

Approved 5/1/92
Date

MINUTES OF THE SENATE COMMITTEE ON EDUCATION

The meeting was called to order by SENATOR JOSEPH C. HARDER at
Chairperson

1:00 ~~xxx~~/p.m. on Tuesday, February 11, 19⁹² in room 123-S of the Capitol.

All members were present except:

Committee staff present:

Mr. Ben Barrett, Legislative Research Department
Ms. Avis Swartzman, Revisor of Statutes
Mr. Dale Dennis, Assistant Commissioner of Education
Mrs. Millie Randell, Committee Secretary

Conferees appearing before the committee:

Presentation on School Finance by:

Dr. John Augenblick, Denver, school finance consultant
Mr. John L. Myers, Program Director, National Conference of State
Legislatures

After Chairman Joseph C. Harder called the meeting to order, he welcomed members from the House Education Committee who were in attendance. He announced that the purpose of the meeting is for members to obtain an overview of school finance in general and then to discuss the issue. The Chair introduced the presenters: Mr. John L. Myers, Denver, Education Program Director for the National Conference of State Legislatures; and Dr. John Augenblick, Denver, a national consultant on school finance, both of whom he described as having a great deal of expertise on the subject of school finance. He then called upon Dr. Augenblick.

Dr. Augenblick stated that Kansas is one of over twenty states involved in law suits relating to school finance and that he believed the district court's opinion last October was an attempt to provide a forum for addressing Kansas' multiple law suits, each of which focuses on a different aspect of the current school finance formula. Dr. Augenblick said that in light of the court's opinion, Mr. Myers and he would like to focus in on possible school finance choices the Committee may wish to consider in dealing with school finance in the state. He reminded members of two things regarding the court's opinion:

1. It gives no precise direction on what to do.
2. It does not represent the opinion of the Supreme Court. He suggested the legislature not spend a lot of time trying to second guess the district court's preliminary ruling.

Dr. Augenblick said his perception of the preliminary ruling is that Kansas must have a system that has some rationale - where every component has a purpose or a set of goals that can be identified, and achievement can be measured.

He said that today there is a fundamental shift from taxpayer equity to pupil equity; and although the door is open to multiple ways of achieving such equity, Mr. Myers and he will discuss two approaches.

Dr. Augenblick first noted that three kinds of issues must be dealt with when creating any school finance system:

A. Philosophical:

- 1) What is the role of local school districts in supporting their schools?
- 2) To what extent is size a factor in providing education services?

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION

room 123-S, Statehouse, at 1:00 ~~xxx~~/p.m. on Tuesday, February 11, 1992

- 3) Rationale by the state to provide differential levels of support for different, yet fundamental, functions.
- 4) What is the state's role in supporting teacher retirement?
- 5) Is it appropriate for the state to pay for a fixed proportion of the cost of any service? (e.g., special education)
- 6) Is it acceptable for the state to provide money to districts based upon their performance?
- 7) Just how perfect does equity have to be?

B. Technical (measurement, specification):

- 1) How do you count pupils?
- 2) How do you know what the impact of size is on the cost of providing services?

C. Political: Issues associated with implementing the system after funds are available. (i.e., increase or decrease in district funding; increase or decrease in tax rate, cost to the state)

Dr. Augenblick noted that in other states the political issue has been the most difficult issue with which to deal. He cautioned members to avoid making decisions based primarily on computer printouts.

Mr. Myers reviewed the major components of the current School District Equalization Act which, he indicated, would have to be radically changed should an attempt be made to bring the formula to within some of the guidelines set out by the court:

1. Power equalizing categorical aid programs
2. Capital improvements should, to some extent, be equalized.
3. Enrollment categories. Mr. Myers stated that size probably is being overemphasized in terms of its rational educational basis; i.e., we are providing too much money to small districts based solely on size. He noted that although enrollment categories might be retained to some extent, the differences in budget per pupil would have to shrink dramatically.
4. Authorize a minimum property tax level in order to minimize existing taxpayer differences in the current system.
5. Income tax rebate. Mr. Myers indicated that the income tax rebate has served as a disequalizing function either because it has not been totally deductible or because it continues to go to wealthy districts notwithstanding the fact that they are "no state aid" districts.

Dr. Augenblick described what he termed a radically different approach to funding school finance based upon the district court's view that all local and state money raised for education purposes is considered state money. With this premise in mind, he said, a statewide pool of money (e.g., a statewide property tax, a percentage of the General Fund) for education must be created and allocated by the state to the school districts.

Having obtained the statewide pool of money, Dr. Augenblick noted two decisions that must be made: 1. Identification of a base, and 2. ability to adjust that base through consideration of school district characteristics that would affect the costs of providing service (size, special education, vocational education, at-risk pupils; costs over which a district has no control.)

Dr. Augenblick said that in order to provide a statewide system as he has just described, a determination must be as to whether or not a school district can generate money in addition to state-appropriated funds.

Options outlined by Dr. Augenblick were:

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION

room 123-S, Statehouse, at 1:00 ~~xam~~/p.m. on Tuesday, February 11, 1992

1. Districts are not allowed to raise any additional money.
2. Districts are allowed to raise additional money, but the state allocates the money on the basis of requests by schools. (due to inability by school districts to identify all their special needs.)
3. Let districts raise local money beyond that allocated to them by the state, with limitations.
4. Allow school districts to generate local money and give those districts capability to make their own decisions. Wealthy districts can be contained through the formula.

Dr. Augenblick listed other factors which he felt need to be considered under this plan: transportation; teacher retirement program; capital outlay and debt service (could include a portion of that cost in the base and allocate it to the schools, or have a separate program); categorical programs (related to want, not need, such as pilot programs).

Dr. Augenblick stated that the formula should be capable of annual adjustments for spending. He recommended that a review group examine the system periodically to prevent future action by would-be plaintiffs.

Dr. Augenblick summarized the presentation by stating that either one of the two vastly different approaches they have described for dealing with the school finance issue should be capable of dealing with the court's ruling.

Dr. Augenblick, acknowledging that progress was being made in the House utilizing the second approach he had described, commented that House Bills 2891 and 2892 had been written in response to a task force committee report and that in large measure the bills have responded to most of the issues he has identified. He said he supports the general concepts contained in the bills which represent one approach to funding education, and that is full assumption by the state to pay for education.

Dr. Augenblick emphasized, however, that there is no reason to believe that the Committee's approach for dealing with school finance must adhere to the plan initiated by the House.

Presenters' comments/responses to Committee questions include the following:

Although a handful of states have a review commission whose responsibility is as an oversight committee of school finance on a regular basis, not all are successful. The commissions vary in composition.

Categorical aid is suspect in equalization. This occurs primarily when the state 1) pays a portion of the excess costs for a program, and 2) the portion it pays is not 100%.

Although the mechanism is not the same, some states' levies, in effect, produce the equivalent of a statewide mill levy.

According to the courts, there is no statistical relationship between input and outcomes as they relate to money. What makes a difference is whether every school district has the same ability to find out. South Carolina, however, allocates some money to school districts and to schools within those districts based on a yearly test performance.

Payment of 100% of teacher retirement by the state is disequalizing.

In states where plaintiffs have lost their cases, the court has ruled that education is not a fundamental right guaranteed by the state constitution. The court has said that differences in spending caused by local school district control was a legitimate, constitutionally supported rationale.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON EDUCATION,
room 123-S, Statehouse, at 1:00 ~~am~~ p.m. on Tuesday, February 11, 1992

Dr. Augenblick responded that although local control is difficult to define, the national trend is much greater control over how much money a district spends and much less control over how the money is spent.

Mr. Myers affirmed his personal support for local control and decision making at the site level as distinguished from funding decisions at the state level.

Dr. Augenblick said the premise in the court opinion today is the concern that the money allocated has a relationship to the needs of the students to where it is going, and this determination belongs to the state to provide equal educational opportunity for all students.

Mr. Myers identified reappraisal, changes in assessed valuations, underfunding, decreased acceptability of spending differences per student, school restructuring, and fundamental philosophical differences as some of the reasons necessitating changes in the current school finance formula, which was considered a hallmark in 1973.

The Court, said Dr. Augenblick, is asking the legislature to look at the spending differences among the school districts and to divide these into three categories:

1. Spending differences caused by the need of the students and districts.
2. Differences related to effort made by districts.
3. Other differences which cannot be explained by need or effort and are primarily explained by wealth.

The presenters emphasized the importance to understand why some districts spend more per pupil than other districts and said the differences must be caused for legitimate reasons.

The Chair thanked Mr. Myers and Dr. Augenblick for appearing before the Committee, and he adjourned the meeting.

SENATE EDUCATION COMMITTEE

TIME: 1:00 p.m. PLACE: 123-S DATE: Tuesday, February 11, 1992

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
John Marshall	Topeka	Harris news Service
Dave Ramsey	Wichita	The Wichita Eagle
Greg Fanning	Lawrence	The Univ. Daily Kansan
Rep Richard Roubaloff	Emie	Leg
HAROLD POTTIS	Topeka	HARP-CCTF
Jing Yarnally	Overland Park	USD #572
Lee Liber	Topeka	KLA
Jim Hays	TOPEKA	KASB
GERALD HENDERSON	TOPEKA	USA of KS
Brilla Scott	Topeka	USA
Katharine Wickert	Topeka	USA
Nor Jim bel	Bruner	Leg
Rod Bieker	Topeka	KSDE
Jacque Drees	Topeka	SQE
Roger M. Suman	Manhattan	KSU Upward Bound
Janet M. Suman	Manhattan	MWRDAC
Richard M. Hernandez	Topeka	Gov. Office
Tracy Robinson	Topeka	LWVK
William Goch	Lawrence	Leg
Ginger Klemme	Lawrence	Intern
TONI WHEELER	TOPEKA	SEN KARR'S OFC.
Rick McKee	Topeka	K.L.A.
Jan Allen	Topeka	Petroleum Geol. Assoc
Mr. Hill	KS	State Bar Assoc

SENATE EDUCATION COMMITTEE

TIME: 1:00 p.m. PLACE: 123-S DATE: Tuesday, February 11, 1992

GUEST LIST

<u>NAME</u>	<u>ADDRESS</u>	<u>ORGANIZATION</u>
Dennis Zimmerman	Ulysses	Cib. Eco Dev Council
Dan Haas	Overland Park	KCPK
JEFF DEMP	MANHATTAN	INTERN - MINOR
G.A. Cobb	OHATNE KS.	OHATNE TAXPAYER ASSOC INC
Dana Jeter	Manhattan	Intern - Frank
Russell	Emporia	Intern - Harkin
Susan Hurst		intern - Runkhardt
Rief Buden	Capitol	Leg.
Denise Apt	Topeka	U.S.D #500
Jess Harder	Burlingame	Legislature
Helen Stephens	Topeka	UBU-229
Mark Tallman	Topeka	KASB
John Kuyper	Topeka	KASB
Craig Grant	Topeka	KNEA
Kay Jones	"	KNEA
Ken Baker	"	4th Enrollment USD's
Deborah Smith	Lawrence	Gen. Steiner Intern