

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairperson Ralph Tanner at 9:00 a.m. on March 8, 1999 in Room 313-S of the Capitol.

All members were present except:

Representative John Ballou - Excused
Representative Ethel Peterson - Excused

Committee staff present:

Ben Barrett, Legislative Research Department
Renae Jefferies, Revisor of Statutes
Connie Burns, Committee Secretary

Conferees appearing before the committee:

Dr. Kent Hurn, Seaman School Superintendent USD #345
Scott Hill, State School Board
Craig Grant, KNEA

Others attending:

See attached list

Discussions on **SB-171 School finance, increase base state aid per pupil, preschool-aged at-risk pupil count, local effort definition, at-risk, low enrollment and correlation weightings** were opened.

Ben Barrett, Legislative Research, explained to the committee on the senate version of school finance. Major changes:

- Base state aid per pupil would be increased to 50 dollars from 3,720 to 3,770
- Correlation Weight would cover all districts with enrollments of 1,725 currently is 1,750
- At-risk pupil weight increased by one percent from 8 percent to 9 percent
- Four year old at-risk expanded to include additional 444 pupils.
- Technical change counting of four year old at risk that has to do with declining enrollment

Dr. Kent Hurd, appeared before the committee representing a coalition of education organizations which have come together in support of a single position on school funding. The group was brought together by a shared concern that the quality of education in Kansas is threatened by a clear erosion in state support over the past several years, and the actions taken by the 1999 Legislature suggest it is likely to continue. The coalition he represents has adopted a six-point plan as follows:

- They seek a \$100 increase in the base at a cost of \$57.3 million the Governor recommended a \$35 increase and the Senate approved a \$50 increase.
- Correlation Weighting increased by 50 students the Governor recommended a 25 student adjustment.
- Declining Enrollment they propose an additional previous year at a cost of \$11.3 million
- The next two point can be addressed without separate legislation.
- Special Education they support full funding of excess cost through the special education aid formula, and when excess cost is not fully funded, dollars must be diverted from regular education programs.
- Technology the belief is it requires an entirely new infrastructure, far beyond the traditional school district budget, and therefore they believe it is appropriate for the state to assume a role in funding this expansion.
- Early childhood and at-risk, their coalition supports the Governor's recommendation to increase the at-risk weighting factor from 8% to 9%.

They express deep concern about the next three fiscal years with the Governor's budget and House transportation plan would mean in all likelihood no increase base, weighting, special education and technology in FY 2001 and extremely minimal increases in FY 2002. (Attachment 1)

Scott Hill, State Board of Education appeared before the committee as a proponent of the bill. He stated the Board's recommendation for base state aid be increased by \$75 from \$3,720 to \$3,795. They chose to increase the base state aid per pupil in order to give local boards of education greater authority in determining their expenditure priorities rather than targeting individual programs. (Attachment 2)

Craig Grant, KNEA, appeared before the committee as a proponent of the bill. The unified position has taken a different conceptual approach to try to eliminate as much usage of the LOB as possible. Many district are at the maximum LOB amount and cannot increase it any further. (Attachment 3)

The meeting was adjourned at 10:50 a.m.

The next meeting is scheduled for March 9, 1999.

HOUSE EDUCATION COMMITTEE

GUEST LIST

DATE: March 8, 1999

NAME	REPRESENTING
Breika Scott	USA
Katharine Weickert	USA
Kent Hoken	USA / Seaman #345
Denise Apat	USA / KCR
Nancy McGinnia, KAESP	SFT USD #434
Alan Hagman, KAESP	USD #337 Mayetta
Lawell Cook KAESP	USD 483 Plains
Lisa Kelly KAESP	USD 441 Sabetha
Cathy Duke KAESP	USD 232 DeSoto
Jacque Dines	SOE
Alfred P. Williams	USD 229 Blue Valley
Janya Klaus	NAUS USD #489
Kathy Brown	USD #489 Hays
Leif Steokley	USD #437 Leeward Washburn
MARK DESJTTI	KNERT
Craig Grant	HWRA
Herchel Poor	City
Jarret Lewis	USD #313 Dumble
Janice Strecker	USD #308 Hutchinson
Tom Bruno	Allen Assoc.
Tom Allen	KEG = KFLC
Ken Baker	Hays, USD 489
May & Bogart	USD 288, Central Heights
Roger Toelke	Senator Heasley Office
Jim Langford	DOB
Jillene Cole	Sen. Tyson - Intun
Marta G. Karschen	USD Renwick - Garden Plain
Val DeFever	State Bd.
Scott Hill	KSBE
Mark Tallman	KASB
Vic Braden	USA

Onan Burnett
 Stacy Farmer

USD 501
 KASB

Unified School Finance Plan

Testimony presented before the House Education Committee
by
Dr. Kent Hurn, Superintendent
Seaman USD 345, Topeka

March 8, 1999

Mr. Chairman, Members of the Committee:

I am representing a coalition of education organizations which have come together in support of a single position on school funding for Fiscal Year 2000. This includes the Kansas Association of School Boards and the United School Administrators; Schools for Fair Funding and Schools for Quality Education; the Kansas Education Coalition and Kansans for Local Control; a group of 54 western Kansas superintendents and the Ad Hoc Superintendents Group; ten regional service centers and the Kansas Association of Education Service Agencies; and the six largest school districts in Kansas, each with its own legislative representative.

This group was brought together by a shared concern that the quality of education in Kansas is threatened by a clear erosion in state support over the past several years. Actions taken so far by the 1999 Legislature suggest this trend is likely to continue. We believe that will lead to a new crisis in school finance.

1992: More Money, More Accountability

The 1992 legislature adopted a significant change in the state education policy called the School District Finance and Quality Performance Act. It had the following components:

- *A significant increase in state funding*, which had two purposes: higher operating budgets for most districts in total dollars (an average increase of about 10%) and a higher percentage of funding from state aid.
- *Deep reductions in school property taxes* (a 26% reduction in property taxes for operating expenditures over two years) as state aid increased. In addition, the state assumed a share of the cost of capital improvement bonds for many school districts, under a formula based on the wealth of each district.
- *School improvement and accountability measures*, including a longer school year; a "performance-based" accreditation system, state curriculum standards and new state assessments based on those standards; new social services requirements (such as mandatory breakfast programs) and mandatory school site councils. In subsequent sessions, the Legislature mandated public report cards for academic performance and school safety; increased the compulsory attendance age and adopted Qualified Admissions, including a technology education component.

In other words, school districts receive more funding and more expectations for performance. At the same time, property taxes were reduced because state aid increased. What has happened since 1992?

Five Years of Improving School Performance

By almost any measure, the Kansas education system ranks among the best in the country and has been improving. The commitment to school improvement has paid off in a number of meaningful ways:

- After several years of stagnation or even declines, Kansas *scores on the ACT test*, the most common college aptitude test taken by Kansas juniors and seniors, began a steady increase in 1993. Not only is the Kansas average considerably above the national average (and rising faster), few states have a higher percentage of students taking the test. Some of the strongest gains have been in math.
- *Scores on the SAT test*, taken by a smaller percentage of Kansas students (usually those planning to attend out-of-state colleges) have also been increasing since 1993.
- According to a recent State Board of Education study, most Kansas schools score well above the national norm on *standardized achievement tests* (such as the Iowa Test of Basic Skills).
- Kansas participated in the *National Assessment of Education Progress* for the first time this year. When the state-by-state results are released this month, Kansas is expected to rank high among participating states.
- Since the *new state assessments* have been implemented, scores for elementary and middle school students have increased in math, reading and most areas of writing. Elementary math has shown the largest and most consistent increase; public elementary schools receive higher average scores in math than private elementary schools. (Science and social studies have not been fully implemented so comparative data is not available.)
- More students are taking *core academic classes*. Since 1992, the number of high school students taking the ACT who have completed the "core curriculum" of college prep courses has increased 25%. More students are also taking advance placement courses. Between 1987 and 1996, the number of Kansas advanced placement candidates increased from 948 to 2,476 and the number of exams given rose from 1,189 to 3,348.

These areas are significant because they show improving school performance in academics and standards. (Observers such as U.S. News and World Report focus on areas such as math and reading scores and student preparation for college as important indicators of educational quality.) Kansas clearly ranks among the best states in the nation in school performance.

Improved school performance since 1992 is certainly a result of a strong commitment to improvement undertaken by school board members, administrators, teachers, parents and students. But the Legislature's role in providing resources cannot be overlooked. Public schools have demonstrated that the greater investment in education initiated in 1992 resulted in better schools. More funding is not the only factor in educational improvement, but it is clearly one important factor. What has happened since 1992 in regard to school funding?

State Funding for Base Operating Expenditures Has Fallen Behind Costs

Since the school finance act was fully implemented in 1993-94 through 1997-98, neither the base budget per pupil; nor school district general fund budgets per pupil; nor even general fund and local option budgets combined per pupil have, on average, kept up with inflation.

Districts have had to increase the LOB simply to maintain budgets in the face of rising costs. This reverses the policy of 1992 to reduce local property taxes and increase equity and achievement through state support. School districts cannot continue to fall behind inflation in their general operating budgets without harming the education program for all students. The following chart makes this clear. The information is from a State Department of Education report.

FIVE YEAR TRENDS IN SCHOOL BUDGETS			
	1993-94	1997-98	Change
Base State Aid per Pupil	\$3,600	\$3,670	1.9%
General Fund per Pupil (Includes weightings, excludes LOB)	\$4,338	\$4,594	5.9%
Budget per Pupil (General Fund plus LOB)	\$4,673	\$5,117	9.5%
Consumer Price Index	146.2	163	11.5%
Total Expenditures per Pupil (Includes all special funds)	\$5,979	\$6790	13.6%

Since 1993-94, the first year the new school finance act was fully implemented, the base budget per pupil been increased only 1.9%. It has been argued this is misleadingly low because it does not include increases in weighting factors, such as correlation and at-risk. Even when those are included, the general fund budget per pupil increased just 5.9%, barely half the rate of inflation. It is also important to understand that the 5.9% increase is an average. Districts which do not receive correlation weighting (those under 1,700 enrollment) have received much smaller increases per pupil. (Between 1995-96 and 1998-99, correlation weighted districts received an average annual increase of 2.2%; low enrollment weighted districts received 1.3%.)

Only by including the local option budget, which requires local property taxes to be levied in addition to the statewide mill levy, do school district budget increases per pupil even come close to the inflation rate. But not every district has equal access to the LOB as a way to keep up with inflation. For example, 22 out of 304 school districts have reached the maximum 25% LOB limit. These districts educate 28.4% of the students in Kansas, including six of the seven largest district in the state. Districts whose LOB use exceeds 16% educate 44.3% of Kansas students. Districts between 16% and 25%, such as Wichita, may be subject to voter protest if the school board attempts to increase use of the LOB.

The only way that school districts budget can be said to have exceeded the inflation rate over the past five years is to include all budgeted items. We believe that is a distorted picture of what is available for classroom use. Below are some example of major items included in total school spending. While these programs meet important needs, they do not support regular, general education expenses.

EXAMPLES OF FUNDS IN "TOTAL EXPENDITURES PER PUPIL"			
<i>(Figures in Millions)</i>	1993-94	1997-98	Change
Special Education	\$203.3	\$245.0	20.5%
Capital Expenditures (Bonds and Capital Outlay)	\$192.2	\$270.0	40.5%
Food Service Expenditures (mostly free and reduced meals)	\$123.5	\$145.0	17.4%
Other Federal Funds (targeted funds)	\$52.8	\$75.0	42.0%

How Are School Funds Being Spent?

The issue of how Kansas allocates its school resources has been a subject of some concern. Are those funds being spent on state and public priorities? First, let's look at teacher salaries. As the following chart shows, teacher salaries rise at the same rate as operating budgets. That is hardly surprising: those are the funds teacher salaries are paid from. The size of those funds is mostly determined by the Legislature.

<i>(Annual Percent Increase)</i>	1993-94	1994-95	1995-96	1996-97	1997-98
General Fund plus LOB	3.9%	1.5%	2.2%	2.3%	3.1%
Classroom Teacher Salaries*	3.4%	1.6%	2.3%	2.2%	3.0%

*Source: Legislative Research Department

Next, let's look at changes in the percentage of statewide school district budgets allocated to various areas. Between 1995-96 and 1998-99 (the years available to the KASB Research Department), the percent of general fund budgets (including LOB) allocated to instruction (classroom teaching) fell slightly more than 1%, from 52.1% to 50.9%. The percentage of budget allocated to school and general administration also fell, from 11% to 10.7%.

What areas increased? Student support services (counselors, social workers and other student assistance programs), instructional support (inservice, curriculum development, libraries and educational media) and other support services (auditing, planning and public information) increased by a combined 0.88%. Transfers to other funds increased from 14.1% to 14.4%, mostly due to increased spending on technology.

Again, there should be no surprise. As the Legislature and State Board of Education focused on serving at-risk children, changing curriculum and assessment, increasing public communication and accountability, and technology, school district spending has shifted (slightly) toward those areas. Because funding has not increased faster than inflation, the only way to meet those costs is at the expense of regular education instruction.

Our coalition has adopted a six-point plan in response to these concerns.

Three points require separate legislation in addition to the appropriations process. Two of these issues are addressed in the Governor's budget.

Base Budget. We seek a \$100 increase in the base at a cost of \$57.3 million. This would equal a 2.7% increase, and would be the first base increase equal to or greater than inflation since FY 94. (The Governor's economic forecast lists a 2.3% increase for FY 2000.) It would reduce the need for districts to use the LOB and therefore reduce increases in property taxes. The Governor has recommended a \$35 increase. The Senate has approved a \$50 increase.

Correlation Weighting. We support adjusting the correlation weighting factor by 50 students, at a cost of \$20.6 million. Our coalition believes that larger districts were underfunded in the 1992 formula. Correlation weighting narrows the gap between large and small districts without penalizing small districts. Larger districts accept the need to phase in a more equitable relationship, but want this accomplished in a reasonable time. Small districts accept the need to provide additional funding for large districts, but they believe this should be an addition to a base increase for all districts that corresponds to inflation. The Governor has recommended a 25 student adjustment.

Declining Enrollment. Currently, school districts may use either the current school year or previous year's enrollment for determining their budget. We propose adding an additional previous year, at a cost of \$11.3 million. Kansas is projected to enter a period when a majority of districts will lose enrollment due to demographic changes. We support efforts to cushion the impact of those losses.

Our next two points can be addressed without separate legislation.

Special Education. We support full funding of excess cost through the special education aid formula. As the committee is well aware, special education costs are large determined by federal and state mandates. When excess cost is not fully funded, dollars must be diverted from regular education programs.

In FY 1990, special education was funded at 95%. After falling to a low of 77% in FY 92, the percentage of excess cost covered by state aid has increased to over 86% this year. Unfortunately, the Governor's recommendation would actually fall backward to 85%.

Technology. Last year, the Legislature appropriated \$10 million in grants for educational technology. We believe that commitment should be doubled. Out of that amount, we believe the Legislature should fund the State Board of Education's proposal for a statewide technology backbone and Second Generation Kansas Education Network. This is crucial to providing equitable educational opportunities to all students and all parts of the state.

We would also note that the Legislature has, in effect, mandated technology education through qualified admissions. Unlike other parts of the curriculum, technology requires an entirely new infrastructure, far beyond the traditional school district budget. We therefore believe it is appropriate for the state to assume a role in funding this expansion. The Governor did not recommend any technology funding for schools.

Early Childhood and At-Risk. Finally, our coalition has provided a general endorsement of expanded support for special student assistance. We therefore support the Governor's recommendation to increase the at-risk weighting factor from 8% to 9%; to expand positions available for early childhood at-risk programs; and to increase funding for the Parent Education Program.

The Coming Crisis: Schools, Roads or Tax Cuts

These are our proposals for Fiscal Year 2000. In closing, we want to express our deep concern about the years beyond 2000. The State General Fund Profiles for both Governor's budget and House transportation plan project just \$3 million in FY 2001 and \$25 million in FY 2002 for discretionary purposes. That would mean in all likelihood no increase base, weighting, special education and technology in FY 2001 and extremely minimal increases FY 2002. That means limited teacher salary increases; staff reductions; and program eliminations. It means retrenchment in services to students. It means the progress Kansas has made in school improvement will be threatened. It probably means school finance lawsuits.

If those projections are accurate, it means Kansas cannot afford the either the Governor's or the House's plans for transportation funding or tax cuts without endangering the quality of education.

We thank you for your attention and consideration.



TO: House Education Committee

FROM: State Board of Education

SUBJECT: 1999 Senate Bill 171

My name is Scott Hill, Legislative Coordinator of the State Board of Education. I appreciate the opportunity to appear before this Committee on behalf of the State Board concerning a very important topic--school finance.

First of all, we would like to thank the Legislature for supporting increases in the base state aid per pupil, correlation weighting, at-risk weighting, and for implementing a four-year-old at-risk program, which appears to be working well, for the 1998-99 school year.

The State Board of Education spent considerable time this past summer studying school finance and reviewing numerous options. It is our recommendation that the base state aid per pupil be increased by \$75 from \$3,720 to \$3,795 or 2.02 percent.

The State Board feels this is a reasonable amount which will assist in meeting the needs of students throughout the state.

Attached is a chart which provides the general and supplemental general (local option budget) funds for the school districts. This data will show the major increases in operating expenditures for the past few years.

The State Board of Education chose to increase the base state aid per pupil in order to give local boards of education greater authority in determining their expenditure priorities rather than targeting individual programs.

Some areas in which schools have current needs include: technology (varies from district to district), demand by parents to transport more students, lowering pupil-teacher ratios, staff development, implementation of alternative schools, extended school day programs for students who take longer to learn, recruitment and retention of teachers in selected areas such as mathematics, science, music, vocational agriculture, technology, etc.

School Districts – General and Supplemental General Fund Budgets

	Actual 1991–92	Actual 1992–93	Actual 1993–94	Actual 1994–95	Actual 1995–96	Actual 1996–97	Actual 1997–98	Estimate 1998–99	Governor's Recommend. 1999–00	KSBE Request 1999–00
General Fund Budget	1,777,469,000	1,835,201,000	1,890,925,000	1,914,227,000	1,949,887,000	1,996,440,000	2,059,739,152	2,124,492,000	2,165,894,000	2,173,381,700
Suppl. General Fund Budget (LOB)		98,207,000	146,712,000	168,257,000	185,292,000	206,114,000	232,427,000	284,000,000	327,591,000	329,850,000
Total Expenditures	1,777,469,000	1,933,408,000	2,037,637,000	2,082,484,000	2,135,179,000	2,202,554,000	2,292,166,152	2,408,492,000	2,493,485,000	2,503,231,700
Total Number of FTE (Unweighted)		431,321	437,210	440,684	442,466	445,767	448,609	449,900	450,800	450,800
Total General Fund Expenditures Per Pupil		4,255	4,325	4,344	4,407	4,479	4,591	4,722	4,805	4,821
Percentage Increase Over Previous Year			1.65%	0.44%	1.45%	1.63%	2.50%	2.85%	1.76%	2.10%
Total Expenditures Per Pupil (Including General Fund and Suppl. General Fund)		4,483	4,661	4,726	4,826	4,941	5,109	5,353	5,531	5,553
Percentage Increase Over Previous Year			3.97%	1.39%	2.12%	2.38%	3.40%	4.78%	3.33%	3.74%



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

Craig Grant Testimony Before
House Education Committee
Monday, March 8, 1999

Thank you, Mr. Chairman. Members of the House Education Committee, I am Craig Grant and I represent Kansas NEA. I appreciate this opportunity to visit with this committee about SB 171, the formula changes in the school finance law.

I guess what I can report to you today is that the unified position is now even more unified. Our organization had been part of the discussions which led up to the proposal as presented; however our board had earlier taken a different position and voted to continue with that approach. Our approach was a conceptual approach to try to eliminate as much usage of the LOB as possible. Although valid, it was probably not realistic.

Our lobby team determined that now was the time to get realistic. The unified approach is realistic. We believe that this balanced approach--including the base funding, correlation weighting, declining enrollment, early childhood funding, and technology (which is not in the formula bill)--is what we should implement this year. This is where we should concentrate our resources for the children of this state. We believe this is more important than a large tax decrease or a large spending increase. When other groups have appeared before the Taxation Committee, they consistently indicate that, although they want tax decreases, adequate education funding is important to the economic well-being of our state. The unified approach certainly would be a step in the right direction.

We have increased the base budget in this state by such a meager amount in the last few year that boards of education are now relying more and more on the local option budget. Further, many districts are at the maximum LOB amount and cannot increase it any further. Districts have had to cope with inflationary pressures to such an extent that dollars toward the classroom--where the boards would like to spend the money--have been scarce. We would hope that the committee would give serious consideration to the unified position to assist our schools.

There have been discussions here and in other groups and committees about percentage increases, where to start our figuring, and what should be included in the numbers. One can utilize a number of approaches to explain the situation in our schools. I would like to try maybe a new approach in the exhibits I have attached to my testimony. Both charts begin in the 1984-85 school year and track the relative expenditure per pupil in Kansas as compared to the national average and to the other states in the United States.

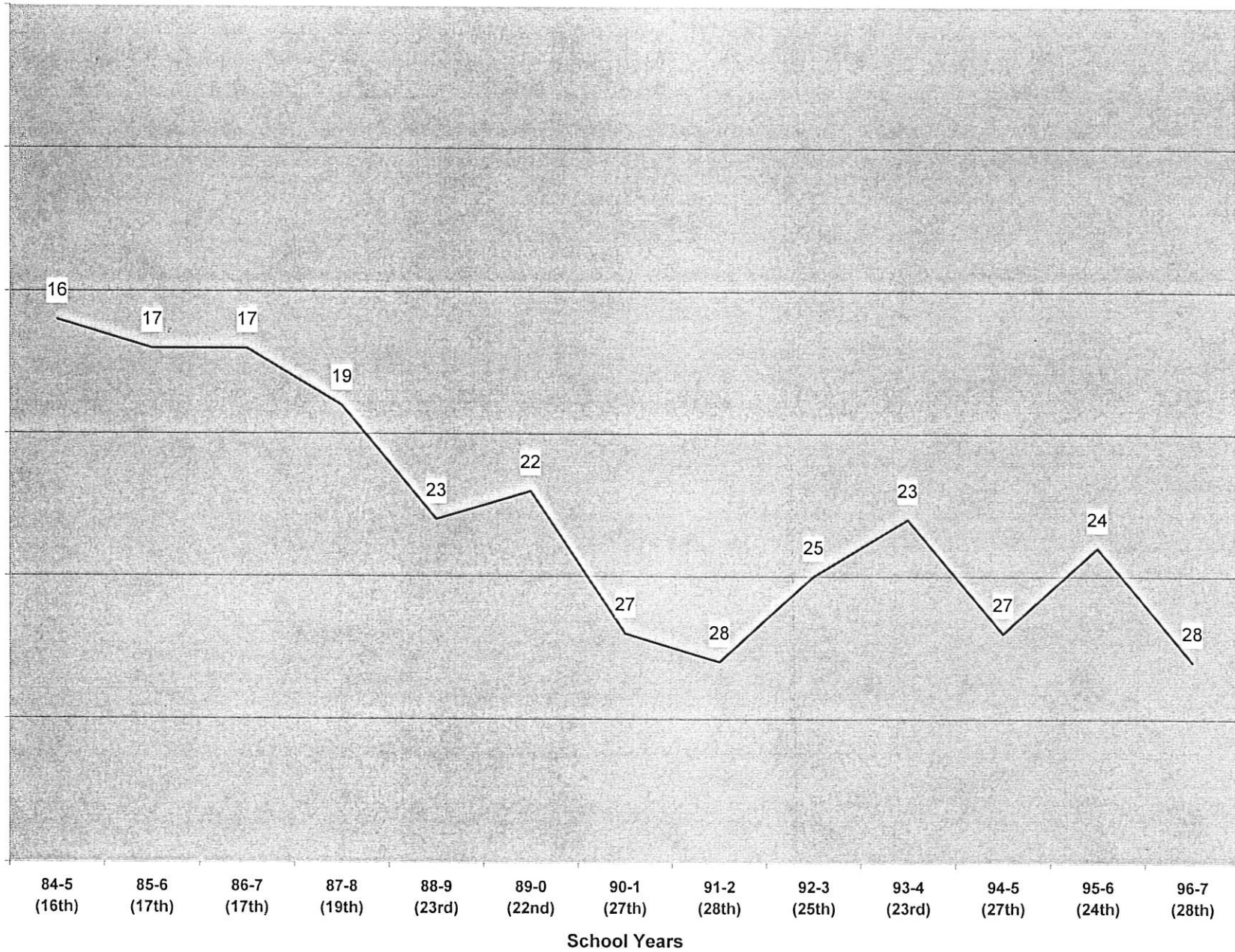
As you can readily see, Kansas' expenditure per pupil has lost in ranking to other states and to the national average since that time. We ranked as high as 16th in 1984-85 and spent more than the national average per pupil. As of last year, we ranked 28th and spent over \$400 per pupil less than the national average. It is no wonder that we receive a "D" in our funding by the national experts who judge us.

During that same time, Kansas has been working extremely hard to increase standards and outcomes for our students. Our standards are given an "A-" when graded. Our students outperform many other states on standardized tests. We are not satisfied; our educators continue to work longer and harder to improve the education system for our students. What we ask is that this committee, the committee which should be the biggest advocate for our schools, do the very best you can for the students of our state.

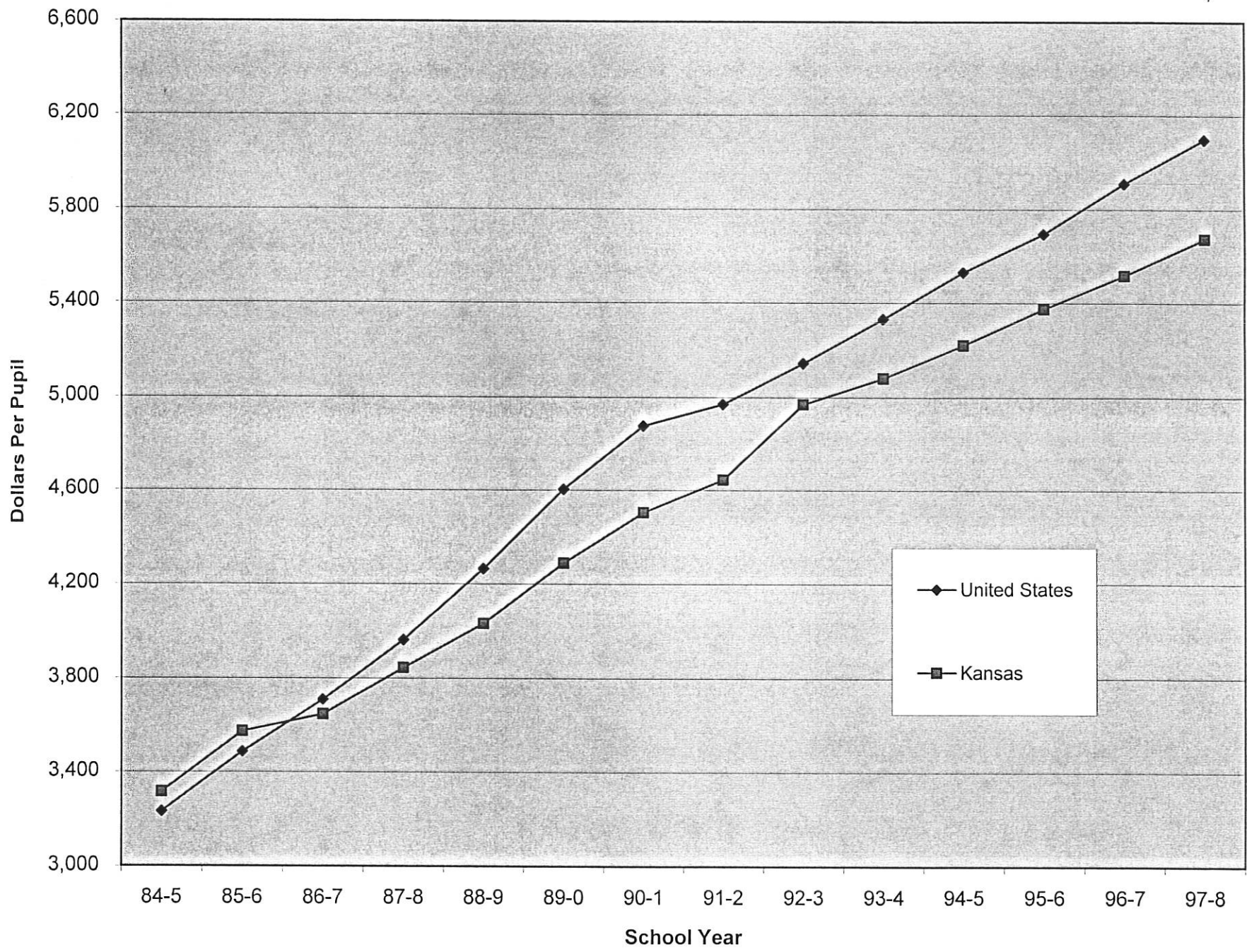
Thank you for your hard work on behalf of Kansas school children and for listening to the concerns of our members.

The Decline in Rank of Kansas' Per Pupil Expenditures

3-3



Actual Expenditures Per Pupil By School Year



Data Source: Current NEA Estimates Data Base

MARCH 8, 1999

School Finance

explanation of bill:

SB 171 - School finance, increase base state aid per pupil, preschool-aged at-risk pupil count, local effort definition, at-risk, low enrollment and correlation weightings.(Comm. On Ed)

Topic to be heard: School district finance, base state aid per pupil, low enrollment and correlation weightings, declining enrollment.(HB 2116) (Comm. On Ed.)

Proponents:

Dr. Kent Hurn - Supt. of schools USD #345, Seaman
Scott Hill - State School Board
Craig Grant - KNEA

Topics to be heard: Special education, state aid determined on statewide basis. (HB 2415)(Rep. Helgersen)

Proponents:

Representative Helgersen

School districts, special education state aid at 90% of excess costs. (HB 2420) (Rep. Helgersen)

Proponents:

Representative Helgersen

School districts, special education aid, determination of . (HB 2423) (Rep. Helgersen)

Proponents:

Representative Helgersen