

MINUTES OF THE SENATE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairperson Senator Dwayne Umbarger at 1:30 a.m. On January 18, 2001 in Room 123-S of the Capitol.

All members were present except: Senator Dave Corbin (excused)

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

Conferees appearing before the committee:

Others attending: See Attached List

Chairman Umbarger introduced Dale Dennis, Deputy Commissioner of Education, to give the committee a briefing on the Governor's Task Force on K-12 Education. The findings of this study are attached in "Vision 21st Century Initiative, K-12 Education: Financing for Results" ([Attachment 1](#)).

Dale Dennis introduced David Brandt, Kansas Securities Commissioner, who chaired the Task Force committee. Mr. Brandt talked about the impact of declining enrollment, which is covered in the attached, "Problem: Impact of Declining Enrollment". ([Attachment 2](#)) and "Increased State Aid Funding for Fiscal Year 2002 Comparison of Recommendations". ([Attachment 3](#))

Chairman Umbarger opened the floor to the other Task Force members present for their comments. They are Senator Vratil, Representative Ballard and Sheila Frahm.

It was stated that there was a reason for the recommendation for a study on what it costs to provide a suitable or adequate education. The task force felt that this was the most important recommendation they made because it formed a basis for everything else. As Mr. Brandt indicated, they needed to have facts upon which to base their decision, without it they would be guessing every year what is necessary and what is appropriate. Suggestions have been made that such a study is dangerous because it might indicate that they need to spend far more money than the state can afford. If the cost of an adequate or suitable education is more than the state can afford, then the Legislature may need to adjust what is a suitable or adequate education.

The second point is the growing problem we have in retention of teachers and teacher supply. The task force felt the alternative compensation funding proposal would address that problem to some extent.

The third item was 100 percent of excess cost of special education. This is not a new proposal, but the formula for distribution of special education money recommended is new. The task force was concerned about the growing increases in special education costs. They felt like a two-tier weighting system would help control those costs, they felt like it was consistent with the philosophy of the current school finance formula, i.e. additional weighting for special students. What has not gotten much media attention is the portion of the recommendation that recommended a study on a census based formula for distributing special education aid. We think this might be an important key to funding special education in this state.

In an effort to encourage increased performance and accountability the task force recommended several grants designed to encourage schools to improve their performance and receive rewards or enhancements for showing that type of improvement. The grants were designed to go to individual schools, not school districts.

For one member, it was felt that the number one thing that came out in the study is that the quality of the teacher really determines what happens in our children's education.

CONTINUATION SHEET

January 18, 2001

The task force commented that they acknowledge \$205 million is a high figure, but one that the committee wanted to bring to the table and for discussion. The task force felt comfortable the \$205 million was an area where they could feel comfortable in recommending that kind of benefit to the State of Kansas for education.

Chairman Umbarger opened the floor for questions. The word "suitable" education was questioned. The word suitable was chosen from the constitution. It is not magic, it is the nature and the extent of education that this state wants to provide to all students.

In regards to the task force request for further study, Mr. Brant stated that they put in a fiscal suggestion for \$450,000. The time they expect the further study to take would be one year. They would like to start the study immediately so that it could be concluded by next December so the Legislature would have the data to work with next session.

The Task Force was asked to differentiate between the two-tiered pupil rating system for special ed and the census based funding and why one was chosen over the other. The proposal described was a weighting system, and with the census based formula you just add it to the base amount per pupil. The task force looked at the census based formula, but did not make a specific recommendation because they did not feel like they had the time, money or expertise to get into the census based funding at this time.

Chairman Umbarger expressed his appreciation to David Brandt, Dale Dennis and the Task Force members for bringing the information before the committee.

Chairman Umbarger stated that he, Senators Vratil and Downey will be meeting in Senator Downey's office every Thursday at 8:00 a.m. to set up the next weeks agenda and discuss where they want to go with education. The meeting is open to everyone.

Senator Vratil made a motion to introduce 6 bills, 1rs0232, AN ACT concerning school finance; increasing at-risk pupil weighting; 1rs0258, AN ACT concerning school districts; providing for capital outlay state aid; 1rs0229, AN ACT concerning school district finance; increasing base state aid per pupil; 1rs0230, AN ACT concerning school district finance; relating to contingency reserve fund; 1rs0254, AN ACT concerning school district finance; revising and effecting definitions; affecting determination of program weighting; 1rs0252, AN ACT concerning school district finance; revising the definition of at-risk pupils; The motion was seconded by Senator Teichman. Motion passed.

The meeting was adjourned.

The next meeting is Monday, January 22, 2001

SENATE EDUCATION COMMITTEE GUEST LIST

1-18-01

<u>NAME</u>	<u>REPRESENTING</u>
Gary George	Olathe Schools
Bill Mick	Shawnee Mission Schools
Judy Brumby	Sen. Pres. Office
Tim Allen	KEC & KTHC
Bill Brady	Schools for Fair Funding
Ladonna Cole	Sen. Tyson's Office
Jeanne Daker	SOE
PHIL HURLEY	PAT HURLEY & CO.
Doug Bowman	KS CLECDs
Barb Reavis	KWIP Council
Don Howles	USA
UNDSAY UNRSTN	Governor's office
Kirk Lowry	TILRC
Stacey Famer	KASB
Diane Gjerstad	Wichita Public Schools
Elaine Frisbie	Dir of the Budget
Craig Grant	KWFA
MARK DEBETTI	KWFA

VISION 21st CENTURY INITIATIVE

K-12 EDUCATION: FINANCING FOR RESULTS

SUMMARY OF ISSUES

The formula for determining local unified school district budgets and distributing state aid to the districts is an issue that faces the state each year. The current formula, which distributes approximately \$1.9 billion in state aid to finance local school operating budgets of \$2.6 billion, is based on a financing model enacted in 1992. That formula replaced the School District Equalization Act that had served as the state formula since 1973.

The current school finance model is driven by a base state aid per pupil amount. The amount of state property tax used to finance schools is set by the Legislature. The difference between the enrollment of the district multiplied by the base per pupil amount and the amount generated by the state-set mill levy is the state aid received by the district. Enrollments are adjusted to account for such factors as economies of scale (low enrollment weight), density (transportation weight) and education programs that are more expensive than average (at-risk and vocational weights). In more recent years, a weight has been provided to medium and large districts based on perceived inequities caused by the low enrollment weight. This is referred to as correlation weighting.

In addition to the budget set by the state, districts may authorize up to 25 percent above this amount with a local option budget. A mixture of state aid and local property taxes finances this budget. In some instances a local option budget can be approved by the local school board. However, depending on the percentage desired, it may be subject to local referendum.

In recent years, the current formula has received more focus as more districts use the full 25 percent local option budget (districts serving one-third of the students) and a large number of districts experience declines in enrollment (two-thirds of the school districts) which reduce the district's budget. Increased interest also has centered on the appropriateness of the various weighting components, particularly low enrollment and correlation weighting.

CHARGE TO THE TASK FORCE

The task force should review the current school finance formula and the School District Equalization Act that preceded it to understand the most recent models used to finance public schools in Kansas. The task force should also review school finance models in other states. Analysis should be undertaken of the difficulties facing schools with declining enrollments and those with rapid growth. Also the challenges of schools that are currently at the maximum local option budget should be reviewed. Efforts should be directed to determine alternative-funding formulas that reward schools for superior performance. Finally, the number of school districts and school attendance centers should be reviewed to ensure we maximize the results of school finance. In meeting the goal of funding for results, equity and fairness must be components. The task force should make priority policy recommendations to address the findings it makes and submit its report on or before December 1.

Senate Education
1-18-01
Attachment 1

INTRODUCTION

The 13-member task force, a diverse group of citizens, officials, and present and former legislators, conducted hearings and meetings in Topeka, Wichita, Garden City, Lakin, Lindsborg, Kansas City, Shawnee Mission, Iola, and Emporia. The Task Force also consulted with two nationally recognized school finance experts: Dr. John Augenblick of the firm of Augenblick & Myers, Denver, Colorado; and Dr. Allan Odden of the University of Wisconsin in Madison. The Task Force was assisted throughout its deliberations by Mr. Dale Dennis, the Deputy Commissioner of Education.

The Task Force heard testimony of the funding difficulties currently encountered by the state's 304 school districts in meeting their obligations to educate the 469,375 students enrolled in Kansas public schools. Various solutions were offered – all of which require a substantial increase in state funding. Two groups submitted proposals which would cost in excess of \$600 million with one plan also suggesting a reallocation of funding under the current formula. In addition, the State Board of Education has submitted budget requests which total \$205 million.

Many states, like Kansas, are grappling with the equity and adequacy of the financing of public education. A national Committee on Education Finance has recently published a timely report, Making Money Matter: Financing America's Schools, (National Academy Press, 1999). The report attempts to address this key question:

How can education finance systems be designed to ensure that all students achieve high levels of learning and that education funds are raised and used in the most efficient and effective manner possible?

The Kansas Constitution requires the Legislature to make "suitable provision" for financing a public education system; a state Board of Education to have general supervisory powers; and locally-elected boards of education to develop, maintain, and operate local public schools.

With adoption of the School District Finance and Quality Performance Accreditation Act in 1992 and subsequent amendments, the state became the primary funder of Kansas public schools, with a shift away from the historical reliance on the local property tax. The Task Force affirms the importance of respecting local decision-making on specific educational matters. However, since the state now serves as the primary funder, Kansas should maintain a significant interest in the performance of the schools in which it invests. Thus, the Task Force seeks to balance its support of local control with a new linkage among funding, accountability, and student achievement in order to ensure the productive and efficient use of state revenues and to achieve the goal of *financing for results*.

The Task Force concluded Kansas' primary need is to conduct a professional evaluation to determine the per-pupil cost of a suitable education. Until such an evaluation can be completed and implemented, the Task Force recommends changes in the current formula, in addition to increased funding.

The Task Force discussed the consolidation of school districts, but chose not to address this controversial issue due to the impending completion of a study commissioned by the Legislature. Recommendations from this school district boundary study are to be presented in January, 2001. However, the Task Force does recommend the funding of incentives to encourage all school districts to voluntarily cooperate in the sharing of resources and services.

RECOMMENDATIONS

1. Kansas must re-evaluate the 1992 school finance formula to address inadequacies and inequities in the current system. The state needs to determine the cost of a "suitable" education to enable students to reach high standards.
 - a. The state should conduct a professional evaluation to be initiated in January, 2001, and completed by December 1, 2001, with the following objectives:
 - i. Determine funding needed to provide a suitable education in typical K-12 schools of various sizes and locations;
 - ii. Determine additional support needed for special education, at-risk, limited English proficient students and other special circumstances;
 - iii. Determine funding adjustments to ensure comparable purchasing power for all districts, regardless of size or location; and
 - iv. Determine an appropriate annual adjustment for inflation.
 - b. The Governor and the Legislature should create an on-going "School Finance Council" to conduct the evaluation of the cost of a suitable education and then to annually monitor and make recommendations regarding school funding.

Rationale for Recommendation 1

To date, no one has defined what constitutes a suitable education in Kansas. Therefore, it has been impossible to put a price tag on it. When the current school finance formula was drafted, cost figures including the base state aid of \$3,600 per pupil and the various pupil weightings were derived primarily from political deliberation. The Task Force concluded that it is of critical importance that the first step toward public education finance reform in Kansas is to conduct a professional evaluation to determine the cost of a suitable education.

Determining the cost will first require deciding what all Kansas schools should be able to offer to all Kansas children. Subsequently, the cost of offering such an education in different types and sizes of schools in different regions of the state, and taking into account the diverse populations of students must be estimated. Important considerations include:

- a. The cost of providing comparable opportunities in the state's small rural schools as well as the larger, more urban schools, including differences in transportation needs resulting from population sparsity as well as differences in annual operating costs;
- b. The cost of providing suitable opportunities in elementary, middle and high schools;
- c. The additional costs of providing special programming opportunities, including vocational education programs;
- d. The additional cost associated with educating at-risk children and those with limited English proficiency; and
- e. The additional cost associated with meeting the needs of students with disabilities.

Consideration must be given to geographic variations in costs of personnel, materials, supplies and equipment and other fixed costs so that districts across the state are afforded comparable purchasing power. The cost of the proposed professional evaluation is estimated at \$450,000.

Appropriate translation of the findings of the professional evaluation into policy will likely resolve many of the current issues, including: concerns of most districts that funding is generally inadequate; controversy surrounding the current method for distributing low enrollment and correlation weights; the linkage between general funds and special education excess costs; and if implemented with consideration for school, rather than pupil level costs, the problem of excessive formula sensitivity to declining enrollments.

The Task Force concluded that there should be an annual review of the state's funding of public education, rather than seriously studied only every eight to twenty years. Other states have panels that annually report on the adequacy and equity of education funding, such as Nebraska's School Finance Review Committee and Kentucky's Office of Education Accountability.

The Task Force proposes that the Governor and the Legislature create an on-going panel, such as a "School Finance Council," to immediately begin work on the professional evaluation of the cost of a suitable education. The proposed panel should continue to annually monitor and make recommendations regarding school funding. The panel should be comprised of a diverse group of members serving staggered terms. Members should be appointed by the Governor, the Legislature, and the State Board of Education.

The proposed panel would be a first-step by the Governor and the Legislature to develop continuity in charting the state's school finance policy and to enhance monitoring of the school finance formula and the implementation of any changes.

2. To enhance teacher compensation, Kansas should:

- a. **Increase funding to allow local districts greater opportunity to recruit and retain quality teachers;**
- b. **Provide \$1 million in matching grants to districts for the purpose of developing alternative compensation plans for teachers; and**
- c. **Provide annual incentive funding with an initial investment of \$10 million in grants to districts that implement alternative compensation plans that include components of peer mentoring and peer evaluation and that provide additional compensation to teachers who demonstrate excellence or significant improvement in skills, knowledge, and performance.**

Rationale for Recommendation 2

Kansas, like other states, is experiencing a crisis in recruiting and retaining teachers. To compound the problem, state and national experts predict an increasing shortage in the supply of qualified teachers. Current research indicates that teaching quality is the most important factor affecting student learning.

Kansas' 304 school districts currently employ 35,363 full-time teachers and the average salary for classroom teachers is \$36,801 (not including supplemental and summer school salaries and fringe benefits which average an additional \$1,658). The average salary for a beginning Kansas teacher is estimated at \$26,894. As to benefits, there is wide disparity among school districts, with some districts offering no health insurance benefits to their employees.

The compensation packages offered to hire teachers are becoming increasingly competitive. For 1998-99, Kansas ranked 25th in average teacher salary at \$3,177 less than the national average. Kansas school districts not only compete against each other, but the greater challenge is to compete with states that have recently increased teacher salaries and enticements. Some districts across the country now offer "signing bonuses" and others offer assistance to repay college loans.

For the short term, the Task Force believes that state aid (BSAPP) needs to be increased substantially to enable local school boards to negotiate appropriate raises for salaries of all employees, including teachers. It is estimated that salaries account for 72.5% of the operating budgets of Kansas school districts.

In the next several years, the Task Force recommends that local school boards work with their teachers to reinvent teacher compensation. Kansas needs to move beyond the "status quo" contracts which only reward the number of years of service and the attainment of graduate degrees. In addition, new models for teacher mentoring, such as peer assistance, and for performance evaluation, such as peer review, are critical components to the success of any alternative compensation plan.

The Task Force is intrigued with Cincinnati's Teacher Evaluation System and the Skills & Knowledge Compensation Framework which is currently being tested after three years of development. The Cincinnati program is not the "merit pay" type of system which is often criticized. Other districts and states are also experimenting with alternative programs.

The Task Force recommends two incentive grant programs to be developed and administered by the State Board of Education. It is hoped that the annual incentive funding for alternative compensation plans will be renewed and increased to a substantial amount per student in order to raise teacher salaries statewide and to promote the linking of compensation and teacher performance. Dr. Allan Odden and Carolyn Kelley, both professors at the University of Wisconsin-Madison, have written that "compensation is a potentially powerful tool that could be used to support education reform efforts, reward excellence, and undergird a climate of educational excellence."

3. **Until the professional evaluation of the cost of a suitable education is completed and implemented, Kansas needs to change the method of funding special education costs.**
 - a. **As an alternative to the current staffing reimbursement system, the state should finance special education costs based on a two-tiered pupil weighting system.**
 - b. **The state should fully fund the "excess" costs of serving students with special needs.**
 - c. **A census-based method of funding special education should be considered in the future, based upon the professional evaluation of the cost of a suitable education.**

Rationale for Recommendation 3

The Task Force heard from representatives of local districts and special education cooperatives about their concerns regarding special education funding. Central to each presentation was the need for the state to fully fund the excess costs associated with educating special needs students which currently comprise an average of 15.8 percent of the enrollment of most districts. Repeated underfunding of special education excess costs threatens to erode the quality of both special education and general education services. Special education funding and general education funding are inextricably linked. Under the current system, districts are frequently required to tap into general education funds to meet state and federal mandates for serving children with special needs.

Three approaches were considered for allocating special education funding. The first option was to fully fund the current system, whereby the state provides a percentage reimbursement of staffing costs for serving special education students. The Task Force has concerns regarding the state's ongoing ability to fully fund the current system and over how the current system allocates resources by district need. Special education funding has experienced rapid cost growth in recent years, from 7.3% in 1995 to 9.2% in 2001 of all

education revenues in Kansas. Currently in Kansas, there are 4,500 severely disabled students and 71,670 other students enrolled in special education programs.

The second option considered was an approach referred to as census-based funding or census-based block grants. This approach has gained popularity in recent years and has been implemented with varying degrees of success in Vermont, Pennsylvania and California in conjunction with reforming the delivery of special education services. This approach allows local districts flexibility in the use of funds and special education personnel. The Task Force concluded that it is not reasonable to apply a census-based model in Kansas at this time. This approach should, however, be considered in any future redesign of general state aid.

The Task Force recommends a third option and new alternative to include special education costs in the formula to be allocated through a two-tiered pupil weighting system which includes infants and toddlers. Analyses provided by the State Department of Education indicate that the average cost of high need, severely disabled, special education students in Kansas is approximately 4.7 times the current base state aid ($4.7 \times \$3,820 = \$17,954$) while the cost of other special education students would average 1.9 times. Therefore, the Task Force proposes additional weightings of 3.7 (x BSAPP) for severely disabled special education students and approximately 0.90 for other special education students. This alternative should also reduce the current paperwork burden required of teachers and paraprofessionals who provide special education services. Finally, the Task Force further recommends an increase in special education funding by an estimated \$62.8 million to fully fund excess costs.

The objectives of this interim proposal are to (1) create a special education funding method that requires full funding of excess costs and (2) distribute funding for excess costs according to need. This shift from the current staffing reimbursement model should be considered a short term fix. Future alternatives depend largely on the outcomes of the professional evaluation of the cost of a suitable education.

4. **Until the professional evaluation of the cost of a suitable education is completed and implemented, Kansas needs to increase funding of the current formula and should:**
 - a. **Increase the base state aid (BSAPP) by \$180 (approx. 4.7%) to \$4,000 per student;**
 - b. **Broaden the definition of “at-risk” to include truant students and those not making progress towards graduation as proposed by the State Board of Education;**
 - c. **Increase the weighting for “at-risk” students from .09 to .10; and**
 - d. **Equalize the capital outlay mill levy so that less wealthy districts are not disadvantaged.**

Rationale for Recommendation 4

The goal of the present school finance system was to establish and maintain equity in school funding. Among other flaws, the devised formula was never adequately funded. The original base budget of \$3,600 per pupil was the result of political expediency, not an in-depth calculation of what it costs to educate Kansas children. Compounding the problem was the failure to provide annual funding increases so that base state aid kept up with inflation.

Base state aid for FY 2001 is \$3,820 per pupil. That \$220 increase over the original \$3,600 is an increase of 6.1 percent, or less than one-third of the Consumer Price Index increase of 21.6 percent during the last eight years. Had the state increased base state aid to keep pace with inflation, it would require an additional \$320 million.

The Task Force recommends increasing the Base State Aid Per Pupil to \$4,000 for FY 2002 which would cost an estimated \$102.9 million. The proposed \$180 increase would amount to an 11.1 percent increase from 1992, still only about half of what the increase would have been had the state kept pace with inflation.

The Task Force believes a major increase in BSAPP is required to provide funding school districts must have to recruit and retain quality teachers and meet their other financial obligations. Equally important is a commitment by the state to annually increase the BSAPP to adequately compensate for inflation.

The Task Force recommends increased funding, estimated at \$8 million, for districts to enhance their programs for at-risk students. It proposes increasing the at-risk weighting factor to .10 from .09, and to broaden the effort to help those most likely to fail by expanding the definition of at-risk students, as proposed by the State Board of Education, to include truant students and those not making satisfactory progress toward graduation. Presently, Kansas defines at-risk students as those who qualify for free lunches under federal guidelines.

There are a number of factors that can place a child at risk of failure. Poverty is one of the most prevalent, but there are many reasons why a student may be struggling in school. Approximately 25 percent of Kansas students may be considered at-risk.

The Task Force recommends that capital outlay be power equalized with state support in the same manner as for local option budgets, to a maximum of four mills, which would cost an estimated \$15 million. Currently, 266 of the 304 school districts have a capital outlay levy. This would correct an inequity for less wealthy districts in which lower valuations produce less revenue from the mill levy.

The Task Force also supports the State Board of Education's budget proposals for the state's technology backbone system, all-day kindergarten, four-year-old at-risk, Parents as Teachers, extended school year, and transportation.

- 5. Kansas should link K-12 funding to accountability and provide on-going incentives for districts and schools to improve performance, pursue innovation, utilize technology, and increase efficiency as follows:**
- a. Provide an initial investment of \$7.5 million for "reward grants" to be awarded to schools in which student achievement is significantly increased or that reach the standard of excellence as determined by the State Board of Education;**
 - b. Provide an initial investment of \$7.5 million for "reward grants" to be awarded to districts and schools (1) for success in innovation and the use of technology or (2) that voluntarily cooperate with other districts in the sharing of resources and services (including personnel, buildings, and equipment) in order to increase efficiency, save money, and/or enhance the availability and quality of educational opportunities; and**
 - c. Allow districts more latitude with contingency reserve funds by amending K.S.A. 72-6426 to ease the restrictions on expenditures and to raise the maximum balance from 4% to 7.5% of a district's general fund and supplemental general fund.**

Rationale for Recommendation 5

Under the present fiscal and accountability structure of K-12 education, the Governor proposes the budget, the Legislature appropriates the funds, and the State Board of Education develops accountability systems and monitors the performance of public schools. One objective of the Task Force was to create a stronger linkage toward the goal of *financing for results*.

By proposing financial incentives tied to accountability, Kansas would join a small but growing number of states, including Kentucky, Texas and California, using fiscal incentives to stimulate improved school performance. The Task Force is not suggesting that the present performance of Kansas schools is substandard, but rather that all schools can and should continue to improve, and those that do should be rewarded.

The Task Force recommends two reward grant programs to be developed and administered by the State Board of Education. The first is a performance incentive program which should contain a broad range of outcome measures. Those measures should not place too much emphasis on any one standardized assessment or other outcome. Existing systems in Texas and Kentucky include such outcome measures as attendance and dropout rates, retention rates, successful transition from high school, as well as student academic achievement and performance assessments. Careful consideration of awards should include schools that achieve exceptional performance levels and/or display exceptional rates of improvement so as not to disadvantage schools that function under more difficult circumstances.

The second grant program would reward districts and schools for innovative practices in the use of technology and in the sharing of resources and services. Technological advancements, such as the use of computers, the Internet, and interactive video classrooms, offer the promise of expanding educational options while overcoming such impediments as distance and student disabilities. Increasingly, districts and schools are collaborating to share personnel, buildings, and equipment. For example, some districts currently share a superintendent. Other districts share specially-equipped buses to transport students with disabilities. The Task Force recommends that these practices be encouraged and rewarded, particularly if a student's education benefits or efficiency is enhanced.

It is important for the overall coherence of these proposals that performance and innovation also be considered at the school level, where teachers and administrators are most able to creatively collaborate toward providing the best possible education to the children they serve. In a 1994 Brookings Institution release entitled "Making Schools Work: Improving Performance and Controlling Costs," Eric Hanushek noted: "Performance incentives that reward them for progress toward the goals of schools - while recognizing their freedom to determine how that progress is best achieved - are the best way to focus teachers, principals, and other school personnel on improving education."

Finally, the Task Force recommends that local districts be allowed more latitude with their contingency reserve funds in order to save money and invest in long range planning. Currently, districts are faced with the dilemma to "spend it or lose it" at the end of a fiscal year and are not rewarded for saving money. Easing the restrictions on expenditures and raising the maximum balance from 4% to 7.5% of a district's general and supplemental general fund would assist those districts able to save money and encourage planning to finance larger expenditures in future years.

CONCLUSION

The Task Force firmly supports Kansas public schools and believes that public education is the state's most important responsibility. Thus, it is fitting and timely that this report and recommendations were presented on November 17, 2000, at the conclusion of American Education Week.

As outlined in the foregoing recommendations, the Task Force has concluded that Kansas should increase K-12 funding, but the "how" and by "how much" will require more than political negotiation and compromise. The Task Force believes that "tweaking" the current school finance formula will achieve neither long term, nor rational, solutions.

It is critical that the Governor and the Legislature seriously consider the primary recommendation to conduct a professional evaluation to determine the per-pupil cost of a suitable education.

The Task Force’s recommendations are designed to promote and maintain an appropriate balance between respect for local decision-making on specific educational matters and accountability for the productive and efficient use of state funds. Local control is central to the proposals for school and district incentive rewards and for local districts to work with teachers to create alternative compensation plans. The state’s interest is enhanced by the recommendations that the Governor, Legislature, State Board of Education, and proposed “School Finance Council,” all play an active role in stimulating performance and efficiency and in monitoring and rewarding success in the expenditure of education dollars. Finally, the recommendations for teacher compensation, special education, and incentive funding for performance and innovative practices, are proposed as ways to improve Kansas’ educational system.

Educating Kansas’ students in the twenty-first century is a costly undertaking which will require a substantial amount of additional funding. The Task Force’s recommendations outline a plan to advance the goal of *financing for results* so that every dollar invested can provide a substantial return, not only for students and communities, but for the future of the state of Kansas.

K-12 Education: Financing for Results	
Summary of Recommendations and Fiscal Estimate	
<u>Recommendations</u>	<u>Fiscal Estimate (in millions)</u>
1. Re-evaluate the current school finance formula	
a. Determine the cost of a “suitable” education	.45
b. Create “School Finance Council” to annually monitor formula	
2. Enhance teacher compensation	
a. Increase funding to recruit and retain quality teachers	
b. Help districts develop alternative compensation plans for teachers	1.00
c. Reward districts that implement alternative compensation plans for teachers	10.00
3. Change the method of funding special education	
a. Shift to a two-tiered pupil weighting system	
b. Fully fund special education “excess” costs	62.80
c. Consider census-based funding for special education in the future	
4. Increase funding of the existing formula	
a. Increase BSAPP by \$180 (approx. 4.7%) to \$4,000 per pupil	102.90
b. Broaden the definition of “at-risk” to include truant students and those not making progress towards graduation	4.00
c. Increase weighting for “at-risk” students from .09 to .10	4.00
d. Equalize districts’ capital outlay levies	15.00
5. Link K-12 funding to accountability and provide incentives	
a. Provide reward grants for schools for student achievement	7.50
b. Provide reward grants to districts or schools for 1) the use of technology or 2) the sharing of resources and services	7.50
c. Allow districts more latitude with contingency reserve funds	
TOTAL ESTIMATED COST	<u><u>215.15</u></u>

VISION 21st CENTURY INITIATIVE
K-12 EDUCATION: FINANCING FOR RESULTS

TASK FORCE MEMBERS

David Brant	(Chair)	Topeka	Kansas Securities Commissioner
Susan Roenbaugh	(Vice Chair)	Kinsley	Former State Representative
Dr. Bruce Baker		Fairway	Assistant Professor of Teaching and Leadership, The University of Kansas
Rep. Barbara Ballard		Lawrence	Associate Vice Chancellor for Student Affairs, The University of Kansas and State Representative
Lew Ferguson		Topeka	Retired Associated Press Statehouse Correspondent
Sheila Frahm		Colby	Executive Director, Association of Community College Trustees and Former U.S. Senator and Lt. Governor
Dennis Jones		Lakin	Kearny County Attorney
Myrne Roe		Lindsborg	Retired Journalist and Former Teacher
Keith Roe		Mankato	Farmer and Former State Representative
Edward Roitz		Pittsburg	President, Fleming Petroleum, Inc. and Former State Senator
Sen. John Vratil		Leawood	Attorney and State Senator
Jerome Williams		Wichita	Director of Business Ethics and Compliance, Raytheon Aircraft and Former School Board Member
Mary Yewell		Emporia	Market President, Intrust Bank

Problem: Impact of Declining Enrollment

Excerpts from the Report...

Recommendation

1a. The state should conduct a professional evaluation...

i. Determine funding needed to provide a suitable education in typical K-12 schools of various sizes and locations;

Rationale

“Determining the cost will first require deciding what all Kansas schools should be able to offer to all Kansas children. Subsequently, the cost of offering such an education in different types and sizes of schools in different regions of the state, and taking into account the diverse populations of students must be estimated.”

Further explanation

- The school, not the district, or even the pupil should be the unit to be directly funded by the state. For each school, funds may be allocated for services to be purchased from the district, including educational resources, auxiliary resources (food & transportation) and administrative services. Funding need not be added to or subtracted from schools on a student-by-student basis, because required resources do not necessarily change with the addition or subtraction of each student. Rather, changes may occur in a school’s allocation when or if the school’s enrollment changes enough to change the funding category into which the school falls.
- If a thorough cost analysis is performed there will be several basic cost figures covering different levels, configurations and sizes of schools. For example, if resource-based cost analysis were carried out according to the table above, there could be as many as 48 different basic cost figures. While this may seem complicated, it is important to understand that the current system, with it’s various weightings applied to the base, actually includes far more than 48 different basic levels of funding.

School Type	School Enrollment					
	1 – 49	50 – 99	100 – 199	200 – 299	300 – 399	400 +
K – 8						
K – 12						
6,7,8 – 12						
3,4,5 – 8						
6 – 8						
7 – 8						
7,8 – 9						
9, 10 – 12						

*Senate Education
1-18-01
Attachment 2*

Prototypical Elementary School

From Guthrie et al. (1997)

2-2
H

Description	Units	Salary Cost	Salary- Driven Benefits	Health Benefits	Total Cost	Share	\$ per Pupil	Pupils per Staff	
A Personnel									
1 Teachers	20.00	\$ 31,758	\$ 6,034	\$ 3,641	\$ 828,660	46.7%	\$ 2,877	14.40	
2 Substitute Teachers (5%)	0.90	\$ 10,500	\$ 803		\$ 10,173	0.6%	\$ 35	320.00	
3 Aides (FTE)	3.00	\$ 10,080	\$ 1,915		\$ 35,985	2.0%	\$ 125	96.00	
4 Pupil Support	1.50	\$ 31,758	\$ 6,034	\$ 3,641	\$ 62,150	3.5%	\$ 216	192.00	
5 Library/Media (Certif. Librarian, Media Assistant, Technician)	1.00	\$ 31,758	\$ 6,034	\$ 3,641	\$ 41,433	2.3%	\$ 144	288.00	
6 School Administration	1.00	\$ 50,877	\$ 9,667	\$ 3,641	\$ 64,185	3.6%	\$ 223	288.00	
7 Clerical/data entry	2.00	\$ 16,000	\$ 3,040	\$ 3,641	\$ 45,362	2.6%	\$ 158	144.00	
8 Operations	2.50	\$ 20,000	\$ 3,800	\$ 3,641	\$ 68,603	3.9%	\$ 238	115.20	
						All Staff	65.1%	\$ 4,016	
B Supplies and Instructional Materials					\$ 61,950	3.5%	\$ 215		
C Equipment					\$ 37,837	2.1%	\$ 131		
D Food Service (varies by district)									
E Categorical Aid									
1 Special education (current expenditure placeholder)					\$ 152,514	8.6%	\$ 530		
2 Limited English speaking (varies by district)									
3 Disadvantaged youth (varies by district)									
4 Gifted					\$ 1,296	0.1%	\$ 5		
F Student Activities					\$ 2,167	0.1%	\$ 8		
G Professional Development					\$ 26,352	1.5%	\$ 92		
H Assessment					\$ 7,200	0.4%	\$ 25		
I District Expenditure									
1 Maintenance and Operations					\$ 93,064	5.2%	\$ 323		
2 Administration and miscellaneous expenditures					\$ 159,323	9.0%	\$ 553		
3 Transportation					\$ 77,180	4.3%	\$ 268		
Total Enrollment	288		Total cost		\$ 1,775,433				
			Total cost per pupil		\$ 6,165				

Assumptions

Enrollment = 288

Class Size = 16

Pupil/Teache Ratio = 14.4

Salary Driven Benefits: Social Security, Medicare, Workers Comp., Unemp. Ins., State Pension

INCREASED STATE AID FUNDING FOR FISCAL YEAR 2002
COMPARISON OF RECOMMENDATIONS

Senate Education
1-18-01
Attachment 3

PROGRAM	STATE BOARD OF EDUCATION		GOVERNOR'S TASK FORCE		GOVERNOR'S RECOMMENDATION	
	Comments	Dollars	Comments	Dollars	Comments	Dollars
All-Day Kindergarten	Supports	\$ 52,500,000	Supports but no funding		Supports but no funding	
At-Risk	Broaden definition	4,000,000	Broaden definition and increase weighting from .09 to .10	\$ 8,000,000	Increase weighting from .09 to .10	\$ 4,000,000
Inservice Education	Supports--Add \$10 to BSAPP	1,100,000	Not Addressed		Reduction	(2,000,000)
Base State Aid Per Pupil	Add \$88	50,468,352	Add \$180	103,230,720	Add \$50	28,675,000
Increase BSAPP Compared to CPI-U (Annual Adjustment)	Supports		Supports		Not Addressed	
Special Education	100% of excess cost and census-based funding	52,323,180	100% of excess cost and two-tiered pupil weighting system	52,323,180	85.3% of excess cost using two-tiered weighting system	8,043,000
Parents as Teachers	Include in school finance formula at .2 weighting	8,500,000	Supports but no funding		Expand current services Add 3-year-olds	1,000,000 1,000,000
Transportation Mileage-Lower .5 mile per year for three years	Supports First-year funding	6,612,500	Supports but no funding		Not Addressed	
Four-Year-Old At-Risk	Add 3,270 students	7,500,000	Supports but no funding		Add 436 students	1,000,000
Structured Mentoring	Include in school finance formula	1,000,000	Not Addressed		No change--current funding level	
Extended Learning Time	For students who do not meet standards	24,000,000	Supports but no funding		Not Addressed	
Juvenile Detention Facilities	Include in school finance formula	1,000,000	Not Addressed		No change--current funding level	

PROGRAM	STATE BOARD OF EDUCATION		GOVERNOR'S TASK FORCE		GOVERNOR'S RECOMMENDATION	
	Comments	Dollars	Comments	Dollars	Comments	Dollars
State Technology Backbone	Supports	4,500,000	Supports but no funding		Conduct study	500,000
Recognition Programs	Support incentives for schools that meet standards of excellence or increase student achievement significantly	2,000,000	Supports	7,500,000	Not Addressed	
Reward School Districts	Not Addressed		Reward districts for technology and sharing resources	7,500,000	Not Addressed	
School Violence (Safe and Caring Communities)	Current funding level		Not Addressed		Current funding level	
Teaching Excellence (National Board Certification)	Supports	52,000	Not Addressed		Supports	12,000
Agriculture in Classroom	Supports	13,333	Not Addressed		Supports	5,000
Environmental Education	Supports	13,333	Not Addressed		Supports	5,000
Heritage Center	Supports	43,334	Not Addressed		Not Addressed	
Communities in Schools	Current funding level		Not Addressed		Current funding level	
Teacher of the Year	Supports	25,000	Not Addressed		Not Addressed	
Kansas History Project	Supports	185,000	Not Addressed		Not Addressed	
QPA Travel Reimbursement	Reimburse QPA team for expenses	300,000	Not Addressed		Not Addressed	
Study of School Finance Formula	Not Addressed		Supports	450,000	Supports	450,000

PROGRAM	STATE BOARD OF EDUCATION		GOVERNOR'S TASK FORCE		GOVERNOR'S RECOMMENDATION	
	Comments	Dollars	Comments	Dollars	Comments	Dollars
Enhance Teacher Compensation	Not Addressed		Develop alternative teacher compensation plans	1,000,000	Not Addressed	
Enhance Teacher Compensation	Not Addressed		Grants to implement alternative teacher compensation plans	10,000,000	Not Addressed	
Equalize Capital Outlay Levy	Not Addressed		Supports	15,000,000	Not Addressed	
Sports Hall of Fame	Not Addressed		Not Addressed		Supports	50,000
Challenger Project	Not Addressed		Not Addressed		Current funding level	
Vision Therapy Study	Wait for evaluation results	(250,000)	Not Addressed		Current funding level	
Supplemental General State Aid (Local Option Budget)	Current funding level		Not Addressed		Fund BSAPP at \$3,870	10,894,000
Contingency Reserve Fund	Not Addressed		4% of general fund to 7.5% of general and supplemental funds		Not Addressed	
Curriculum Standards and State Assessments	Development and staff training	345,000	Not Addressed		Not Addressed	
Capital Improvement	Supports	7,100,000	Not Addressed		Supports	7,100,000
KPERS	Supports	19,482,082	Not Addressed		Supports	16,411,693