

Approved: \_\_\_\_\_

2/23

Date

## MINUTES OF THE SENATE COMMITTEE ON EDUCATION

The meeting was called to order by Chairperson Barbara Lawrence at 9:00 a.m. on February 13, 1998 in Room 123-S of the Capitol.

All members were present except: Senator Jones

Committee staff present: Ben Barrett, Legislative Research Department  
Carolyn Rampey, Legislative Research Department  
Avis Swartzman, Revisor of Statutes  
Jackie Breymeyer, Committee Secretary

Conferees appearing before the committee: Craig Grant - KNEA  
Patrick Hurley - Kansas Education Coalition

Others attending: See attached list

Chairperson Lawrence called the meeting to order and stated the first order of business was:

### **SB 447--school district finance; base state aid per pupil, affecting at-risk, low enrollment and correlation weighting**

Craig Grant, KNEA, was the first conferee on the bill. He stated that districts were hurting for operating funds. In going back over the figures, most of the numbers he has gone through are related to whether somebody has an LOB or not, whether or not districts have been able to pass LOBs or those who have been at the maximum LOB at the beginning. The hope is that the base will be increased so that reliance on the LOB will not have to be made as often. (Attachment 1)

It was commented to Mr. Grant that when a healthy increase on the base is proposed, this disequal the amounts going to the different sized schools.

He replied that he thinks that there is an economy of scale for those who have a need; he is not so sure that this economy of scale doesn't occur at 1800. An earlier policy statement of KNEA last year suggested that figure could possibly be 1000 rather than at 1800 as far as economy of scale for low enrollment based upon necessity. He would suggest taking a very serious look at what the relationship is - possibly at an interim - of what this formula is. His organization thought it was most important to put their public statements on the base because of the lack of attention to this area.

Mr. Grant was asked if he had any suggestions of who could do a study that would have credibility with everyone. His response was that possibly the NCSL would be an entity that would not have a vested interest and could help with ideas.

Patrick Hurley, Kansas Education Coalition, appeared next on the bill. He stated that Jim Allen and he represented the Kansas Education Coalition which was formed shortly after the enactment of the 1992 school finance law. Several of the schools in the Coalition belong to Schools for Quality Education, but some do not. There are over 200 schools that receive low enrollment and the Coalition represents many of these schools. The Coalition was formed exclusively for the purpose of protecting low enrollment. The members believe that they need every dollar they are receiving. There are differences in costs in what it takes to run smaller schools where many factors come into play. They have supported the creation of correlation weighting and the LOB, particularly in the larger districts as a better chance to gain additional revenue. In return, they have asked the legislature to refrain from reducing in any way the much needed revenue going to smaller districts through low enrollment weighting. A year or so after their formation, his group entered into a very loose knit coalition with a number of larger school districts and have maintained that relationship over the last four or five years. They meet every year and come to the consensus that money should never be taken from one district so that no district benefits at another's expense. They have supported correlation weighting and the changes in the LOB formula. Their position is that if all districts work together rather than fighting each other, it makes it easier for the legislature to reach solutions each year with the dollars available that will be in the best interests of all schools. (Attachment 2)

Mr. Hurley said they would respectfully oppose any considerations or recommendations that would change the funding that now goes to the small schools. Every year there are discussions of various ways of doing that and they think the more positive approach is to think of ways to drive money into the formula in ways that help other school districts that may have a more difficult time than some others. They do not think the solution is to move money around to the detriment of any school district; this creates greater divisions. Many times in trying to cure one inequity another will be created. His organization supports an increase in the base and correlation weighting. If there are other adjustments by way of new dollars coming into the formula that will help districts that are having difficult times, his organization would support that.

Finally, Mr. Hurley urged that the legislature not adopt any adjustments to the formula that would take money away from any school district.

The Chairperson, seeing no further conferees on the bill, declared the hearing closed on **SB 447** and briefly stated the Governor's proposals; base state aid from \$3670 to \$3705, cost \$19.9 million; correlation weighting that would take the weighting from 1800 and over to 1775 and over, \$2 million; an increase in the at-risk weighting from .065 to .08, \$6 million dollars.

Questions were asked and discussed on the affect of the tax cut bill, new dollars and what is actually available, and where community college funding comes in.

The Chairman of Ways & Means Committee commented that, although this information may not be pertinent to the Committee, it would answer some questions put forward by a member of this Committee regarding community college funding. The Ways and Means Subcommittee on Education pulled all the monies that are being discussed on school finance out, including at-risk. The Committee will have to raise the statutory amount for at-risk. Special education monies were left in because it does not require a change in statute. What was done with the community colleges since they don't require a change in statute was to increase only the credit hour aid 2.5%. If divided by all the base, comes out to be 1.8%. They added approximately \$300 thousand dollars to the Governor's proposal in that category since it appeared to the Subcommittee that community colleges were lacking in funds; counting technology money they still were not up with the new spending. A note was added saying they were putting approximately \$500,000 on a list to be considered that would be enough to take the community colleges up to equal the regents 4.9% if the one-time technology money was included. That is with regents including the board office, not the regents schools. The regents schools come in at 5.3%.

One of the Committee asked if school districts are being asked to sort what is available in terms of new dollars for enhancements or programs; if the same figure could be looked at for community and regents colleges to see if they aren't using a lot of their percentages for continuation of programs and policies they have and what percentage is actually new dollars to them and compare the enhanced dollars and all those categories.

The comment was made that in terms of new state general fund spending, it is not all the new money that a university has. It is just the increase on the state general fund base. By comparison, a school district doesn't charge tuition, it charges fees.

The question was asked, how was it determined what percentage any of the entities have to spend.

The response was that tuition increases are looked at, which leads to their general use budgets which is a type of equivalent to the state general fund. They do not call it general fund since that would get confused with state general fund, so the universities refer to it as the general use budget that includes tuition.

The Chairperson stated that a significant amount of money has been placed in community colleges by the Ways and Means committee. The Chairman of that committee commented that the increase that the Governor recommended was approximately a million forty thousand. The Committee added approximately \$350,000; it is less than a million and a half total new money. The legislature funds only about 28% of the cost of funding community colleges.

The Chairperson directed attention to the per pupil addition that the Governor has proposed; the 3705, \$19.9 million, and asked for comments.

The Chairman of the Ways and Means committee stated that when money is put on the base today, a significant amount goes into low enrollment weighting, then correlation weighting comes into play. The end result is new money going to the edges of a "u" shaped curve. He distributed a graph, with the first sheet being current law. It shows all new money being put into per pupil weightings; all weighted and unweighted money that has gone to schools based on their size, since school finance was done in 1992-1992. The first two years nothing was done. The chart looks exactly the same if the starting date were 1994-1995. The chart shows the profile of the money provided to schools based on their size since then. The far right of the chart showed the largest schools. The \$203 dollars shows the schools that would have gotten correlation weighting; they have gotten \$203 per pupil new money since 1992-1993. The far left of the graph showed the smallest schools; they have gotten \$150 new money per pupil since 1992-1993. Everyone else is in between. The cumulative effect of what has been done showed on the lower near far-right edge where figures showed those schools that are a little too small for correlation weighting, yet too big to get much in the way of low enrollment weighting. This obviously shows that

the school that has 1799 students has had over this several year period, \$73 per pupil; a schools with 5 additional students in it has gotten \$203 new dollars per pupil. To some extent schools live off their increases, because whatever was received last year has been spent on teachers, computers, etc. Some of these schools that are receiving \$73 per pupil are declining in size and therefore losing per pupil amounts. The lack of any increase has made it hard on that size of school. In looking at the chart curve, it was stated that the existing school finance law looks very different than this because it is weighted towards the smallest schools because correlation wasn't in the law as it was passed in 1992. That law was favorable to the smallest schools. In recent years, what has been done has been favorable to the largest schools. It might be time to consider that curve and spread those new monies equally across all the students.

Attention was directed to the second page of the attachment and the diamond shaped items where it showed the unweighted base could be moved to \$66 per pupil. This would result in the largest school receiving \$269 per pupil and the smallest school would receive \$216 per pupil; virtually everyone else would get more than they would have received under the Governor's plan. This might be something that could last several years. If money would be put on the unweighted base given compensation for the smallest and largest schools, everyone could come together on a flat per pupil amount for the new money. It could be done for the next few years.

In speaking with schools of various sizes, the Ways and Means chairman commented that he thinks in general there is some recognition among the different school sizes that it is time to do something like this.

Discussion was held which took in dollar amounts and figures having to do with the different weightings and how current law relates to some of the amounts already in place. Ben Barrett, Legislative Research, was requested by a committee member to chart dollar amounts and bring those figures to the next meeting.

One of the Committee stated that she had spoken with a number of school administrators, primarily from the small schools and asked given the assumption of low enrollment and correlation weighting, has the size factor been addressed. If so, is there truth in funding. The question of how much money to put into this is debatable. In taking a look at this plan, compensation has been made with extra dollars for sizes, regardless of small or large. This particular plan, in putting money on the base, will get so much per student, no matter what part of the state they reside. No one's money will be taken away whether they are low enrollment or correlation weighting. From this time forward, when money for education is considered, it is considered for every student across the state.

Another committee member stated that he thought this plan had merit at first look; it is one piece. Another graph was requested to show results under each plan; the original plan, the Governor's plan and this new plan. What the expenditure per pupil would be. He would like to see where the new money ends up; applying it to the present formula.

Mr. Barrett clarified that what he wanted was applying the current law to the Governor's proposal and the Kerr plan.

The Chairperson stated that this is a good way to look at the overall picture; dealing strictly with dollars. It can be looked at a different way by the percentage of increase these schools have had. She asked Mr. Barrett to show what they would be looking at in percentages rather than dollars amounts.

Mr. Barrett stated that what had been shown in the chart and tables was effects of increases that have been shown in the base, in the correlation weighting and the impact on lower enrollment weighting. He stated that if plotted on a graph the way the law is currently, the graph would begin low on per pupil and then break at 300 and then go to 1800 on a gradual basis and then at 1800 it is straight across; the jump up on the chart would be where additions have occurred over time. When the districts relative to each other are looked at, the districts just below the cutoff in correlation weighting are very slightly above the larger enrollment districts, but the line of actual expenditures is one that goes almost straight across. There is not a gap like this in terms of where we are at in enrollment total.

Mr. Barrett was asked why. Taking correlation weighting as an example he responded for the first several years there was no correlation weighting so there was quite a gap between the low enrollment districts and those over 1900 in correlation. So with correlation weighting they have a weight like the low enrollment weight that is identical to the low enrollment district under the original law. They have had a big increase, but where they are relative to the others is even. It is a kind of perception. He said that the perspective the Ways and Means chairman was presenting was that people are comfortable with the particular base that they are operating from.

Discussion as to what was happening with the weightings and the base and how they affect each other was clarified by Mr. Barrett when he said with respect to the changes in base with the low enrollment factor what happens is the percentage relationship within the districts remains unchanged as the base is increased. For the very smallest enrollment district the low enrollment weighting is 114% and if the base is increased it is still increased 114%; that does not change. What does change the dollar gap between the two gets larger; the dollar gap gets larger, but the percentage remains the same. The debate is over whether it is satisfactory to have the dollar gap get larger.

The Chairperson stated discussion on **SB 447** would continue Monday.





KANSAS NATIONAL EDUCATION ASSOCIATION / 715 W. 10TH STREET / TOPEKA, KANSAS 66612-1686

Craig Grant Testimony Before  
Senate Education Committee  
Monday, February 9, 1998

Thank you Madame Chair. I am Craig Grant and I represent Kansas NEA. I appreciate this chance to visit with the Senate Education Committee about Senate Bill 447.

SB 447 would provide increases in the base state aid per pupil, in the correlation weighting, and in the at-risk weighting. Kansas NEA appreciates the Governor's recognition that increases are needed in the general operating fund of our districts. It is that fund which has not been treated as well as we might have hoped over the last five years since the new formula was instituted. We realize that correlation weighting and at-risk weighting increases have helped certain districts; however, when the base budget per pupil has only increased 1.9% over the life of the formula, districts have been hard pressed to meet the on-going costs related to doing business. Other increases, such as special education, can and do ease the transfers from the general fund; but these are targeted programs which must be spent on specific programs.

Frankly, we believe that districts have been hampered, in many cases, in providing adequate salary increases for their employees. Some districts have not given raises and others minimal raises far below the increase in the cost of living. Teachers have heard that other state employees are proposed to get a four percent raise. The current proposal would provide 1-2.5% raises in most districts and possibly zero percent again in others. We were hoping that school employees would be able to receive increases closer to that four percent.

As far as the formula is concerned, Kansas NEA believes that we have come to rely too much on the local option budget. Districts which cannot increase LOBs have been stuck with meager increases. A larger base might make us less dependent on LOB and, thus, the property tax. We believe that we can afford a higher increase in the base and should try to provide it to our school districts.

Kansas NEA hopes that you will adjust the formula to give at least a cost of living increase to districts in Kansas. Districts then can concentrate on continued school improvement rather than being constantly worried about meeting expenses. Thank you for listening to our concerns.

*Senate Education  
Attachment 1  
2-13-98*

TESTIMONY

by

Patrick J. Hurley and  
Jim Allen

on behalf of  
KANSAS EDUCATION COALITION

to

SENATE EDUCATION COMMITTEE

February 11, 1998

*Senate Education  
Attachment 2  
2-13-98*

The Kansas Education Coalition is comprised of over one hundred school districts which receive low enrollment weighting. It exists solely for the purpose of protecting that funding source under the school finance formula.

Since the enactment of the 1992 School Finance Act, KEC has opposed any attempts to eliminate or modify low enrollment weighting. Our position is simply that all districts need 100% of the revenues they currently receive. We believe additional revenue should be added annually to enhance the formula rather than by taking revenue from districts and redistributing it to others. No district should benefit at the expense of another district.

Accordingly, KEC has supported all reasonable efforts to achieve this goal each year since 1992. We actively supported increases in the base budget and in other categories such as special education and transportation aid. We also supported the creation of correlation weighting for larger districts and the modification of the local option budget authority to give districts, particularly the larger districts, a better chance to gain additional revenue through this mechanism. In return we have consistently asked other education groups and the Legislature to refrain from reducing in any way the much needed revenue going to smaller districts through low enrollment weighting. Each year that request has been honored. We thank the Legislature for their past support of their position.

This year the Governor has presented a proposal which would increase the base, extend correlation weighting and add dollars for Special Education, at risk weighting, technology grants, and certain other enhancements.

These recommendations have been characterized as giving an overall increase of 4.1 per cent. However, we concur with the testimony presented by the United School Administrators of Kansas which indicates that in terms of measuring actual increased spending powers for schools, the actual increase is in the range of one to two percent for FY99 and will tend to be closer to the one percent for most of the school districts that comprise the membership of the Kansas Education Coalition.

We would therefore concur in USA's recommendation for a more substantial increase in the base. We also do not object to at the same time extending correlation weighting further to provide even more assistance to the larger school districts. These two steps would benefit all districts and continue to assist for larger districts which we support so long as small districts continue to receive full funding for low enrollment and their fair share of other enhancements.

As a final observation we have heard some mention of the possibility of reducing the Governor's recommendation for the base by some amount and applying that exclusively to larger districts. If that were done it would further diminish the percentage increase in actual spending power for the smallest school districts. Instead, we would strongly recommend that the better alternative is that suggested by USA in which we strongly concur.

Thank you for the opportunity to provide this testimony and we would be happy to answer any questions.