

Approved: March 16, 2005

Date

MINUTES OF THE SELECT COMMITTEE ON SCHOOL FINANCE

The meeting was called to order by Chairman Kathe Decker at 2:45 P.M. on February 16, 2005 in Room 233-N of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research
Theresa Kiernan, Revisor of Statutes Office
Ann Deitcher, Committee Secretary

Conferees appearing before the committee: Representative Kenny Wilk
Senator Nick Jordan

Representative Wilk spoke to the Committee regarding "Investment in Excellence", a plan he co-authored with Senator Jordan. (Attachment 1).

Senator Jordan joined Representative Wilk in explaining their plan.

A question and answer session followed.

The meeting adjourned at 3:30 p.m. The next meeting is scheduled for Thursday, February 17, 2005.

INVESTMENT IN EXCELLENCE

~A ten year commitment to
Kansas Public Education~

**Senator Nick Jordan
Representative Kenny Wilk
February 11, 2005**

Select Comm. on School Finance
Date 2-16-05
Attachment # 1-1

INVESTMENT IN EXCELLENCE
A Ten-Year Commitment to Kansas Public Education

Senator Nick Jordan
Representative Kenny Wilk
February 11, 2005

From the early childhood years to graduation from high school, at home and at school, the children of Kansas develop learning habits and skills that create the foundation for the rest of their lives. Whether or not that foundation is the stuff upon which a lifetime of success can be built is of critical importance to us all.

The years preceding and including those of K12 education are truly years of promise, years of hope, years that will shape not only countless lives, but will also shape the future of Kansas. The Kansas Supreme Court in rendering its decision earlier this year has correctly noted that the Governor and Legislature is charged by custom and constitution to make these years of promise and hope also years of success and significance for our children and our shared Kansas future.

This charge is one that we take very seriously and fully accept. Advancing a comprehensive education proposal, we know, will draw detailed review and potentially harsh criticism. Yet, we also know as experienced legislators that without a comprehensive proposal, there can be no final plan.

Today, we offer a proposal for the Governor, for the Legislature, and the people of Kansas to begin a serious discussion regarding a long-term vision and plan for Kansas public schools. That is why we are proposing a ten-year **Investment in Excellence** for our public schools. This proposal directly responds to the concerns of the Kansas Supreme Court and we believe can form the basis for sound policy for the next decade. The proposal suggests targeted revenue per pupil for the next ten-years. The funds will consist of local, state and federal funding sources.

This **Investment in Excellence** is aggressive, it is bold. We look forward to working with the Governor, Senators, and Representatives, Democrats and Republicans alike to shape the educational future of Kansas.

INVESTMENT IN EXCELLENCE

Ten-Point Plan for Kansas Public Education

1. Education First

Excellence in education is not something to be wished for; it is something to be achieved, year after year, decade upon decade, from one generation to the next. In recognition of this, **Investment in Excellence (liE)** creates a two-year budget for K12 education in Kansas – FY 2006 and 2007 – and a decade-long roadmap of investment designed to meet not only the Kansas Supreme Court’s mandate for adequacy, but to what we believe is our obligation for excellence. In this manner, the state will be making a commitment to fund **Education First** before other priorities. For FY 2006, the plan will increase funding for public schools by \$251 per pupil or a total of \$111.4MM. In FY 2007, school funding will increase by an additional \$219 per pupil or a total \$97MM. These significant increases the next two years will advance the three-year commitment to reach a statewide average **Total Funds Per Pupil (TFPP)** funding of no less than \$10,000 by 2008. The new Total Funds Per Pupil (TFPP) will be a newly established category for all district and state wide education finance reporting. Additionally, the proposal presents a stair-step funding schedule that will increase the statewide average TFPP by an additional \$3,000 over the following eight fiscal years to over \$13,000 in TFPP funding in FY 2015 (see attachment).

2. Local Investment in Excellence

While it is important that the state fulfill its commitment to Kansas school children by creating a long-term funding commitment and strategy tied to current standards of suitability, we believe it is also important that patrons of local school districts have the opportunity to further enhance their own children’s educational experience according to local desires. It is, in our view, the state’s obligation to put a floor of excellence under the education of every Kansas student. It is not however, again in our view, the state’s obligation to put a ceiling over the educational opportunity of any Kansas student.

In keeping with this philosophy, the liE plan creates a new Local “Investment in Excellence” program. This program will allow local districts to budget up to 10% of their general fund. The program will be equalized

by the same formula as that which equalizes Local Option Budgets LOB. It is envisioned that the local Investment in Excellence initiatives will be funded by inter-local agreement between counties and all school districts in that county. In order to facilitate increased funding alternatives, counties will be given the option of utilizing income tax authority, and or increased sales tax authority, and or property tax authority.

It is recognized that this program represents a departure from the current school funding formula, but it is designed to reflect a commitment on the part of the state to encourage unfettered striving for excellence and local control of schools even as the state itself fulfills its own obligations to Kansas school children. Because of the serious nature of this local commitment, an equally serious approval process will be put in place. In order to create and fund a Local Investment in Excellence, four benchmark tests must be achieved: (1. Authorization by each school board residing in a given county; (2. Ballot question and placement authorization by the county along with an agreed-upon disbursement formula to all school districts in the county in question; (3. A seven-year sunset of both the taxes to be put in place and the disbursement formula; (4. Countywide voter approval.

3. Local Control – Enhanced Local Option Budget

In order to create local funding opportunities in those counties that cannot to great effect access either income or sales taxes or in which a county and local districts cannot reach inter-local agreement, there is a provision in the liE plan to advance the interests of local schools. Beginning in FY 2007, the component of the current school finance formula concerning the Local Option Budget (LOB) will be altered to increase the allowable percentage of budget authority from 25% to 30%. This policy change will be implemented in a stair-step fashion, FY 2006: 25%, FY 2007: 27%, 2008: 30%. The additional 5%, will be equalized according to the same formula as the current LOB.

4. Advancement in At-Risk and Bi-Lingual Funding

It is not enough for us to focus attention on early childhood education and mainstream students. Increased attention and funding must be given to those students we feel are truly at risk with regard to success in school and later in life's endeavors. In an effort to address this need, the plan will infuse an immediate additional state investment in At-Risk Funding increase of .02 (\$10.7mm) in FY 2006, and an additional .02 (\$10.9mm) increase in FY2007.

In a similar effort to underpin the success of those students at disadvantage, **Investment in Excellence** will provide additional state

moneys for bi-lingual programming. An immediate additional state investment in this programming will total \$5.5mm in FY 2006 and \$5.9mm in FY 2007.

5. No Teacher Left Behind

National research now validates what every parent has known for generations – that teachers matter in the educational success of children. It isn't the school building or the classes offered or any other single component of public education...it is the quality of classroom teaching that has the most impact on excellence. This is why, in addition to the funding and other aspects of the proposal that positively impact teachers, **Investment in Excellence** creates a two-part package of benefits tailored specifically to benefit teachers directly. These benefits are meant as a reminder to us all of how important classroom mentors are to our children.

The first part of the teacher package is a **commitment to fund the Teacher Mentor** program. A commitment of \$1.0 million to the program in FY2006, and \$2.0 million in FY2007.

The second part of the teacher package is a **promised review of teacher liability and protection** issues. Unfortunately, in today's society teachers can be distracted by the fear of unwanted and unwarranted legal action. Given the demands for student academic performance and the high expectations of our teachers, we want to partner to provide assurances that teachers will be supported in achieving the rigorous academic standards set forth by the Legislature and the State Board of Education.

6. Suitable Education:

The **Investment in Excellence** plan reaffirms our commitment to the **current definition of a "suitable" education** in Kansas.

It is important and fair to note that through this reiteration of the current definition of suitability, the liE proposal does not create a new, much broader definition. We believe strongly that the first order of business should not be to broaden the public education mission in Kansas, but rather to appropriately fund the current mission with fairness. It is only in doing so that we will meet the unwritten obligation that every generation has in providing a sound educational foundation for their children.

Formation of a new Kansas Excellence in Education oversight committee. This oversight committee will perform oversight for the overall performance of Education in Kansas.

Formation of a new Cross-Government Collaborative Coalition to advance educational opportunities and efficiency. This coalition will consist of representatives of federal, state, and local governments. Appointments will be made by the Governor, legislative leadership, Kansas federal elected representatives, the Kansas State Board of Education, the League of Municipalities, and the Kansas Association of Counties. The objective of this coalition will be to study and analyze how the various sources of funding are received and allocated for educational purposes and make recommendations for greater collaboration and efficiency in the delivery of education across the state of Kansas.

7. Skills for Success

Research clearly indicates that focusing on the essential skills of reading, writing, and arithmetic from preschool to third grade is one of the most important investments in education that can be made. By focusing our dollars on pre-kindergarten and early elementary school, Kansas will be rewarded with higher high school graduation rates and lower crime, teen pregnancy and welfare reliance in future years.

The **Investment in Excellence** plan establishes **special categorical aid for early childhood education funding**. This early childhood aid will be disbursed according to a needs-based formula and focused upon four-year-old at risk and K-3 programming designed to provide intense special instruction to those students deficient in reading, writing and math skills. All granted four-year-old at-risk funding will be tied to each district's program ability to meet a State Board of Education defined standard of school readiness. All K-3 funding will be granted according to a State Board of Education defined standard of essential skills needed by students upon leaving the third grade.

Before funding is released, the State Board of Education will establish performance standards and program expectations. Funding for this categorical aid will be provided on a grant basis by funds. Anticipated funding for Skills for Success is \$10,000,000 for FY 2006 and \$20,000,000 for FY 2007.

8. Advancement in Special Education Funding

As with At-Risk programming, more attention must be paid to special education students. Generations of Kansas students have grown old waiting for the federal government to fulfill its 1974 stated funding promise. It seems probable that generations more will have the same long wait. Rather than waiting or being satisfied with the current recommended funding of 80% of excess costs proposed by the governor, the liE plan will increase this percentage of excess cost funding to 85% in

FY 2006 and 88% in 2007.

9. Math and Science Innovation Initiative

It is without question that our economic future in Kansas will rest upon an educational foundation of math and science. With over half of the world's annual Gross Domestic Product now being generated by technological innovation, it is essential that Kansas create an environment of educational achievement and innovation in math and the sciences. In fact, the Kansas Economic Growth Act of 2004 clearly anticipates that our state and its students will be prepared to achieve in the burgeoning world of technological advancement.

In order to create and maintain this emphasis on math and science education, the **Investment in Excellence** proposal will create the Kansas Math and Science Education Plan.

1. The Science and Math Teacher Service Scholarship Program:
Scholarships of up to 70% will be available to students in the teaching disciplines of mathematics and science for any of the grades six through 12. The students must be residents of Kansas, graduate from a Kansas University, and commit to teaching in a Kansas school.
2. The Science and Math Business Partnership:
This initiative would offer incentives for businesses to partnership with school districts to hire degreed science and math teachers. Tax credits would be available to businesses for salaries paid over the summer months. Tax credits would be 25% in typical districts and 30% in rural, underserved, or underperforming districts.
3. The Kansas Academy of Math and Science:
The mission of the Kansas Academy of Math and Science, a residential early admission college program, is to provide an accelerated education for bright, motivated Kansas junior and senior high school students who have demonstrated an interest in pursuing careers in mathematics and science. The Academy also seeks to provide its students with the companionship of peers, to encourage students to develop creativity, reasoning ability, and self-discipline that lead to independent thought and action, and to aid students in developing the integrity that will enable them to benefit society.

10. Property Tax Lock-Box

An unfortunate aspect of the proposed current FY2006 budget for K12 education is the shifting of moneys from property tax valuation increases in the statewide education property tax levy to non-education components of the state budget. The liE proposal will reverse this shift in FY 2006, and will create an **Education Property Tax Lock-Box** into which all revenues derived from the statewide property tax levy for schools will be deposited.

Financing:

1. The sources used to fund this proposal are important in the sense that they do not depend on a mandatory state tax increase.
2. Pursuant to point 1, a four part funding strategy is available:
 - a. FY 2006 SGF funding is \$101.4MM above the Governor's recommendation. These funds will come from a combination of projected revenue growth and ending balances.
 - b. Reallocation of \$10MM in FY2006 and \$20MM in FY2007 would come from Tobacco Funds.
 - c. The specific three-year annual stair-step funding commitment to reach a statewide average of \$10,000 TFPP by FY 2008 will come from growth in the state general fund receipts and local and federal funding sources.
 - d. Locally generated sales and income tax to provide funding for local **Investment in Excellence** initiatives.
 - e. Education Funding Lock Box for FY 2006 to dedicate \$50,000,000. All growth in the statewide 20 mil will automatically be dedicated to the TFPP in future years.

(This document can be found at the Representative Wilk's website:
kennywilk.com Select the "Investment in Excellence" link.)

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Rm. 545N-Statehouse, 300 SW 10th
 Topeka, Kansas 66612-1504
 (785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.state.ks.us

<http://www.kslegislature.org/klrd>

February 9, 2005

To: Representative Kenny Wilk
 Senator Nick Jordan

From: Kathie Sparks, Principal Analyst *KLS*

Re: School Finance Proposal

KAW

Per your instructions, the following is a cost estimate for the increases you indicated on Tuesday, February 8, 2005.

	FY 2006	FY 2007	Total
New State Dollars Per Pupil	\$251	\$219	\$470
BSAPP	\$112	\$70	
Cost	\$65.1 million	\$40.4 million	\$105.5 million
At-Risk	.12	.14	
Cost	\$10.7 million	\$10.9 million	\$21.6 million
Bilingual	.3	.4	
Cost	\$5.5 million	\$5.9 million	\$11.4 million
Special Education	85%	88%	
Cost	\$17.7 million	\$24.0 million	\$41.7 million
Voc. Ed. Changes			
Cost	(\$5.5 million)	(\$25.0 million)	(\$30.5 million)
LOB at 25%	\$6.4 million	\$3.8 million	\$10.2 million
LOB at 27%		\$14.4 million	\$14.4 million
Teacher Mentoring	\$1.0 million	\$2.0 million	\$3.0 million
Kansas Academy of Math & Science	\$.5 million	\$.6 million	\$1.1 million
Skills for Success (Tobacco Funds)	\$10.0 million	\$20.0 million	\$30.0 million
Total	\$111.4 million	\$97.0 million	\$208.4 million

Total Funds Per Pupil (TFPP)				
School Year	State Aid	Federal Aid	Local Revenue	Total Expenditures
1993-1994	\$ 3,359	\$ 314	\$ 2,314	\$ 5,987
1994-1995	\$ 3,536	\$ 319	\$ 2,298	\$ 6,153
1995-1996	\$ 3,627	\$ 340	\$ 2,400	\$ 6,367
1996-1997	\$ 3,631	\$ 407	\$ 2,517	\$ 6,555
1997-1998	\$ 4,047	\$ 422	\$ 2,359	\$ 6,828
1998-1999	\$ 4,533	\$ 451	\$ 2,238	\$ 7,222
1999-2000	\$ 4,704	\$ 492	\$ 2,388	\$ 7,584
2000-2001	\$ 4,816	\$ 584	\$ 2,624	\$ 8,024
2001-2002	\$ 4,941	\$ 697	\$ 2,852	\$ 8,490
2002-2003	\$ 5,124	\$ 766	\$ 3,004	\$ 8,894
2003-2004	\$ 4,793	\$ 850	\$ 3,593	\$ 9,236
2004-2005	\$ 5,372	\$ 880	\$ 3,228	\$ 9,480
2005-2006	** \$ 5,623			** \$ 9,812
2006-2007	** \$ 5,842			** \$ 10,155
2007-2008				** \$ 10,511
2008-2009				** \$ 10,879
2009-2010				** \$ 11,259
2010-2011				** \$ 11,653
2011-2012				** \$ 12,061
2012-2013				** \$ 12,483
2013-2014				** \$ 12,920
2014-2015				** \$ 13,372
*1993-1994 through 2003-2004 figures are actual *2004-2005 are estimated figures of current school year **2005-2006 through 2014-2015 figures are targeted by "Investment in Excellence" proposal				