

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:40 p.m. on March 3, 2004 in Room 123-S of the Capitol.

All members were present except:
Senator John Vratil (excused)

Committee staff present:
Carolyn Rampey, Legislative Research
Kathie Sparks, Legislative Research
Theresa Kiernan, Office of the Revisor of Statutes
Judy Steinlicht, Committee Secretary

Conferees appearing before the committee:
Carolyn Rampey, Legislative Research
Theresa Kiernan, Office of the Revisor of Statutes

Others attending:
See Attached List

Overview of the Augenblick and Myers Study

Carolyn Rampey, Legislative Research gave the committee an overview of the Augenblick and Myers Study (A&M) to prepare for the hearing on **SB465** tomorrow which implements recommendations of A&M. Theresa Kiernan, Revisor of Statutes, showed the committee where the recommendations of the study were implemented in the bill.

Legislation was passed in 2001 directing the Legislative Coordinating Council (LCC) to provide for a professional evaluation of school district finance to determine the cost of a suitable education for Kansas children. The study was to address inadequacies and inequities in the School District Finance and Quality Performance Act, and other items listed in the statute. It would include a determination of the funding necessary for a suitable education in typical schools of various sizes and locations and determine the additional support needed for special education, at-risk, limited English proficient pupils and pupils impacted by other special circumstances.

The sum of \$225,000 was appropriated to LCC to hire consultants and the LCC designated the Legislative Education Planning Committee (LEPC) to oversee the study. Only one proposal was received from Augenblick & Myers to complete the study along with a team composed of staff from the National Conference of State Legislatures (NCSL) and Education Commission of the States (NCS). This team met with the LEPC four times during the study. In an early meeting, the definition of a suitable education was expanded to include student and staff safety, early childhood programs, extended learning time, alternative schools, technical education, technology training, library media services, foreign language, fine arts, nursing and counseling services, activities programs, student transportation, and a qualified teacher in each classroom.

Two methodologies were used to do the study. The Professional Judgement method used teams of experienced educators to specify the resources prototype schools needed in order to assure that school districts could meet state expectations. The second method was the Successful School District model. A&M identified 85 school districts in Kansas that were deemed as "successful" using criteria set by the LEPC. Expenditure patterns were analyzed and a base cost per pupil was determined. The Professional Judgement approach identified a base cost per student of \$5,811, plus adjustments for school size, special education and at-risk and bilingual students. The Successful School District approach identified a base cost of \$4,547, but did not provide information about adjustments necessary for special needs students. A&M observed that most of the difference between the two base cost figures was attributable to the fact that some school districts that were being identified as being "successful" might not, in fact, meet all of the standards associated with the definition of suitability used and by the fact that the Professional Judgement approach included more services than actually was necessary to meet the definition. The consultants also noted that the 27.8 percent difference between the two numbers was close to the 25 percent cap on the local option budgets (LOB's).

CONTINUATION SHEET

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The original recommendations of the A&M study were:

- Kansas should continue to use a foundation program in combination with the LOB as the primary basis for distributing public school support.
- The foundation level (base cost) should be raised in the future to a level that would be equivalent to \$4,650 in 2000-01. (Adjustment for inflation, the base cost in **SB465** is \$5,033.)
- The foundation level should be adjusted by a regional cost factor using figures from the National Center for Education Statistics until such time as the state conducts its own study. **SB465** directs the State Board of Education to make recommendations to the Governor for adjustments to
- The foundation level should be adjusted in recognition of the higher costs associated with (1) the operation of moderate size and small school districts; (2) the needs of students in special education programs; (3) the needs of at-risk students (based on the number of students participating in the free lunch program); (4) the needs of bilingual students. The adjustments should be based on formulas that are sensitive to the enrollment level of school districts. **SB465** contains several adjustments to the base costs concerning higher costs of serving special education , at-risk and bilingual students.
- There should be no pupil weight specifically for vocational education; rather, the cost of vocational education should be included in the base cost figure. Provision eliminated in **SB465**.
- The weight for students in newly opened schools should continue to be used although it should be used for three years, not two years, and the weight should decrease each year. **SB465** applies a new facilities weight of .25 for the first year (current law), .16 the second year, and .08 for the third year.
- School districts should be expected to contribute to the foundation program based on a property tax rate of 25 mills. **SB465** would raise the school district property tax levy to 35 mills.
- The second tier (Local Option Budget) should permit districts to raise up to 25 percent more than the revenue generated by the foundation program (based on the foundation level and the adjustment of size, special education, at-risk students, and bilingual students). The state should continue to equalize the second tier in the same manner as it does currently. **SB465** continues local option budgets, as in current law.
- The foundation level should be restudied every 4-6 years or when there is either a significant change in the state student performance expectations or a significant change in the way education services are provided. In intervening years, the foundation level should be increased based on the work of a committee designated by the legislature to determine an annual rate of increase, which should consider annual changes in the Consumer Price Index (CPI) in Kansas. **SB465** provides that the BSAPP would be increased annually by a 2 percent inflation factor.
- The state should continue to use its density-based formula for transportation support but include the full cost of serving students living 1.25 miles from school as part of the analysis. **SB465** would accomplish this change.

In addition, **SB465** would equalize school district capital outlay, using the same formula used to calculate supplemental general state aid, except equalized to the 95th percentile instead of the 25th. The bill would reimpose the 4 mill limit on the capital outlay mill levy. A&M did not consider school district outlay funds in its study. Another policy in **SB465**, not recommended by A&M, is to eliminate the Ancillary School Facilities Weight.

Other than the school district property tax levy being increased from 20 to 25 mills, the A&M report did not address any revenue to fund changes it recommended. **SB465** includes a sales tax increase from 5.3 to 6.3 percent, effective July 1, 2004. Under current law, the 5.3 percent rates are to be reduced to 5.0 percent on July 1, 2006. In addition, a 15 percent permanent individual income tax surcharge would be implemented without regard to applicable income tax credits beginning in the tax year 2004. The State Department of Education estimates the fiscal impact of **SB465** at \$995,384,677 in FY 2005. (Attachment 1) A motion to approve the minutes of February 23 and February 24 was made by Senator Teichman. Seconded by Senator Schodorf. Motion carried.

The meeting was adjourned at 2:33 p.m. The next meeting is scheduled for March 4, 2004.