

Approved January 30, 1984
Date

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION

The meeting was called to order by Representative Don Crumbaker at
Chairperson

3:30 ~~am~~/p.m. on January 25, 1984 in room 313-S of the Capitol.

All members were present ~~except~~

Committee staff present:

Avis Swartzman, Revisor of Statutes' Office
Ben Barrett, Legislative Research
Carolyn Rampey, Legislative Research
Judy Crapser, Secretary to the Committee

Conferees appearing before the committee:

Ben Barrett, Legislative Research, reviewed the interim Proposal No. 45 from which HB 2633 reflects. He distributed a memorandum dated January 24, 1984 to the committee, (ATTACHMENT I), which addressed the provisions in this bill. In addition, the memorandum outlines special education excess cost funding.

During committee discussion, it was pointed out the matter of appropriations were not contained in the bill. Mr. Barrett further explained that past policy was that used for the assumption in compiling the figures and information provided in the memorandum.

Meeting was adjourned by the Chairman at 4:38 p.m.

The next meeting of the Committee will be on January 26, 1984 at 3:30 p.m.

MEMORANDUM

January 24, 1984

TO: House Committee on Education

FROM: Kansas Legislative Research Department

RE: 1984 House Bill No. 2633 and Special Education Excess Cost Funding

Introduction

H.B. 2633 was recommended by the 1983 interim Special Committee on Ways and Means pursuant to Proposal No. 45 -- State Aid for Special Education Services. The Committee was directed to evaluate methods used to compute and distribute State General Fund appropriations for special education services, the statutory basis for such appropriations, and the adequacy of data upon which appropriation decisions regarding such aid depend. Pursuant to its charge, the Committee conducted an extensive study of these and related issues.

As a result of its study, the Committee agreed upon several conclusions and recommendations. Two of the recommendations required amendment of the Special Education for Exceptional Children Act. They are contained in H.B. 2633. The Committee also made a major statement regarding state funding of special education services. This memorandum addresses the provisions of H.B. 2633 and the recommendation regarding state funding of special education services.

I. 1984 HOUSE BILL NO. 2633

The Special Committee on Ways and Means proposed H.B. 2633 to accomplish the following:

1. amend K.S.A. 72-971 to require the State Department of Education to expand its annual survey of special education to include a count of the full-time equivalent pupils receiving special education services within each category of exceptionality; and
2. amend K.S.A. 72-978 to provide that each paraprofessional special education teacher shall be counted as one-fourth (rather than one-half) of a full-time equivalent special teacher.

Considerable confusion has resulted in connection with the purpose and effect of this latter recommendation. The following discussion is designed to clarify the matter.

In 1974, the state's special education laws underwent a major revision, which included the provision of a new categorical state aid program to assist school districts in paying the cost of mandated special education services.

While there have been some changes in this formula, it has remained the same in principle as when it was enacted.

The statute provides for distribution of any amount appropriated for special education services as follows:

1. reimbursement of 80 percent of costs incurred in providing transportation for children to special education services;
2. reimbursement for 80 percent of the cost of actual travel allowances paid special teachers;
3. reimbursement of 80 percent of actual costs incurred in providing maintenance of a child away from the child's residence, not to exceed \$600 per child per school year; and
4. from the total funds appropriated for special education services, which remain after payment of reimbursements for (1), (2), and (3), an amount which is based on each district's number of full-time equivalent special teachers in proportion to the state total of such teachers.

The formula in the substantive law has been modified in two ways by appropriation action. First, beginning in FY 1976 and each year since, the Legislature has placed in the line item appropriation for special education services aid a limitation on the maximum amount that could be distributed during the year as aid per teaching unit. Second, for FY 1984, the appropriation for special education services aid was separated into two line items — one for special education services aid and one for special education transportation aid.

For the purpose of determining the state aid distributed to a district, a teaching unit is presently defined in statute as one full-time special teacher or two full-time paraprofessionals. The law defines special teacher as a person who is employed by a school district for approved special education services and who is qualified and certified to instruct exceptional children as determined by standards established by the State Board of Education. The definition also includes a qualified paraprofessional.

Thus, since 1974, the state aid teaching unit distribution procedure has treated a paraprofessional at one-half (0.5) the weight of a professional employee.

An issue that the Special Committee on Ways and Means addressed was the relationship between the amount of state aid that is paid for professionals and paraprofessionals and the average compensation level of both types of employees.

The State Department of Education conducted a study of six selected school districts and found:

1. for professional employees, the amount of the teaching unit aid, on the average, equated to slightly more than 50 percent of salary, and
2. for paraprofessionals (counted at 0.5), the teaching unit aid equated, on the average, to nearly 100 percent of salary.

The Committee took note of the fact that in recent years, the number of paraprofessionals employed by the districts has increased at a much more rapid rate than the number of professionals. After considerable discussion, the Committee determined that it would be more equitable to count paraprofessionals at 0.25 rather than 0.5 so that the relationship between the state aid generated by, and the actual compensation paid, to both professionals and paraprofessionals would be more nearly equal.

It is important to note that this recommendation would have no bearing on the total amount of state special education categorical aid that would be distributed; rather, it would result in a shift in the distribution of such aid so as to increase the amount generated by each special education professional employee and decrease the amount generated by each paraprofessional.

Whether a district would receive more or less state aid as a result of this change would depend on its ratio of paraprofessionals to professional employees. Based on the Special Committee on Ways and Means FY 1985 special education funding proposal (and using 1983-84 employment data) a district generally would receive increased aid if it had about one-half as many (or fewer) paraprofessionals as professionals. Conversely, a district would receive less aid if it had more than half as many paraprofessionals as professionals. (For these calculations the actual break-even point as a ratio of paraprofessionals to professionals was about 53.5 percent.) The following examples illustrate this point:

	<u>Manhattan</u>	<u>Clay Center Cooperative</u>	<u>Shawnee Mission</u>	<u>Wichita</u>	<u>Barton County Cooperative</u>	<u>Russell (USD 407)</u>	<u>Northwest Kansas Educational Service Center</u>	<u>ANW Cooperative (Allen, Neosho, Woodson County)</u>	<u>Rice County Cooperative</u>
FTE Professionals	39.60	30.70	309.60	455.6	39.5	20.0	58.20	59.00	16.9
FTE Paraprofessionals	6.50	9.80	122.00	228.3	20.1	12.7	44.50	51.52	15.0
<u>FTE Teaching Unit Aid</u>									
\$11,434 and Paraprofessionals counted at 0.5 FTE (present law)	\$ 489,947	\$ 407,050	\$ 4,237,440	\$6,514,522	\$ 566,555	\$ 301,285	\$ 919,865	\$ 969,146	\$ 278,990
\$12,781 and Paraprofessionals counted at 0.25 FTE (Ways and Means proposal)	\$ 526,833	\$ 423,690	\$ 4,346,818	\$6,552,499	\$ 569,074	\$ 296,200	\$ 885,979	\$ 918,698	\$ 263,928
<u>Exhibit:</u> FTE Paraprofessionals as a Percent of Professional Employees	16.4%	31.9%	39.4%	50.1%	51.0%	63.5%	76.5%	87.3%	88.8%

II. EXCESS COST FUNDING OF SPECIAL EDUCATION SERVICES

In each of the legislative sessions from 1979 through 1983, the Legislature increased the amount of special education categorical aid to a level designed to result in combined state and federal aids approximately equal to the estimated "excess" costs, statewide, of special education services. As a practical matter, it was the maximum amount authorized per teaching unit that was "adjusted" by the Legislature in order to achieve the desired total amount to be distributed. During this period, excess costs were considered to be expenditures attributable to special education above the average amount budgeted per pupil in the districts' general fund, less certain deductions -- computed on a statewide basis. This excess cost funding approach has not been incorporated in the substantive law.

The result derived from this calculation represented the estimated excess cost of special education services for the next fiscal year. An amount estimated to represent the transportation and maintenance components of the excess cost figure was subtracted from the excess cost total and the remainder was divided by the estimated number of FTE teaching units to determine the projected amount of aid per teaching unit for the next year.

During the 1983 interim, the Special Committee on Ways and Means reviewed the excess cost funding concept. In the years that the Legislature has been using the excess cost approach for determining the amount to be appropriated for state special education categorical aid (FY 1980 through FY 1984), the Legislature's target has generally been that total state aid should equal the full statewide excess cost amount, i.e., 100 percent of such costs. This policy resulted from a recommendation of the 1978 Special Committee on Education during its study of the School District Equalization Act. The Special Committee on Ways and Means recommended continuing the present method of computing excess costs, but proposed that state reimbursement be targeted at 95 percent (rather than 100 percent) of such costs. The Committee was of the opinion that local funding sources should share in subsidizing the excess costs associated with the provision of special education services. While the Committee's recommendation is a modification of philosophy, it is not so much of a change from what has occurred in actual practice. The Committee noted in its report that in FYs 1981, 1983, and 1984, state appropriations did not, in fact, fully reimburse excess costs.

The following table displays the excess cost calculation and shows the estimates for 1984-85 at both the 95 percent and 100 percent level.

SPECIAL EDUCATION STATE AID

FY 1985 Projection

FY 1983 Actual

Total U.S.D. Special Education Fund Expenditures	\$ 75,605,634
Less: Payments to Special Education Cooperatives by Participating School Districts	(9,189,959)
Less: Payments for Interlocal Agreements by Participating School Districts	(13,559,316)
Subtotal - Regular Expenditures	<u>\$ 52,856,359</u>
Total Special Education Cooperative Expenditures for FY 1983	<u>\$ 40,195,462</u>
Total Special Education Interlocal Expenditures for FY 1983	<u>\$ 23,353,296</u>
Federal Aid - Special Fund	
Amount Distributed by Department of Education	\$ 9,540,102
Less: Reported Expenditures of Federal Aid (included above)	(7,161,319)
Subtotal - Federal Grant Expenditures from Other Funds	<u>\$ 2,378,783</u>
TOTAL FY 1983 EXPENDITURES FOR SPECIAL EDUCATION	<u>\$ 118,783,900</u>

FY 1984 Estimate

FY 1983 Actual Expenditures	\$ 118,783,900
Percentage Increase of 8.0% (Assumes Constant Staffing)	9,502,712
	<u>\$ 128,286,612</u>
Plus New Teacher Costs (Estimated Total 5,303):	
\$24,900 Average Operating Cost per F.T.E.	
x 157 New F.T.E. Teachers	3,909,300
Estimated FY 1984 Costs	<u>\$ 132,195,912</u>

FY 1985 Projection

Estimated FY 1984 Costs	\$ 132,195,912
Percentage Increase of 8.0% (Assumes 105-115% Budget Limitations)	10,575,673
Estimated FY 1985 Costs (Assumes Constant Staffing)	<u>\$ 142,771,585</u>
Plus New Teacher Costs (Estimated Total 5,350):	
\$26,900 Average Operating Cost per F.T.E.	
x 47 New F.T.E. Teachers	1,264,300
TOTAL PROJECTED FY 1985 EXPENDITURES FOR SPECIAL EDUCATION	<u>\$ 144,035,885</u>

Less: Average Per Pupil Cost of Regular Education times Number of F.T.E. Special Education Pupils (excluding residents of SRS institutions):	
\$2,895 BPP (based on 8% Increase) x 18,700 F.T.E.	\$ (54,136,500)
Less: Federal Aid Distributed by Department of Education	(10,800,000)
Subtotal	<u>\$ 79,099,385</u>

	<u>Excess Cost Reimbursement Level</u>	
	<u>95%</u>	<u>100%</u>
Subtotal	\$79,099,385	\$79,099,385
Less: SRS Contributions	(4,675,000)	(4,475,000)
Excess Cost Projection	<u>\$74,424,385</u>	<u>\$74,624,385</u>
<u>State Aid Appropriations for Special Education:</u>		
Teaching Unit Distributions	\$61,173,165	\$65,094,385
Transportation Reimbursements	9,530,000	9,530,000
	<u>\$70,703,165</u>	<u>\$74,624,385</u>

Current Statute Distribution Rates:

Professionals (1.00 F.T.E.)	4,222		
Paraprofessionals (.50 F.T.E.)	1,128		
TOTAL F.T.E.	<u>5,350</u>	\$ 11,434	\$ 12,167

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Rec. Rates:

Professionals (1.00 F.T.E.)	4,222		
Paraprofessionals (.25 F.T.E.)	564		
TOTAL F.T.E.	<u>4,786</u>	\$ 12,781	\$ 13,600

APPENDIX

History of State Special Education Services Aid and Expenditures

(1974-75 — EST. 1984-85)

(In Thousands)

<u>Year</u>	<u>Special Ed. Services Aid</u>	<u>Percent Increase</u>	<u>Maximum Authorized FTE Teaching Unit Entitlement (Actual Dollar Amounts)</u>	<u>Total USD Special Ed. Expenditures</u>	<u>Percent Increase</u>
1974-75	\$ 9,475		\$ 3,793 ^a	\$ 25,300	
1975-76	12,088	27.6%	4,000	32,700	29.2%
1976-77	14,322	18.5	4,000	44,400	36.0
1977-78	18,402	28.5	4,500	51,900	17.0
1978-79	22,327	21.3	4,815	61,000	17.5
1979-80	32,112	43.8	6,500	75,100	23.2
1980-81	39,415	22.7	7,060 ^b	95,001	26.5
1981-82	46,613	18.3	8,060	107,868	13.5
1982-83	57,440	23.2	9,580	118,784	10.1
Est. 1983-84	62,696 ^c	9.2	10,339	132,196	11.3
Est. 1984-85	—	—	—	144,036	9.0

- a) Maximum amount was not fixed by an appropriation bill proviso in this year only.
- b) The teacher unit amount was prorated at \$7,025 due to insufficient appropriations.
- c) Consists of \$9,192,800 for transportation of pupils and teachers and for maintenance of pupils away from home and \$53,503,101 for special education services (teaching unit) aid. This is the first year that separate appropriations have been made for these items.