

MINUTES OF THE SENATE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairperson Senator Dwayne Umbarger at 7:00 p.m. on April 27, 2001 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Ben Barrett, Director, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Avis Swartzman, Office of the Revisor of Statutes

Conferees appearing before the committee:

Others attending:

Senate Substitute for HB2336 – School districts, state financial assistance, as valorem and other taxes

Senator Oleen expressed the opinion that education needs exist, but the political will to raise taxes to generate revenue to meet those needs does not. She concluded by saying that, without the political will of a majority, there is not enough support to meet educational needs. However, she said there are several components of a plan that should be included in any recommendation the Committee made. They included:

- A study of school finance conducted by someone who is not part of the educational system in Kansas.
- The substance of 2001 **SB313** concerning compulsory school attendance as it relates to school district remediation and discipline policies.
- A \$50 increase in base state aid per pupil (BSAPP).
- An increase in the at-risk weight.

Senator Vratil made a motion to amend Senate Substitute for HB2336, seconded by Senator Corbin, to include the following components in the Senate Committee's proposal. The proposal is the same in major respects to the original proposal made by the Governor:

- Increase BSAPP by \$50—from \$3,820 to \$3870, at a cost of \$28.7 million.
- Increase the at-risk weight from 9 percent to 10 percent, at a cost of \$4.2 million, and include the substance of 2001 **SB220**, which would dedicate the expanded program to reading programs leading to mastery of reading skills by the end of the third grade.
- Make no change to the correlation weighting threshold which currently is 1,725 children.
- Concur with the Governor's addition of 436 at-risk children, at a cost of \$1.0 million, for a total of 2,666 children.
- Keep special education at the Governor's recommended level of \$256,390,000 (85.3 percent of excess costs), but define special education to be state financial aid so that it can be leveraged for purposes of the local option budget percentage.
- Appropriate funding for a study of school finance in order to determine the adequacy of funding and ways in which schools could operate in a more efficient and effective manner.

CONTINUATION SHEET

April 27, 2001

- Incorporate provisions of 2001 SB313 relating to modification of compulsory school attendance for purposes of school district remedial and disciplinary policies.
- Reinstate the 20 mill school district levy and the \$20,000 residential exemption for 2001 and 2002, pursuant to 2001 HB2940.
- Incorporate provisions of 2001 SB191 to allow school district and community college boards to contribute to an employee's tax sheltered annuity.
- Allow school districts to be reimbursed for providing educational services to three new juvenile detention facilities, at a cost of \$438,304 in FY 2002.

Senator Lee expressed her disappointment with the proposal under consideration, saying that there was not enough funding for education.

Senator Downey noted that, although the proposal was initially made by the Governor, the Governor had later pronounced the proposal inadequate and had recommended greater increases for education. She asked Senator Umbarger if he knew whether the Governor would support a Committee proposal that was identical to one he had discarded as inadequate. Senator Umbarger responded that he could not speak for the Governor and that he believed the Committee needed to concentrate on developing a proposal upon which agreement could be reached. He observed that the proposal under consideration contained no increases in state taxes.

Senator Hensley acknowledged that the Committee had worked hard, but he said he could not support the proposal.

Senator Jenkins proposed that there be an accountability study to determine whether schools are operating in an efficient and effective manner. She suggested that a study similar to a performance audit be made of perhaps a large, medium, and small school district to see if money is being used to maximum efficiency. She said her proposal was motivated by the conviction held by some critics of schools that there are inefficiencies and that better management would result in less need for new funding. She recommended that the results and recommendations of the accountability study be presented to the 2002 Legislature.

Senator Lee asked Senator Jenkins to identify the standards by which a school district would be judged in determining whether the district was not wasting money. Senator Jenkins suggested that the concept of efficient school management surely had been dealt with before and that perhaps other states could provide some models or serve as a basis for comparison.

Senator Umbarger and Senator Oleen discussed using the Legislative Division of Post Audit to perform the audit. Senator Vratil suggested that it would be better for the Committee to let the State Board of Education have the flexibility to implement the study without specific, detailed guidelines from the Committee.

Senator Vratil's motion was expanded to include the recommendation of \$450,000 for two studies with separate requests for proposals (RFPs)—one to be a professional evaluation of school finance to determine the cost per pupil of a suitable education and the other to determine whether school districts are operating in a cost efficient manner.

Senator Hensley advocated a proposal that would add more money for elementary-secondary and higher education and advocated the following proposal and revenue sources:

- Increased revenues from electric gaming, pursuant to 2001 SB156.
- Increased revenues from the reimposition of an inheritance tax on Class C distributees.
- Restoration of \$6.1 million to the base budget of Regents universities.

CONTINUATION SHEET

April 27, 2001

- Full funding of 1999 **SB345** (\$21.8 million).
- Adoption of the previous version of **Senate Sub. for HB 2336** (\$57.0 million over the Governor's original proposal) which had been recommended by the Committee but had not passed the Senate.
- Funding of special education excess costs at the 88 percent level.
- Reduction of the required ending balance from 7.5 percent in FY 2002 to 7.0 percent; increased to 7.2 percent in FY 2003; and back to 7.5 percent in FY 2004 and thereafter.

Senator Downey commented that the proposal currently under consideration by the Committee was a retreat from the Committee's earlier position and that the proposed study most likely would not change the minds of people who basically were not willing to adequately fund education. She also maintained that the proposal under consideration did include a tax increase in the sense that local option budgets would be leveraged on a larger base as the result of counting special education as state financial aid and that property taxes could increase as a consequence. She concluded by saying that people who opposed revenue increases had been more successful than advocates for education.

Senator Lee pointed out that the benefit of running special education through the formula for purposes of allowing more local option budget authority only benefitted those school districts that were not part of a cooperative. Thus, the Committee's proposal had the unwanted consequence of penalizing districts that chose to cooperate in order to deliver special education services in the most economic and efficient manner.

Senator Teichman told the Committee that she believed all the members cared about education and that all were disappointed that they were not able to get the proposal enacted that they wanted. She praised Senator Umbarger for the effort he had made during the Session to develop a school finance proposal.

Senator Umbarger called for the question and, upon a voice vote, the Committee voted to recommend Substitute for **HB2336** as amended favorable for passage. Senators Downey, Hensley, and Lee asked to be recorded as voting against the motion. Motion carried.

Estimated supplemental general state aid under the Committee's proposal exceeds the cost of the Governor's original recommendation by \$1.6 million due to the provision that would allow special education to be considered state financial aid for purposes of increasing the amount of local option budget authority.

The meeting was adjourned at 8:00 p.m.