income students who traditionally have lower academic performance;
- Comparing similar school systems and students, Kansas public schools generally do as well or better than private schools in Kansas and nationally;
- Kansas has made progress closing the achievement gap among student groups, which indicates that programs targeting at-risk students are working effectively;
- Despite concerns about the drop-out rate, high school completion has been rising for decades; and Kansas has improved the high school graduation rate in the past decade;
- Schools are preparing far more students for college than in the past, and Kansas scores for college-bound students rank in the top ten of all states, and have improved over the past 15 years;
- Kansas adult educational attainment has been rising since the 1940s and consistently tops the national average;

- The economic value of increasing educational attainment is significant for both individuals and states;
- Kansas school districts have produced top ten educational results with per pupil spending below the national average, and have increased educational outcomes without spending a larger share of state personal income; and
- More Kansas students are from groups that have historically had lower educational outcomes. Kansas has fewer at-risk students than many states, but has more than most other highest achieving states.

Following the final presentation, Sharon Wenger, Kansas Legislative Research Department, indicated she will prepare a draft report to include the Committee's recommendations. The draft will be distributed to Committee members *via* e-mail for their input. The Committee's revisions will be made and then redistributed to the Committee members for final approval.

Chairperson Schodorf adjourned the meeting.

Prepared by Debbie Bartuccio
Edited by Sharon Wenger

Approved by Committee on:

December 28, 2011
(Date)