

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:35 p.m. on January 10, 2007, in Room 123-S of the Capitol.

Committee members absent: Greta Goodwin- excused

Committee staff present: Sharon Wenger, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Katrin Osterhaus, Senior Auditor, Legislative Division of Post Audit

Senator Vratil requested the introduction of a bill which would repeal the one-year sunset on the non-proficient at-risk provision adopted during the 2006 Legislative Session. He also requested the introduction of a bill which would provide that school districts be required to have only a 25 percent local option budget in order to access cost of living and declining enrollment (Under current law, school districts must be at the maximum authorized local option budget in order to access cost of living adjustment and declining enrollment).

Senator Vratil moved to introduce both bills, seconded by Senator Pine. The motion carried.

Senator Schodorf turned the Committee's attention to the minutes of the January 9 meeting. Senator Teichman moved to approve the minutes of the January 9 meeting, seconded by Senator Vratil. The motion carried.

Sharon Wenger, Kansas Legislative Research Department, gave an overview of the conclusions and recommendations for elementary and secondary education made by the Legislative Educational Planning Committee (LEPC) in 2006. In addition to discussing the ten bills which the LEPC recommended for introduction in 2007, she outlined other LEPC recommendations as summarized on pages 12-3 and 12-4 of the December 2006 report on joint committees prepared by the Kansas Legislative Research Department. (Attachment 1)

Katrin Osterhaus, Senior Auditor, Legislative Division of Post Audit, reviewed a two-part performance audit report entitled, "K-12 Education: Reviewing Free-Lunch Student Counts Used as the Basis for At-Risk Funding." Copies of the report can be obtained from the office of the Legislative Division of Post Audit located at 800 SW Jackson, Suite 1200, Topeka, Kansas.

At the outset, Ms. Osterhaus explained the two ways students can become eligible for free lunches through the National School Lunch Program. She further explained that Kansas distributes at-risk funding based on the number of students eligible for free lunches in each district. She went on to discuss the following questions addressed in part one of the audit: (1) Does the count of free-lunch students used for at-risk funding accurately reflect the number of students who are eligible for the program? and (2) How does the number of free-lunch students reported by districts compare with poverty estimates compiled by the U.S. Census Bureau? With regard to question 1, she reported that about 17 percent of the free-lunch population is ineligible. In addition, she reported that about 6,900 students statewide may have been eligible for free lunches, but their families did not apply. She noted that the free-lunch counts used for at-risk funding also may include a number of students the Legislature did not intend to fully fund. She then identified additional problems with the Department of Education's free-lunch reviews that, if addressed, could produce a more accurate account. With regard to question 2, she reported that, for 2003-04, Kansas had 54,000 more free-lunch students than adjusted U.S. Census estimates would suggest. She noted that the free-lunch count is significantly higher than the adjusted Census estimate primarily because the count includes many ineligible students. She explained that the Census Bureau's district-level poverty estimates have several limitations because of the way they are produced. She then discussed the following questions addressed in part two of the audit: (1) How does the number of free-lunch students in Kansas compare with the number of students who receive at-risk services?

CONTINUATION SHEET

MINUTES OF THE Senate Education Committee at 1:35 p.m. on January 10, 2007, in Room 123-S of the Capitol.

and (2) What is the basis for funding at-risk services in other states? She explained that free-lunch counts are used to determine the amount of state funding each district receives for at-risk services, but every Kansas school district develops its own criteria for identifying students who are at risk of failing academically and need additional services. With regard to question 1, she reported that the Kansas Department of Education does not have a reliable count of students receiving at-risk services. In addition, she reported that there is little relationship between the students used to fund at-risk services and the number of students who receive at-risk services. With regard to question 2, she reported that all states use some measure of poverty as the basis for distributing at-risk funding.

In conclusion, Ms. Osterhaus noted that both parts of the audit resulted in a series of recommendations to the Department of Education, basically to make the free-lunch count as accurate as possible, given the existing federal limitations. In addition, it was recommended that the Department collect consistent counts of students receiving and needing at-risk services simply because that information is currently not gathered. It was also recommended that the House and Senate Education Committees hear testimony on instituting an age limit for free-lunch students and moving to a free-lunch count by FTE. Committee discussion followed, and Ms. Osterhaus responded to questions raised by the Committee relating to the performance audit reports.

The meeting was adjourned at 2:30 p.m.

The next meeting is scheduled for January 16, 2007.

**SENATE EDUCATION COMMITTEE
GUEST LIST**

DATE: January 10, 2007

NAME	REPRESENTING
Barb Hinton	Post Audit
Katlyn Ostokus	" "
Scott Frank	" "
BILL Brady	SFFF
Mark Tallman	KASB
Dodie Wellshear	USA
Gayle Shan	KACT
Mike Reebert	Hackes Braden
Collin Rockfelle	Sen Terikman Tutor
BILL REARDON	KC Ks. Public Schools
Ron Seiber	His Law Firm
Katie Zubary	Kearney & Associates
Doug Bowman	CCECDs
TERRY FORSYTH	KNEA
Diane Gjerstad	Wichita Public Schools
Karl Peterjohn	Kansas Taxpayers Network

Report of the
Legislative Educational Planning
Committee to the
2007 Kansas Legislature

CHAIRPERSON: Representative Kathe Decker

VICE-CHAIRPERSON: Senator Jean Schodorf

OTHER MEMBERS: Senators Marci Francisco, Roger Pine, Mark Taddiken, Ruth Teichman, and John Vratil; and Representatives Barbara Ballard, John Faber, Deena Horst, Steve Huebert, Eber Phelps, and Jo Ann Pottorff

STUDY TOPICS

- Elementary and Secondary Education

December 2006

*Senate Education Committee
1-10-07
Attachment 1*

Legislative Educational Planning Committee

ELEMENTARY AND SECONDARY EDUCATION

CONCLUSIONS AND RECOMMENDATIONS

The Legislative Educational Planning Committee recommends ten bills for introduction during the 2007 Session. The legislation would:

- Extend the Technical College and Vocation School Commission another two years and require that the Commission make annual reports to the Committee.
- Create the English for Speakers of Other Languages Task Force, a nine member entity whose charge would include considering how preparing teachers to teach English Language Learners could be incorporated into the basic teacher education curriculum. The Task Force would exist for two years and report annually to the Committee.
- Prohibit a public agency, including the State of Kansas, any department, agency, board, or school district, from spending public money to adopt, implement, or enforce school accreditation guidelines or standards which establish or are based upon a requirement of student performance or student proficiency. In addition, provide that a program begun or expanded with federal funding could be eliminated or reduced if the federal funding is eliminated or reduced.
- Consolidate four existing teacher education programs into the Comprehensive Teacher Scholarship Program, as proposed by the Kansas Board of Regents.
- Create a new program to award grants to state universities for projects that would benefit teachers and teacher preparation.
- Reconcile a conflict between two enactments of the Legislature to allow state universities both the flexibility to convert their classified staff to University Support Staff and to raise annual leave and discretionary leave for classified staff up to the level offered to unclassified personnel.
- Create the Nurse Educator Scholarship Program by statute, rather than by proviso.
- Give the Kansas Board of Regents and the state universities the authority to transfer property to state university endowment associations or other investing agents.
- Expand current state law that exempts from state construction and contracting laws capital improvements projects using private moneys of \$1.0 million or less. The proposed legislation would eliminate the \$1.0 million limit and expand the source of revenues exempted to include restricted fees collected by universities for construction and renovation of state educational institutional buildings.
- Increase the monthly stipend for the Medical Student Loan Program from \$1,500 to \$2,000 and allow third- or fourth-year students to be eligible to participate in the program retroactively.

HB 2014
P. 12-18
12-22

HB 2015
Vratil ↓
Huebert

SB 22
P. 12-29

SB 23
P. 12-29

SB 21

SB 25
P. 12/24, 25

HB 2016
P. 30

HB
P. 30

SB 20
P. 30 & 31

In addition, the Committee recommends the following:

- Consideration by the Legislature of the creation of a commission or task force to review services for individuals with autism up to the age of adulthood for purposes of identifying the most effective treatment methods and transition services following the completion of school. p. 5, 6, 7
- Ongoing monitoring by the Committee of Medicaid payments to school districts for medical services to special education students, including reports from the Kansas Health Policy Authority on its efforts to resolve disputes with the United States Health and Human Services Office of the Inspector General and on its efforts to reduce or eliminate a fee charged school districts by the Authority for its services in administering the reimbursement program.
- General endorsement of the recommendations of the At-Risk Council, including the recommendation that the Non-Proficient At-Risk Weighting be extended beyond its current statutory termination date of June 30, 2007. Vratil
p. 15, 16, 17
- An ongoing effort by the Legislature to make three-year appropriations for general, supplemental general, and special education state aid in order to give school districts a longer planning horizon. p. 17 + 18
- Consideration by the Legislature of various proposals concerning the mission, governance, and funding of technical education. p. 19
- The addition of \$34.0 million in FY 2008 and another \$34.0 million in FY 2009, for a total of \$102.0 million including the existing FY 2007 base of \$34.0 million, for postsecondary state aid for technical schools and colleges. p. 19
- Support for the Kansas Board of Regents to look at ways teacher education programs at the state universities could be restructured to prepare teachers to meet the needs of a growing number of Kansas students who are English Language Learners. p. 27 + 28
- Encouragement for the appropriate standing committees of the Legislature to review the policies of the Department of Social and Rehabilitation Services (SRS) regarding administrative fees charged to administer various Medicaid reimbursement programs to consider whether the fees could be reduced or eliminated.
- Encouragement for the Joint Committee on State Building Construction, the Senate Ways and Means Committee, and the House Appropriations Committee to review the Board of Regents' facilities request and perhaps develop a multi-year plan to address the building needs of the campuses. p. 31 + 32

Proposed Legislation: The Committee recommends the introduction of ten bills.

BACKGROUND

The Legislative Educational Planning Committee (LEPC) is a statutorily-authorized committee with jurisdiction over preschool,

elementary, secondary, and postsecondary education. The Committee is charged statutorily with monitoring the implementation and ongoing operation of the Kansas Higher Education Coordination

Act (KSA 74-3201 *et seq.*). Legislation enacted by the 2005 Legislature changed the Committee's role to exclude matters relating to school finance from its purview. This action eliminated duplication between the LEPC and the 2010 Commission, a new entity created by the 2005 Legislature which is responsible for monitoring school district funding.

The LEPC consists of seven House members and six Senate members appointed by the Legislative Coordinating Council (LCC). The Committee may initiate its own studies or be assigned proposals by the LCC. The LCC assigned the Committee the following three studies during the 2006 Interim:

- A review of scholarships with service obligations that are administered by the Kansas Board of Regents, including scholarships administered by the University of Kansas Medical Center and the Kansas State University Veterinary Medical Center.
- A review of existing therapy programs for autistic children and the need to improve or expand such services to achieve early intensive intervention for children with autism.
- A review of 2006 SB 596 which deals with state educational performance standards for students and a consideration of the consequences of modifying the standards in terms of federal funding.

Elementary and Secondary Education

Services for Autistic Children

The LCC directed the Committee to review services for autistic children at the initiative of Senator Dennis Wilson on behalf of Dr. Michael Wasmer, the parent of an autistic child. Dr. Wasmer told the Committee that families of autistic children

face the following obstacles:

- **Early and Accurate Diagnosis.** Early diagnosis of autism is critical, but the two places in Kansas where diagnoses are made are the Developmental Disabilities Center at the University of Kansas Medical Center and the Section of Developmental and Behavioral Sciences at Children's Mercy Hospital. Both facilities have waiting lists of about four months.
- **Early and Appropriate Intervention.** Dr. Wasmer cited research findings which report effective treatment of children with autism when children have early and intensive therapy. However, according to Dr. Wasmer, the Infant and Toddler Program, which is the point of entry for most newly diagnosed children with autism, does not always fully inform parents of best practices for autistic children and instead provides substandard therapy.
- **Insurance.** Parents who decide to pay for services directly often incur expenses in excess of \$30,000 a year, which insurance companies usually do not pay. Companies also do not pay for related services, such as speech and occupational therapy.
- **School District Special Education Programs.** According to Dr. Wasmer, most school districts are not prepared to provide intensive programs for autistic children, primarily because of the cost.
- **Shortage of Trained Personnel.** The University of Kansas has two programs that train providers of educational services to autistic children—the Department of Applied Behavioral Sciences and the Department of Special Education. The State Board of Education licenses only graduates of the Department of Special Education to work in the public school system and recognizes only them for special

education reimbursement, but, according to Dr. Wasmer, it is often graduates of the Department of Applied Behavioral Sciences who provide intensive services to autistic children paid for by their families.

Dr. Wasmer requests that the Legislature enact legislation to do the following:

- Create a **Legislative Autism Task Force** to recommend best practices for autistic children; align agencies that provide services for autistic children; access existing services for screening, diagnosis, and treatment for autistic children; and address the need to increase the pool of qualified professionals and paraprofessionals who can provide intensive behavioral therapy.
- Create an **Autism Insurance Task Force** to investigate insurance coverage of services for autistic children.
- Create an **Autism Registry** to provide accurate numbers of people with autism in Kansas in order to budget accurately for the cost of services, to improve current knowledge and understanding of autism spectrum disorders, and allow for complete epidemiologic surveys of the disorder.
- Provide an **additional funding source** for programs that provide evidence-based intensive behavioral therapy, including home-based programs provided by parents.
- Increase the **pool of qualified service providers** by enacting a scholarship program with a service commitment in order to encourage behavior analysts to stay in Kansas. In addition, encourage the State Board of Education to acknowledge officially behavior analysts in its certification process.

Regarding the latter recommendation, the State Board of Education licenses teachers as “adaptive special education teachers,” who are qualified to work with all children who have learning problems and needs in the mild through moderate range, and as “functional special education teachers,” who are qualified to work with children who have learning problems in the severe through profound range. These two categories of teachers are employed by school districts, are qualified to work with autistic children, and are counted for special education state aid reimbursement.

Behavior analysts currently can be hired by a school district as consultants, but do not generate special education reimbursement. However, the State Department of Education has developed a proposal which will be presented to the State Board for its consideration. The proposal would allow State Board certification for individuals who hold graduate degrees in applied behavior analysis and who are certified by the Behavior Analyst Certification Board. To be certified, the individual would have to complete a specified number of graduate level courses, meet experience requirements, and pass an examination. A certified individual would be eligible to work with autistic children as a specialist or related services provider in a school district or cooperative and could be counted for special education state aid reimbursement. If the State Board approves the proposal, it would take effect in the 2007-08 school year.

Another initiative is a proposal by SRS. The proposal would address the need for respite care, parent support and training, attendant care, social skills training, behavioral intervention, therapeutic daycare, and case management. Under the proposal, the Department would explore the option of obtaining a Medicaid waiver to allow services for children to be provided without regard to parental income and also to waive certain requirements in order to provide more services. Funding provided under the

program could not be used for services which other agencies already must provide.

COMMITTEE RECOMMENDATION

The Committee recognizes the importance of early intervention for children who have been diagnosed with autism and understands that an increasing number of children are being diagnosed with autism. The Committee agrees that more information is needed about the condition and appropriate treatment options. For that reason, it recommends that the Legislature consider the creation of a commission or task force to review services for individuals with autism up to the age of adulthood for purposes of identifying the most effective treatment methods and transition services following the completion of school; investigate ways to fund services for persons with autism, including insurance coverage, Medicaid payments, and any other revenue sources; and create an Autism Registry to provide an accurate count of people with autism in order to identify the need for services.

The Committee also encourages SRS to pursue the option of obtaining a Medicaid waiver to allow services for children to be provided without regard to parental income and to waive certain requirements in order to provide more services.

School District Audit Report on School District Personnel Shortages

Staff from the Legislative Division of Post Audit presented a performance audit entitled *Reviewing Issues Related to Developing and Retaining Teachers and School Principals*. According to the audit, almost 6 percent of all teaching positions in Kansas are vacant or are not filled by a fully qualified teacher. The term "fully qualified" can mean several things, but usually means the lack of one or more requirements, the most common being a proper teaching endorsement for the individual's assignment. The most severe

teacher shortages are in high-poverty districts, where 8.6 percent of all teaching positions are vacant or filled by teachers who are teaching out-of-field. Southwest Kansas has the greatest shortage (8.5 percent). By subject area, shortages are worse for special education (17.2 percent) and foreign language (11.2 percent).

About 16 percent of Kansas teachers change jobs each year (the same as the national percentage), with almost 9 percent leaving the system and more than 7 percent moving between schools. Attrition is worse among high-poverty districts (a 10 percent attrition rate compared to 8 percent elsewhere). Teachers in Kansas tend to move from west to east and away from rural and high-poverty districts.

Other findings in the audit include the following:

- Kansas' starting salary for teachers ranked 6th nationally in school year 2004-05, but salaries for experienced teachers ranked about 36th, with the overall salaries for Kansas teachers being 33rd nationally after adjusting for regional cost differences. The auditors concluded that these statistics could indicate that the long-term earning potential for Kansas teachers is limited.
- Annual salaries for Kansas teachers are low compared to similar professions, but hourly pay is comparable.

Several of the key findings based on the Kansas survey relate to leadership. For example, "teacher leadership" was cited by 36 percent of the respondents as the aspect of the work environment that most affected their willingness to remain teaching at their school, an aspect selected over "time during the work day" (16 percent), "school facilities and resources" (22 percent), "teacher empowerment" (22 percent), and "professional development" (4 percent). On another question, "support from school

administrators" was selected by 58 percent of the respondents as the most important influence on their future plans, over such influences as "teaching assignment" (43 percent), "salary" (42 percent), and "cost of living in the community where the school is located" (24 percent). The second highest influence was "effectiveness with the students I teach", selected by 52 percent.

Most interesting was the difference in perception between teachers and principals regarding leadership, with principals grading themselves higher on each item indicated. For example, 88 percent of the principals who responded said that there is an atmosphere of trust and mutual respect within the school, compared to 60 percent of teachers. Ninety-five percent of the principals said school leadership consistently enforces rules for student conduct, compared to 53 percent of the teachers.

COMMITTEE RECOMMENDATIONS

Elsewhere in this report, the Committee makes specific recommendations concerning teacher scholarships and the need for teachers of English Language Learners. The Committee considers that the Post Audit study serves to reinforce some of its concerns about the need to recruit and retain highly qualified teachers in hard-to-fill teaching disciplines, in parts of the state where there are teaching shortages, and in high-poverty school districts. In particular, the Committee is aware that an upcoming shortage of teachers may be critical and notes the importance of teacher mentoring, professional development, and other factors that contribute to a positive work environment, factors that will become increasingly important as the aging workforce retires and new teachers need to be hired.

Survey of Kansas Teachers and Principals

The Committee received a report from the Kansas-National Education Association concerning working conditions of teachers and administrators. A survey, entitled "Teacher Working Conditions" (TWC), was administered to educators across the nation and has been used to implement funding and policy changes in a number of states.

The survey shows that working conditions have a bearing on student achievement and teacher retention. Among the most important findings to emerge from TWC research are the following:

- Teacher working conditions are an important indicator of student achievement, an example being that higher school leadership correlates with a higher number of students at or above grade level.
- Teacher working conditions make a difference in teacher retention.
- Leadership is critical to improved teacher working conditions. Working conditions also are viewed differently by teachers and administrators: In every state in which the survey has been given, teachers rate their working conditions one full point lower than school administrators.
- Teachers view working conditions similarly, regardless of years of experience, degree level, or other variable.

Development and Implementation of Kansas Early Learning Guidelines

Kansas agencies that provide services to children, including SRS, the State Department of Education, the Department of Health and Environment, and other partners have developed the "Kansas Early Learning

Guidelines and Standards.” Guidelines and Standards will provide a common language and understanding for all early educators to use regarding children’s learning expectations, accomplishments, and capabilities. The collaborative effort will provide a framework for curriculum development and selection and is designed to help prepare children to enter school ready to learn.

COMMITTEE RECOMMENDATION

The Committee is pleased with the progress that has been made to develop the Kansas Early Learning Guidelines and Standards and looks forward to its full implementation. The Committee commends the agencies that worked together over a period of years for their efforts.

School District Nutrition Programs

Legislation enacted by the United States Congress requires “local wellness policies” that must be implemented by July 2006. Legislation enacted in Kansas directs the State Board of Education to develop nutrition guidelines for all foods and beverages made available to students in public schools during the school day. These guidelines must address providing healthful foods and beverages, physical activities, and wellness education with the goal of preventing and reducing childhood obesity.

The State Board of Education developed three levels of goals: basic (which meet the federal requirements for food service programs), advanced, and exemplary. It is up to local boards of education to select their own wellness policy. The only requirement is that they have a policy and that, in developing it, they take into account the State Board’s guidelines.

The State Department of Education held 12 training sessions around the state to educate food service workers and other school personnel about the guidelines.

These sessions were sponsored by the Kansas Health Foundation and were attended by more than 1,100 persons.

Activities underway in school year 2006-07 include the development of a new website which links the guidelines to additional resources and ongoing technical assistance from the State Department of Education.

Educational Programs for Children with Cochlear Implants

The issue of how to educate deaf students has its historical roots in two philosophies of how to deal with deafness—sign language and spoken communication. Controversy as to which is better—manualism or the oral method—has resulted in debates over the years and the division of some educators into two camps, some advocating one method and some advocating the other.

The specific topic before the Committee was educating children with cochlear implants. “Cochlear implants” were defined as follows:

A cochlear implant is a surgically implanted electronic device that can help provide a sense of sound to a person who is profoundly deaf or severely hard of hearing. Unlike hearing aids, the cochlear implant doesn’t amplify sound, but works by directly stimulating with electrical impulses any functioning auditory nerves inside the cochlea. External components of the cochlear implant include a microphone, speech processor, and transmitter.

The Committee learned that cochlear implants can be controversial and have tapped into the old disagreement about which mode of communication is best. According to one conferee, this is because the medical model views deafness as a

disability that requires a "fix," while the cultural model views deaf people as a cultural minority with its own language, history, and heritage.

The Kansas School for the Deaf supports a bilingual approach to educating deaf children and uses American Sign Language as the child's first language, with the development of English as a second language through reading, writing, and spoken language. The School supports the position that children with cochlear implants may become efficient oral communicators for social situations, but need sign language for critical or abstract thinking, problem solving, and assimilating new information.

A conferee before the Committee, Ruth Mathers, Campus Director of the St. Joseph Institute for the Deaf in Kansas City, described the Institute's program, which is based completely on oral communication. The maximum amount of time a child stays at the Institute is six years. Ages of the children served range from three to nine years and half of the 60 students at the Institute have come from school districts.

Ms. Mathers told the Committee that advancements in technology, including cochlear implants, provide a greater opportunity for deaf children to grown up in a hearing world. In her opinion, an auditory-oral education allows children to be placed in the local school setting at an early age with minimal support services. However, many school districts continue to emphasize sign language, in part because newly-trained teachers cannot provide auditory-oral services.

A public school special education director, Neil Guthrie, Division Director of Special Education/Support Services for USD 259 (Wichita), also discussed educational programming for children with cochlear implants. Mr. Guthrie said school districts are enrolling more students with cochlear implants because early identification of hearing loss is finding children at a younger

age who will benefit from the implants and physicians are making parents aware that early implantation may help a child enter school with near-age appropriate speech and language skills. As a result, more parents may ask school districts to provide their children with speech and listening skills as opposed to sign language. He noted that school districts are not financially responsible for providing surgically implanted devices for students with disabilities.

Mr. Guthrie acknowledged that controversy exists as to the proper method of educating children with cochlear implants. He said school districts must work with a variety of children who have different needs and cannot wed themselves to a single service delivery model. He said if cochlear implants are not done early enough, the child cannot be educated using the auditory-verbal method exclusively and some sign language must be used. He said his school district currently is looking for a teacher for a group of deaf students who will be taught using the auditory-verbal method, but one of the most difficult problems a school district faces is parents who demand only one teaching method and refuse to allow the district to use an alternative method. He said his school district tries to accommodate parents who want their deaf children educated using only the auditory-verbal method, but he said the district cannot guarantee that the child will not be around deaf children who use sign language.

Interlocal Agreement Proposal in Doniphan County

Two identical bills were introduced during the 2006 Session which would have authorized school districts to enter into interlocal agreements in order to operate shared schools. One bill, SB 2625, was introduced by Representative Jerry Henry to facilitate agreements for school districts in Doniphan County, although the policy had statewide applicability. Under both bills, participating districts would have had

authority to combine their assessed valuation for the calculation of the payment of the cost of new facilities and to divide debt evenly among the participants. The bills included a procedure for the issuance of bonds for capital projects, subject to protest and election.

HB 3012 was introduced by the House Select Committee on School Finance, which amended the bill to require an election prior to the issuance of any bonds; to provide that, if a majority of the voters in the participating districts voted in the aggregate to approve the bond issue, each district could issue the bonds; to provide that the aggregate amount of outstanding bonds issued by each district would be subject to a statutory debt limit; to provide that the debt service for any new facilities would be divided proportionately among the districts based upon the enrollment of each district; to provide that the combined assessed valuation of the participating districts may be used when calculating the amount of state aid for bond and interest; and to limit the school facilities weighting to two years.

HB 3012 was further amended on House General Orders to, among other things, require the closing of at least one school in each of the participating districts and eliminate the requirement that a school administrator be employed to administrate at the shared schools.

Neither bill was enacted by the 2006 Legislature. After the 2006 Session ended, Representative Henry notified the Committee that representatives of the school districts in Doniphan County had reached a new agreement. Because the agreement was not final and could not be presented to the Committee, he said it was his intention to introduce legislation to authorize the agreement during the 2007 Session.

Kansas Blue Ribbon Schools

The "Blue Ribbon Schools Program," which is part of the No Child Left Behind

Act, recognizes outstanding public and private schools that are making significant progress in closing the achievement gap. Schools qualify in one of two ways: They can serve at least a 40 percent disadvantaged population with dramatically improved student performance scores in reading and mathematics, or they can score in the top 10 percent of schools in the state in both reading and mathematics, regardless of demographics. There are 250 Blue Ribbon Schools nationwide, of which the following five are in Kansas.

USD 233 (Olathe)–Westview Elementary. Westview Elementary was labeled a failing school six years ago. Approximately 45 percent of the students are on the free lunch program and 15 percent on reduced lunches. The staff resolved to turn the school around and adopted several strategies. One was to become data-driven and to focus on improvement. Another was to target areas in which improvement is needed and teach those areas in each grade.

The school implemented after-school reading, math, science, and Spanish clubs and developed programs to encourage more parental involvement, such as Family Learning Nights. The school has Professional Learning Communities (PLCs), which employ a type of team teaching that, depending on the circumstance, brings together the several teachers who work with an individual child, along with supporting staff such as the school nurse or counselor, in order to identify the best way to help the student succeed. Implicit in the concept of PLCs is the need to give PLCs adequate time to meet and plan and to have high quality professional development programs in place. An outgrowth of PLCs is better focus on student needs and staff collaboration and teamwork.

USD 234 (Fort Scott)–Eugene Ware Elementary. In 2000, no reading scores in the school were equal to or above the state averages and only two of 24 mathematics

scores were equal to or above the state averages. A new principal had just assumed her position and she set about to improve student achievement. Among the strategies she used were the following:

- Have the staff function as a family unit united in purpose and effort.
- Have the staff realize the value of each person's part in the success on assessments.
- Have the staff be confident that the "teacher next door was capable of doing everything that I do."

The school became "data conscious" in school year 2000-01; began PLCs in school year 2001-02; implemented new reading and math programs in school year 2002-03 and provided training for the entire staff; implemented additional programs in school year 2003-04 and added one-hour common planning times for each grade level; and in school years 2004-05 and 2005-06 created extended-day learning opportunities and continued grade level and cross grade level collaboration. As a result of these efforts, 100 percent of the students scored at "Proficient" and above on the 2005 Kansas Mathematics Assessment and 95 percent scored at "Proficient" and above on the 2005 Kansas Reading Assessment.

USD 402 (Augusta)-Garfield Elementary. A strategy the school developed is after-school tutoring, which is small groups of three to five students who obtain individualized instruction that targets specific learning needs. Tutoring is provided by a team of three teachers for each grade level and attendance for a student who is struggling is mandatory. Future plans include fitting the tutoring into the school day, directing more attention to students with Individual Learning Plans (ILPs), and implementing more early intervention programs to address emotional issues that affect learning.

USD 470 (Arkansas City)-Francis Willard Elementary and IXL Elementary. The district enrollment is comprised of 35 percent minority students and 61 percent students on free and reduced lunches. Because of the high at-risk population, the district decided it needed to develop a district-wide strategic plan which addressed facilities, staff, student achievement, student life issues, technology, and other components of elementary-secondary education. The plan, adopted by the local board in November 2004, identifies activities necessary to achieve each goal, the person accountable for the activity, when the activity will be implemented and completed, what resources will be needed, and how progress will be measured.

Preliminary data for fall 2006 indicate that all schools are meeting adequate yearly progress, a marked improvement over 10 years ago when only one in three students was reading at grade level and math scores were declining. The turn-around is attributed to strategic planning, data-driven educational designs, and professional development which involves outside experts and "internal experts" who work with other teachers.

USD 233 (Olathe)-Regency Place Elementary. One of the school's strategies is "vertical teaming," whereby teachers meet with teachers in one grade level below and one grade level above. Vertical teaming helps teachers integrate what they are teaching into a more seamless learning experience for the child and better prepare students for the next grade.

COMMITTEE RECOMMENDATION

The Committee is proud that five Kansas schools were selected as this year's Blue Ribbon Schools and applauds them for their accomplishment. In reviewing their presentations, the Committee noted both similarities and differences among the schools and believes that what the schools

have done to attain distinction serves as models for other schools to follow. The Committee also commends the administrators and teachers at the schools for the personal and professional efforts they have made to create learning environments that help all students perform better.

Medicaid Payments to School Districts

School districts are eligible to receive Medicaid reimbursement for medically necessary services in a school setting. At one time, schools received the money on a fee-per-service basis, which was costly and time-consuming to claim. As a result, many districts could not afford to calculate the reimbursement they were due.

To make it easier for districts to receive reimbursement, "bundled" rates were approved so that, for each of 15 separate categories of disabilities, school districts receive a flat rate reimbursement. In Kansas, the program formerly was administered by SRS. It now is administered by the Kansas Health Policy Authority. At the federal level, the Medicaid program is overseen by the Centers for Medicare and Medicaid Services. To ensure that programs in Kansas are compliant with federal Medicaid and Medicare rules and regulations and with the Kansas plans for Medicaid and Medicare, audits are conducted by the United States Health and Human Services Office of the Inspector General (OIG).

The immediate issue before the Committee was that five OIG audits of school districts and Medicaid payment policies have identified problems. Some of these audit findings have resulted in Kansas refunding Medicaid payments; others currently are being appealed. All of the audit findings pertain to payments prior to FY 2003.

A summary of the audits and an explanation by the Chief Financial Officer for the Kansas Health Policy Authority of action currently being taken are as follows:

- **School District Administrative Functions.** Beginning in FY 2001 and through April 2005, 156 school districts in Kansas received a total of \$9.7 million to perform administrative functions such as outreach, eligibility intake, information and referral, health service coordination and monitoring, and interagency coordination. Based on an audit of \$2.8 million in Medicaid reimbursements made in FY 2002 to four school districts, OIG concluded that errors were made that resulted in the districts receiving \$293,182 for which they did not qualify.

Kansas officials do not agree with the finding because the particular requirement cited in the audit was not a requirement until FY 2003.

- **Application of Bundled Rates.** During the period from FY 1998 through FY 2003, bundled rate payments were made for the entire year, not for the nine months of the typical school year, resulting in an overpayment of \$13.9 million.

Kansas officials agree that the rate payments should have been made only for a nine-month period. A subsequent reimbursement to Kansas was reduced to adjust for the excess payment.

- **Claimed Costs for School-Based Health Services.** An OIG audit of 300 claims submitted by three school districts found that the districts provided incorrect or inadequate instructions to local school districts on submitting claims, resulting in claims that were unallowable because services were not rendered or the claims did not include the required prescriptions or referrals. According to OIG, many services lacked documentation for items such as place of service, type of service rendered, and units of service provided. OIG contends that, for the three districts, \$5.1 million in Medicaid reimbursement should be

refunded. Further, it recommends that Kansas assume the same incidence of error statewide and calculate an amount that should be refunded for all districts in the state.

Kansas officials are challenging the finding for several reasons. First, they do not believe a physician's order is required for some of the services deemed unallowable, as OIG contends, and they do not believe the findings for the three districts are representative of the state as a whole. To ensure that school districts are fully aware of federal requirements, Kansas officials have provided increased oversight of school districts regarding supporting documentation of claims and have provided additional billing instructions.

- **Inflation Adjustment of Bundled Rates.** OIG found that Kansas did not periodically adjust the bundled payment rates for inflation in the manner required, resulting in overpayments to school districts from FY 1998 through FY 2003.

Kansas officials agree that the appropriate inflation rates were not used, although the rates used were not applied each year, meaning that, overall, the state probably received less Medicaid reimbursement than it was entitled to, rather than more. Presently, the state is working with the federal government to determine if the rates should be adjusted or recalculated and to refund any identified overpayments.

- **Development of Bundled Rates.** The bundled rates in Kansas were developed using cost and utilization data of special education students in six school districts. OIG found that these original rates were not developed in compliance with federal requirements and the State Plan, nor did the state have adequate internal controls to ensure that it correctly developed the payment rates.

The audit recommends that Kansas refund \$18.5 million which had been reimbursed based on incorrect indirect cost rates.

Kansas officials concur with the audit findings and have refunded the \$18.5 million. They also have agreed to continue efforts to ensure that the school district Medicaid program complies with all federal requirements.

The Chief Financial Officer for the Authority who met with the Committee said the Authority has increased oversight of the program through contractual changes and improved training for schools. The state also initiated a new contract in January 2005 with Public Consulting Group to revise the administrative claiming process to meet new requirements imposed by the Centers for Medicare and Medicaid Services, based on the comments of OIG. The Chief Financial Officer told the Committee that, in some instances, the contractor hired by SRS to administer the program "inadvertently advised" school districts regarding the program, which resulted in some of the problems cited by OIG. He said it also was possible that incorrect information was given by SRS officials to school districts.

According to the Chief Financial Officer, in its negotiations with the federal government, the state is taking the position that too many years have passed to expect the state to repay all of the money that is being contested. Further, it is unfair to expect reimbursements for actions taken by school districts that complied with the federally-approved Kansas State Plan which was in effect at the time.

The main concern of the Committee is that Kansas be in compliance with federal requirements that are applicable to the school district Medicaid program. If state policy is contrary to federal requirements, the possibility exists that the state will incur ongoing violations and penalties. Medicaid

reimbursement to school districts is estimated to be \$35.0 million in FY 2007. If some or all of this money were to be disallowed because of failure to comply with federal requirements, the money either would have to be made up from some other source or school districts would get less special education funding than estimated.

A second concern is that the Health Policy Authority receives approximately \$1.5 million as an administrative fee to perform duties related to Medicaid reimbursement to school districts. This is a little more than 4.0 percent of the state's total allotment, an amount that could be given to schools to increase their reimbursement for medical expenses to special education students rather than being kept at the state level.

The Chief Financial Officer of the Authority told the Committee that the Authority has changed its regulations to bring Kansas into compliance with regard to the OIG finding that some claims were unallowable because they did not include the required prescriptions or referrals. The Authority will continue to work with OIG to address other problems identified in the audits.

The Chief Financial Officer also told the Committee that the fee assessed by the Authority includes payments to the contractor used to calculate the bundled rates and to determine the amount of administrative costs claimed by the districts. The fee also is intended to help offset the cost to the state of processing the payment. The representative of the Authority told the Committee he would begin discussions within the Authority as to whether it is possible that the fee could be reduced or eliminated.

COMMITTEE RECOMMENDATION

The Committee is satisfied that the Authority has responded to its initial

concerns regarding the OIG audits and has implemented changes to keep Kansas in compliance with federal requirements. The Committee intends to monitor Medicaid payments to school districts and requests that the Authority report to it during the 2007 Interim on developments relating to the audits of the program, including resolution of disputes with OIG; outcome of discussions regarding continuation of the administrative fee; and ongoing discussions with the federal government about whether states will be allowed to continue to bundle claims for Medicaid reimbursement or whether they will have to revert to other methods, such as fee-based reimbursement. (The Chief Financial Officer of the Authority estimates that school districts would receive less than 30 percent of the Medicaid reimbursement than they do now under a fee-based system. That is because the fee-based system is so time consuming and potentially costly to administer that some school districts would discontinue making claims.)

Having been told that it is possible that the administrative fee charged school districts by the Authority could be reduced or eliminated, the Committee suggests that the appropriate standing committees of the Legislature obtain information on fees charged by SRS to administer other Medicaid programs, including programs to Community Developmental Disability Organizations. The Committee also requests that SRS report back to it during the 2007 Interim concerning Medicaid administrative fees which are assessed entities such as the Community Developmental Disability Organizations, what they are used for, and whether they can be reduced or eliminated.

Recommendations of the At-Risk Council

Dr. Andy Tompkins, former Commissioner of Education and Chairperson of the At-Risk Council, presented the Council's recommendations to the Committee. The six-member Council was

created by the 2005 Legislature to make recommendations to the 2010 Commission and to the Governor by October 1, 2006. A final report is due by October 1, 2007.

The Council reached a number of conclusions, including the following:

- The Council continues to believe that the best state proxy for identifying at-risk students is poverty, whether that be measured by free or free and reduced price lunches.
- The Council notes that student achievement on state assessments has improved in elementary and middle schools, but little at the high school level. The Council believes that there needs to be a better understanding of the achievement gap at the secondary level to include examination of dropout, graduation, and attendance rates.
- The Council believes that a single tool, such as state assessment scores, is too narrow to determine if a child is at risk.
- The Council affirms the work of the Kansas Legislature and Governor in differentiating at-risk funding with the core funding being decided on poverty and the second level of funding taking density into account. The Council believes that the third level of funding at-risk students based only on student proficiency on the state assessments for those who are not on the free lunch program is an interesting and potentially effective approach that needs further study.

The specific recommendations of the Council are the following:

- The Council recommends that the second level of funding for at-risk students, which is the high density formula, be based on the prior year's data and implemented using a linear transition calculation. The Council

believes that the density formula needs to be reviewed periodically to ensure that it is taking into account all areas of the state and that it is adding value to student learning.

- The Council affirms that the third level of funding, Non-Proficient At-Risk Weighting, be for students who are below proficiency and not on free lunch. Also, the Council recommends that the 2010 Commission study the impact of this provision and that the formula which distributes the funding should be simplified if the weighting remains in effect beyond its current statutory termination date of June 30, 2007. Further, the Council notes that the student improvement team practice currently utilized in the schools should be helpful in identifying the results of this initiative.
- The Council recommends the continued support of the data system being developed and implemented by the Kansas State Department of Education as a critical component in the ongoing understanding of the achievement gap of at-risk students. Furthermore, the Council supports the implementation of 2006 SB 549 which requires the State Department of Education to provide performance and financial accountability for the use of at-risk funding. Additionally, the Council recommends that the Kansas State Department be supported in its efforts to be a resource for schools in identifying successful programs and strategies for helping at-risk students.
- The Council recommends that the Department of Education periodically reevaluate the existing criteria for the determination of a student to be in need of at-risk services to include consideration of the use of at-risk funds on specific professional development to serve at-risk students such as behavior management training.

- The Council recommends that the 2010 Commission authorize follow-up studies on early career teachers who leave the profession to determine what factors contribute to their leaving, as well as successful practices needed to recruit and retain highly qualified teachers.

COMMITTEE RECOMMENDATION

The Legislative Educational Planning Committee is specifically exempted from dealing with matters relating to school finance as the result of legislation enacted by the 2005 Legislature. The rationale for that action likely was to avoid duplication among the Committee, the 2010 Commission, and the At-Risk Council.

The Committee reviewed the report of the At-Risk Council and in general supports a number of its recommendations. Because the Committee cannot recommend the introduction of school finance legislation, it expresses its hope that legislation will be introduced during the 2007 Session to extend the Non-Proficient At-Risk Weighting beyond its current statutory termination date of June 30, 2007, as recommended by the Council.

Montoy et al. v. State of Kansas

The Committee received a staff report summarizing the Kansas Supreme Court decision in *Montoy et al. v. State of Kansas*. In its decision, the Court ruled that the Legislature had substantially complied with the Court's prior orders to correct flaws in the School Finance Act. The Court stated that the constitutionality of 2006 SB 549 was not before it and noted that the Legislature will have provided at least \$755.6 million in additional funding for elementary and secondary education by school year 2008-09. The Court also lifted the stay it had placed on two provisions contained in the 2005 legislation and dismissed the appeal.

School District Collaborative Efforts

The Committee received a report from the Kansas Association of School Boards on school district collaborative activities. The report showed that certain categories of school personnel, such as superintendents, assistant superintendents, and administrative assistants, have decreased, while other categories, such as reading specialists, kindergarten, and pre-K teachers, have increased. Superintendents in many school districts have additional duties, such as serving as director of Quality Performance Accreditation, as principal, director of transportation, business manager, or other position. Twelve districts share superintendents.

Budget Preparation Time Line

State Department of Education staff reviewed the time line for school district budget preparation. The process usually begins in December with districts conducting a needs assessment and receiving budget requests from attendance centers. In March and April, local boards of education review requests and consider tentative budget projections in the event it is necessary to notify staff that reductions are necessary.

In May, the Legislature adjourns and districts know how much money will be available. In June, actual preparation of budgets begins, with public hearings on the budgets being held in August. Local boards adopt budgets in August and submit them to the State Department of Education and to county clerks by August 25.

According to the State Department of Education, school district budget preparation has been difficult in recent years when the amount of the legislative appropriation has not been known until late in the process, especially in 2005 when there was a special session. Districts are helped by the adoption in 2006 of a multi-year plan which lets them know that the expected

appropriation will be for the next three fiscal years.

COMMITTEE RECOMMENDATION

The Committee recognizes the benefit to school districts of multi-year funding for school finance and the advantage it gives them in terms of planning for several years at a time. For that reason, it recommends that the Legislature annually make a three-year appropriation for general, supplemental general, and special education state aid, as it did during the 2006 Session for FY 2007, FY 2008, and FY 2009.

Career and Technical Education

The Committee heard testimony from representatives of the State Department of Education and private sector employers. They told the Committee that "vocational education" has developed into career and technical education and no longer involves such courses as woodworking and "bread and thread" home economics classes. This is because current demands require a much higher level of academic knowledge and technical skills. Further, the skills must continue to develop as jobs become more specialized.

One point made was that greater effort must be made to make teachers and counselors aware of career opportunities for students and to direct students toward a career education. Because parents, counselors, and teachers continue to promote college-bound curricula even though a baccalaureate degree is not necessary for many jobs, blue collar positions remain unfilled. An example, according to one conferee, is that the aviation industry in Wichita has an unmet need for 4,000 employees.

The Chairperson-Elect of the Kansas Advisory Committee on Career and Technical Education identified the following problems with technical education in Kansas:

- The workforce is getting older and will need to be replaced.
- The education system is steering young people away from technical education, in part because the demands of the No Child Left Behind Act leave no time for elective classes.
- Very little career counseling is being done.
- Tight budgets have forced many schools to eliminate career and technical education classes.

The Committee also received a report on the activities of the Technical College and Vocational School Commission created by the 2006 Legislature by a proviso in an appropriations bill. The Commission will make its final report by the beginning of the 2007 Legislature. Among the things the Commission has considered is a proposal by staff of the Kansas Board of Regents to merge or affiliate technical colleges with a community college or four-year institution.

Representatives of the Kansas Association of Technical Schools and Colleges met with the Committee and said the Association was in the process of developing a proposal that would be an alternative to the proposal of the Board of Regents staff, which at this time was not fully developed. They indicated it would be a statewide system of technical institutions with a state-level coordinating body which would speak with one voice for workforce development and would have representation from technical institutions statewide. They indicated that a major component of their recommendation would be the need for more funding and cited the State of Georgia as a model for workforce training. Georgia, which has a population three times the size of Kansas, spends an estimated \$300.0 million on technical education compared to \$34.0 million spent in Kansas.

COMMITTEE RECOMMENDATION

The Committee has a long-standing history of support for technical education and believes the time has come for the Legislature to devote attention to the mission, governance, and funding of vocational schools and technical colleges. The fact that the Board of Regents is considering recommendations, that the 2006 Legislature created a Commission to study workforce training, and that the Association of Technical Schools and Colleges is developing its own recommendations indicates that unresolved issues have emerged which need to be addressed. For that reason, the Committee makes the following recommendations:

- Recommend that the 2007 Legislature take under consideration the recommendations presented by the Kansas Board of Regents, the Technical College and Vocational School Commission, the Kansas Association of Technical Schools and Colleges, and any other related proposals. The LEPC itself does not endorse any particular proposal at this time because such action would be premature, but it wants to call attention to the work that is being done in the area and stress its importance.
- Recommend \$34.0 million of additional funding in FY 2008 and another \$34.0 million in FY 2009 (total funding of \$102.0 million) for technical institutions. The figures are based on information provided about the State of Georgia, which spends \$300.0 million on technical education and has a population three times that of Kansas. If Kansas spent proportionally to Georgia, it would spend \$100.0 million annually on technical education. The Committee is well aware that the recommendation is based on a figure that was cited during Committee discussion and not on a careful analysis of the true need for additional funding in Kansas. The Committee's purpose in making such a

recommendation is to make a dramatic gesture to call attention to the fact that it believes funding for technical education is inadequate and that more money is necessary in order to make Kansas a state that, like Georgia, is recognized for the quality of its technical education and responsiveness to workforce needs.

- Recommend that legislation be prefiled to extend the Technical College and Vocational School Commission another two years and require that the Commission make annual reports to the LEPC.

Charter Schools

The State Department of Education made a report to the Committee on charter schools. Charter schools in Kansas are under the jurisdiction of local boards of education which are responsible for allocating staff and funding for the schools. A petition to begin a charter school may be submitted to a local board by any entity, including the district itself, a school, a school district employees' group, or an educational services contractor. A petition to establish or continue a charter school must describe the educational program of the school; program goals and measurable pupil outcomes; an explanation of how pupil performance in achieving specified outcomes will be measured, evaluated, and reported; and the governance structure of the school, including the means of ensuring accountability to the local board. Petitions to establish or continue charter schools must be approved by both the local board and the State Board of Education.

Currently, there are 28 charter schools in 24 school districts. The State Board of Education approved three new charter schools for the 2006-07 school year and two schools were discontinued. Of the schools, 56 percent are high school, 21 percent are elementary and secondary through the 12th grade, 17 percent are elementary and

secondary through the eighth or ninth grade, and 4 percent are elementary only. Kansas recently received a federal charter school grant which will provide \$10.0 million over a three-year period, of which \$9.4 million will be in grants to schools and the remainder will be for administrative and indirect costs.

Some charter schools decide to discontinue their status, often reverting to regular attendance centers within the district. This can happen for a variety of reasons but often is correlated with the availability of federal funding to either establish or maintain charter schools. If the funding ends, the school may no longer be able to operate.

COMMITTEE RECOMMENDATION

The Committee supports charter schools because they provide an opportunity for innovation and alternative ways to meet the needs of students. It believes that charter schools serve as incubators to test and develop new ideas that can be adapted to other settings and encourages the Legislature to consider incentives to expand the number of charter schools in the state.

Enterprise Data Warehouse Project

The Committee received a report on the "Enterprise Data System" being developed by the State Department of Education which will be used to support decision making and reporting. The system was begun in 2006 and will be completed in 2009.

The system will:

- Make data accessible.
- Reduce the reporting burden on local districts and the State Department of Education.
- Connect numerous data reporting systems that presently are not integrated.

- Make information more accessible to the public.
- Give policy makers better information on which to base decisions.
- Provide a better way to track and measure student progress.

School Accreditation and Student Performance

The LCC charged the Committee with a review of 2006 SB 596 which dealt with state educational performance standards for students, and also directed the Committee to study the consequences of receiving federal education funds if the state educational performance standards were to be modified.

SB 596, introduced by Senator Vratil, would prohibit a public agency, defined to include the State of Kansas, any department, agency, board, or school district, from spending public money to adopt, implement, or enforce school accreditation guidelines or standards which establish or are based upon a *requirement* of student performance or student proficiency. However, the bill would not prohibit the State Board of Education from establishing school accreditation standards which establish or are based upon improvement in student performance or student proficiency *goals*. The impact of the bill would be to prohibit the State Board of Education from adopting accreditation guidelines or standards which require Kansas students to attain the performance and proficiency standards of the No Child Left Behind Act. Nothing would prevent the State Board of Education from setting those standards as desirable goals for Kansas students to meet.

Federal funding under the No Child Left Behind Act is expected to total \$174.7 million in FY 2007, which is only a slight increase (\$3.2 million) over FY 2006. The rough rule of thumb for the amount of

money a state would lose if it failed to comply with the Act is 2.5 times the state's Title I funding. In Kansas, that amount would be \$250.0 million. According to the National Conference of State Legislatures (NCSL), no one really knows what the federal government would do if a state tried to "pull out" of the No Child Left Behind Act. To date, Utah is the only state that seriously has considered the action and, according to NCSL, the federal government made considerable efforts to keep Utah from withdrawing.

COMMITTEE RECOMMENDATION

The Committee is concerned about the increasing demand placed on states by federal requirements which erode the states' traditional role in determining what is best for students. For that reason, it recommends the introduction of legislation which would prohibit a public agency, defined to include the State of Kansas, any department, agency, board, or school district, from spending public money to adopt, implement, or enforce school accreditation guidelines or standards which establish or are based upon a requirement of student proficiency. The bill would not prohibit the State Board of Education from establishing school accreditation standards which establish or are based upon improvement in student performance or student proficiency goals. The impact of the bill would be to prohibit the State Board of Education from adopting accreditation guidelines or standards which require Kansas students to attain the performance and proficiency standards of the No Child Left Behind Act. However, nothing would prevent the State Board of Education from setting those standards as desirable goals for Kansas' students to meet. Failure of a school to attain the State Board's goals would not jeopardize the schools' accreditation. The bill also would provide that programs created with or expanded by federal funds may be reduced or eliminated if the federal funds are reduced or eliminated.

Student Assessments

The Committee received a report from the State Department of Education on the most recent student assessments, including a review of the process by which the assessment instrument is developed. The assessments, developed in Kansas for Kansas students, are intended to provide information on individual students, classes, schools, districts, and subgroups and are the basis for measuring student achievement under the No Child Left Behind Act.

School districts that meet or exceed their annual goal of student progress in reading and mathematics are considered to have met "Adequate Yearly Progress" (AYP). Based on preliminary data for school year 2006-07, 264 out of 300 school districts made AYP. School year 2006-07 also was the first year of full testing for all of the grades required by the No Child Left Behind Act. In addition, fewer exceptions were allowed for participation. It should be noted that, under the Act, if one subgroup fails to meet AYP, the entire school fails to meet AYP. The State Department of Education itself also underwent staffing changes, developed new tests, and changed how the test results were reported to schools.

There is a series of sanctions under the No Child Left Behind Act for schools and districts that fail to attain AYP, ranging from the opportunity for parents to choose another school for their children to a restructuring plan imposed by the state. Based on preliminary 2006-07 data for Title I schools, there are 26 schools and 11 districts identified for improvement. Of the schools, 11 are on the list because of mathematics, 11 because of reading, and three are on the list for both mathematics and reading. Twelve schools are on the list for the first time. These schools and districts must make AYP for two consecutive years to be removed from the list.

In general, student achievement continues to rise in Kansas and more than 1,200 of the 1,414 public schools made AYP in the 2005-06 school year. These schools meeting AYP represent 85 percent of the schools in the state and have met AYP even though the targets have increased incrementally since 2000 when Kansas started testing students under the No Child Left Behind Act. Nationwide, based on data reported in September 2006, the national average for schools making AYP was 71 percent.

COMMITTEE RECOMMENDATION

The Committee is pleased that Kansas students and schools continue to make progress toward achieving proficiency. It encourages the State Department of Education to strengthen its relationship with school districts by making assessment data available as quickly as possible in the school year. However, the Committee is mindful that more tests were given in the 2006-07 school year and that changes occurred in the State Department which help explain why information was late in getting to school districts.

POSTSECONDARY EDUCATION

Issues Concerning Community Colleges

Dr. Edward Berger, President of Hutchinson Community College and Area Technical School, and Chairperson of the Finance Committee of the Kansas Association of Community College Trustees, gave an overview of the community college role and mission. He told the Committee that community colleges are responsive, affordable, and accessible and traditionally have been a low-cost alternative for students who seek additional education. He noted, however, that student tuition continues to rise, with the average hourly rate increasing from \$30.89 in school year 1999-00 (\$463 per semester for a full-time student) to

\$43.81 in school year 2006-07 (\$657 per semester for a full-time student), an increase of about 40 percent.

A major development for community colleges was the enactment of the Higher Education Coordination Act (SB 345) in 1999. The major provisions of the Act as they affected community colleges are the following:

- Community college coordination was moved from the State Board of Education to the Kansas Board of Regents.
- Funding for community colleges was changed from a per-credit-hour basis to a block grant linked to the per-full-time equivalent (FTE) pupil appropriation for lower division courses at the three regional state universities, and was supposed to increase in equal increments over a four-year period from 50 percent to 65 percent.
- Local tax relief was provided by the requirement that 80 percent of a portion of increased state aid over the prior year had to be dedicated to tax reduction.
- County out-district tuition was phased out over a four-year period, with the lost revenue from the county made up by the state.

Despite the intentions behind SB 345, revenue shortfalls have caused the reality to be that the goal of community college state aid equaling 65 percent of the FTE appropriation to the regional universities never has been attained. Instead, implementation of the Act peaked at 55 percent in the second year of the four-year plan. According to Dr. Berger, it would take an additional \$116.0 million to fund the 65 percent level with the current community college enrollment. Further, institutions have lost a total of \$4.2 million in recent years because the Legislature has not appropriated money to local units from the

Local Ad Valorem Tax Reduction Fund. In all, state aid to community colleges has increased from \$58.7 million in school year 1999-00 to \$96.2 million in school year 2006-07, an increase of \$37.5 million (63.8 percent).

Dr. Berger told the Committee that, although there is a tax-reduction feature in the legislation, failure of the Legislature to adequately fund the state aid portion of the funding mechanism resulted in mill levy reductions only in the first two years after the legislation was implemented. Currently, property tax support for community colleges is higher than before the implementation of SB 345, with total mills levied for the institutions being 469.18 in school year 1999-00 compared to 496.02 in school year 2005-06.

Dr. Berger said the Kansas Association of Community College Trustees remains committed to the goals of the Higher Education Coordination Act, but wants the Legislature to fulfill its commitment to adequately fund the legislation. The Association endorses performance funding as a way to ensure continuous improvement but requests a new, separate revenue source for business and industry training (perhaps the Economic Development Initiatives Fund) and a differential funding source for developmental programs. Dr. Berger pointed out the particular funding problems associated with providing high cost programs, such as allied health and fine arts, and addressed the need for funding to pay for facility repairs and upgrades.

Committee staff also presented information about community colleges, including a summary of 24 studies of postsecondary education spanning the years 1972 through 1998.

Activities of the Jones Institute for Educational Excellence

The Jones Institute for Educational Excellence, located at Emporia State, is

engaged in a number of activities that affect teachers and school districts. The Committee receives a report annually on its activities, which include the following:

The Center for Innovative School Leadership. The Center for Innovative School Leadership was created by the Legislature in 2004 and involves Emporia State, Fort Hays State, and Pittsburg State Universities. Its purpose is to work with public school districts to identify best practices, cost savings, and potential efficiencies in the areas of leadership, teaching and learning, facilities management, and human resources.

Participation is voluntary on the part of the school district. Once a school district indicates it wants to participate, the Center surveys administrators and board members, teachers, classified staff, parents and patrons, and students on issues such as efficiency of the central office, adequacy of the district's educational programs, quality and cleanliness of facilities, and safety of the school environment. Team members conduct on-site visits to the district and at the end of the process a final report is created and given to the district's superintendent. The final report includes all information pertaining to the effectiveness and efficiency review, including team member reports, comparative data, results of the surveys, and a detailed conclusion of the Center's findings.

During the 2005-06 school year, efficiency reviews were conducted in the following six school districts:

- USD 210 (Hugoton)
- USD 235 (Uniontown)
- USD 355 (Ellinwood)
- USD 423 (Moundridge)
- USD 418 (McPherson)
- USD 218 (Elkhart)

Reading Recovery Program. Sixty-eight school districts in Kansas use the Reading Recovery Program, which is a reading

intervention program for first-grade students who find learning to read and write difficult. In 2005, 1,069 students were served by the Program. In that same year, 80 percent of those students completing an average of 18 weeks of intervention were finally able to read and write within the average or above compared to their peers. According to staff from the Jones Institute, reading and writing gains are sustained at least through the fourth grade.

National Board Certification Program. The National Board for Professional Teaching Standards was formed in 1987. Its mission is to advance the quality of teaching and learning by developing professional standards for accomplished teaching, creating a voluntary system to certify teachers who meet those standards, and integrating certified teachers into educational reform efforts. The performance-based assessment takes between one and three years to complete and measures what accomplished teachers should know and be able to do. There are more than 47,000 National Board Certified Teachers nationwide, including 204 in Kansas.

Future Teacher Academy. Over the past 17 years, the Kansas Future Teacher Academy has graduated more than 840 Kansas high school juniors and seniors who intend to enter the teaching profession. The vast majority of Kansas school districts have been represented in the Academy. A survey of 335 participants attending the 1989–1997 academies indicated the following:

- 92 percent of the participants stayed in Kansas to attend college.
- 65 percent selected teacher education as their field of study.

Nursing Shortage Initiative Update

Staff from the Kansas Board of Regents provided information on activities of the

Board to address the nursing shortage in Kansas. The Board had been asked by the 2005 Legislature to prepare a report assessing the cost of increasing capacity for educating registered professional nurses by 25 percent and to submit a time line for expanding the system to accommodate up to 250 more nursing students each year. The Board reported that the total number of nurses needed by 2010 is 28,973, of whom 11,350 will be new nurses.

The Committee learned that, in the opinion of the Board's staff, the problem is not the number of potential nursing students in the pipeline, but the nursing training capacity of the education system in terms of qualified nursing faculty, clinical access, classrooms, and equipment needs. The Board's recommendations to increase the number of registered professional nurses are the following:

- Initiate a Tuition Forgiveness Program funded by the Legislature which is targeted to nurses with a bachelor of science degree who are willing to obtain a master's degree in nursing, remain in Kansas, and teach nursing at the postsecondary level.
- Provide 22 eligible nursing programs the opportunity to hire additional nursing teaching faculty. (The 22 eligible nursing programs are public four-year universities and community colleges that have nursing programs.)
- Provide 22 eligible nursing programs the opportunity to purchase nursing clinical equipment (patient simulators), supplies, and facility upgrades.

The Regent's staff estimated that the time line to successfully increase the number of registered professional nurses in Kansas is 10 years.

The 2006 Legislature appropriated a total of \$3.4 million, which will require \$2.3

million in matching funds from participating institutions. The 10-year initiative is expected to total \$30.0 million, with \$22.0 million coming from the state and \$8.0 million in matching funds coming from participating educational institutions. The distribution for FY 2007 of the \$3.4 million is as follows:

- Nursing faculty scholarships—\$200,000 from the State General Fund, plus a \$100,000 match.
- Nursing faculty salaries and supplies—\$1.2 million from the State General Fund, plus a \$1.2 million match.
- Nursing equipment upgrades—\$2.0 million from the State General Fund, plus a \$1.0 million match.

The total available in FY 2007 from the State General Fund and matching funds is \$5.7 million. The five eligible universities with graduate nursing programs submitted a proposal requesting scholarship funds based upon the cost of delivering a master's degree or doctoral degree in nursing. The 22 public universities and community colleges with eligible nursing programs competed for grants for faculty salaries and supplies, nursing equipment, and facility upgrades.

The Executive Director of the Kansas State Nurses Association told the Committee that the nursing shortage nationwide is attributable to retirements, fewer individuals opting to become nurses, and technology which is increasing life expectancy, resulting in more people who need nursing care. She said that, according to the Kansas Department of Labor (2005), the number of positions for registered professional nurses is expected to increase by about 30 percent (from 22,120 in the year 2000 to 29,040 in 2010). In addition, 4,470 replacement nurses will be needed, for a total projected increase of 11,390 over the 10-year period.

Specific data on nursing position vacancies for Kansas indicate that, in 2006, almost 17 percent of licensed nurses were not in the workforce. There is a vacancy rate of 8 percent for registered professional nurses in hospitals, which equates to 663 FTE nurses needed in 129 hospitals. (The vacancy rate was 4.5 percent in 2005.) There are faculty salary disparities in certain parts of the state, with Western Kansas having particularly low salaries.

According to the representative of the Nurses Association, various studies of nursing shortages identify the same needs. These include creating and maintaining a workplace environment that retains nurses; increasing the nursing education infrastructure to produce more nurses; increasing salaries; and increasing staffing levels. In Kansas, there are particular efforts being made to increase the awareness of nursing as a career and to continue to work toward smoother articulation policies that make it easier to transition from certificate nursing programs for licensed practical nurses to the associate and baccalaureate degree programs for registered professional nurses.

COMMITTEE RECOMMENDATION

The Committee's recommendation to create the nursing faculty scholarship program by statute rather than by proviso in an appropriations bill is contained in a latter section of this report that deals with legislative requests of the Kansas Board of Regents.

Student Assistance Programs

The staff reviewed service-based financial assistance programs, focusing on eligibility requirements, the amount of awards, limitations on awards, and service requirements. It also reviewed the provisions of 2006 HB 2864 which would establish the Chester I. Lewis Scholarship Program for ethnic minority law students

who are Kansas residents. The program would award up to 30 scholarships for tuition and fees at law schools in Kansas for up to six semesters. Recipients of scholarships would have to agree to practice law in Kansas for five years on a full-time basis or repay the scholarship. In addition, staff from the Board of Regents provided information on the student assistance programs the Board administers. These activities were in connection with the following proposal assigned the Committee by the LCC:

Study the various service obligations of scholarships administered by the Kansas Board of Regents. Review the length of service obligation and the appropriateness of differences in that length of service. The review of service scholarships would include those administered by the University of Kansas Medical Center and the Kansas State University Veterinary Medical Center.

Currently, most service scholarships require the recipient to work in Kansas one year for each year of scholarship, but examples of different requirements are the Mathematics and Science Teacher Service Scholarship enacted in 2005, which requires two years of service for one year of scholarship, and the Special Education Teacher Service Scholarship enacted in 2006, which requires three years of service for one year of scholarship.

The Committee took particular note of the Osteopathic Medical Scholarship Program, which has a lower compliance rate than other scholarship programs. A representative of the Kansas Association of Osteopathic Medicine told the Committee that students may not meet the loan-forgiveness requirements for several reasons:

- A student may decide that he or she wishes to pursue a different graduate degree.

- A student may not succeed academically.
- A student may decide to pursue a different medical specialty, such as surgery or radiology.
- A student may decide not to return to Kansas after completion of training.

If any of these situations occur, a student is required to repay the state the amount of the scholarship received plus interest, which currently is at 13 percent. Interest accrues from the date the scholarship money was first received (several years retroactive). According to information provided by the Kansas Board of Regents, there have been 355 Osteopathic Scholarships awarded. Of that total, 124 students now practice in rural Kansas communities and 118 students have repaid the loan with interest.

The Kansas Medical Student Loan Program which began in the late 1970s is intended to provide incentives for physicians to practice in underserved areas. Preference is given students from rural Kansas counties who have financial need. The students receive tuition reimbursement and a \$1,500 monthly stipend. Students must complete their medical degree, enter and complete a primary care residency, and practice in an underserved area of Kansas one year for each year they received a scholarship. ("Primary care residency" means general pediatrics, general internal medicine, family medicine, or emergency medicine.)

Since the beginning of the program, more than 1,200 medical students have received assistance under the programs. Data since 1992 when the program was restructured indicate that 438 students with obligations under the program have graduated. Of these graduates, 178 (40.6 percent) have fulfilled their obligations, 145 (33.1 percent) have had their obligations deferred (usually to allow them to complete

their residencies in preparation for practice), 84 (19.2 percent) are currently practicing in compliance with the terms of the program but have not completed their obligations, and 31 (7.1 percent) are practicing out of compliance with the terms of their agreements and are repaying their loans. Of the 178 physicians who have no remaining obligations, 109 (61.2 percent) fulfilled their obligations through service in underserved areas.

The Veterinary Training Program for Rural Kansas was established by the 2006 Legislature as an incentive for persons pursuing a veterinary medicine degree program at Kansas State University (KSU) to locate their practices in rural Kansas communities and to receive specialized training to meet the needs of livestock producers. Preference is given to those students who are Kansas residents and who agree to serve in specified counties. The program is administered by the College of Veterinary Medicine at KSU.

Subject to appropriations, the College is authorized to enter into agreements with up to five first-year veterinary students per year for a loan in the amount of \$20,000 per year for not more than four years for tuition, books, supplies, and other school expenses; and travel and training expenses incurred by the student. The legislation requires the persons receiving the loans to complete the veterinary medicine degree program at the College; complete all advanced training in public health, livestock biosecurity, foreign animal disease diagnosis, and other requirements outlined in the statutes; and engage in the full-time practice of veterinary medicine in any county in Kansas which has a population not exceeding 35,000 for a period of one year for each year of assistance provided.

At the present time, the College is in the process of selecting the five students who will be the first recipients of loans under the new program.

COMMITTEE RECOMMENDATIONS

Specific recommendations concerning several existing scholarship programs are found later in this report in the section dealing with legislation requested by the Kansas Board of Regents. The Committee notes that it reviewed 2006 HB 2864, which would have established the Chester I. Lewis Scholarship Program for ethnic minority law students.

Teacher Education Program Preparation for Work with English Language Learners

According to information presented to the Committee, in 1994 there were fewer than 2,000 English Language Learners in elementary and secondary schools, compared to 25,000 ten years later. In some school districts well more than half of the students are English Language Learners and it is estimated that by 2025 half of all elementary and secondary students will be minorities. To ensure that Kansas schools are prepared to deal with these minority students, many of whom do not speak English well or at all, the Committee asked representatives of the State Department of Education and teacher education institutions to explain how teacher education programs are preparing new teachers to deal with English Language Learners.

Professional standards set by the State Board of Education, which approves teacher education programs, require all initial teacher preparation programs to address diverse learners, including students whose first language is not English. Therefore, all new teachers have a baseline knowledge of skills in dealing with English Language Learners.

A more intensive program is the licensure endorsement for working with English Language Learners titled "English for Speakers of Other Languages" (ESOL). This is an add-on endorsement for individuals who already hold a teaching license and

generally requires 15 to 18 semester hours of coursework. Nine teacher education institutions offer approved ESOL programs. Some ESOL teachers continue to teach in their content area to classes that contain both English speaking and English Language Learner students; some are resource teachers who work with English Language Learners in pullout situations or as support to regular teachers; and others have classes that are composed entirely of English Language Learners. The Committee learned from one school district superintendent that an ESOL endorsement is so important in his district that the district pays teachers seeking endorsement for the required coursework and materials.

Representatives of Kansas State University and Emporia State University described their respective programs and called attention to the increasing need for ESOL teachers and the ongoing need for professional development and additional resources. The thrust of their testimony was that teaching students who do not speak English is a separate content area with its own methodology, in the same sense that teaching mathematics requires knowledge of a different content area than science or music. Their position tended to run counter to the Committee's hope that teacher education institutions could integrate methods for teaching English Language Learners into the coursework all teachers take so that beginning teachers would be able to deal with increasing numbers of students who do not speak English. Representatives of the teacher education institutions maintained that teaching English Language Learners is not a matter of quickly acquiring a set of skills or strategies that will prepare all new teachers to deal with the complexities they will face in the classroom due to expanding numbers of minority students.

COMMITTEE RECOMMENDATIONS

The Committee is concerned that the need to educate an almost certain increase in English Language Learners will be exacerbated by an impending teacher shortage, which already is occurring in some teaching areas and in some parts of the state. The Committee understands the position taken by representatives of the teacher education institutions who appeared before it, but suggests that perhaps bolder steps must be taken to ensure that more teachers are prepared to teach English Language Learners. One of those steps could be to reconsider the configuration of teacher education programs so that they could include more coursework to prepare all beginning teachers to work with English Language Learners. The Committee requests that the Board of Regents look at ways teacher education programs at the state universities could be restructured to prepare teachers to meet the language needs of a growing number of Kansas students.

In addition, the Committee recommends that legislation be prefiled that would create the English for Speakers of Other Languages Task Force, a nine member entity whose charge would include considering how preparing teachers to teach English Language Learners could be incorporated into the basic teacher education curriculum at the state universities. Three members of the Task Force would be appointed by the Governor, two by the Speaker of the House, two by the President of the Senate, and one each by the minority leaders of the House and the Senate. The Task Force would meet for two years and make annual reports to the Committee.

Legislative Initiatives of the Kansas Board of Regents

The Board of Regents presented the following initiatives to the Committee for consideration by the 2007 Legislature:

Teacher Shortage Initiative and Teacher Scholarship Streamlining.

The Board proposes two initiatives. The first would be to combine four existing teacher education scholarships into the new "Comprehensive Teacher Scholarship Program" and to double the amount of money appropriated for the programs combined. The existing programs are the Teacher Service Scholarship Program (one year for each year of scholarship service obligation in a hard-to fill discipline or underserved geographic area); the Kansas Math and Science Teacher Service Scholarship (two years of teaching math or science for each year of scholarship); the Special Education Teacher Scholarship created in 2006 (commitment to teach special education three years or six years part-time); and the Teacher Education Scholarship Program created in 2006 for licensed teachers enrolled in programs leading to master's degrees or persons with associate degrees enrolled in programs leading to Bachelor's degrees (one year service obligation for each 15 credit hours of assistance). Funding for these programs currently totals \$962,859 in FY 2007, which the Board proposes be increased to \$2.0 million for FY 2008. The Board's proposal to consolidate the programs would make them easier to administer and eliminate confusion among applicants applying for programs that appear very similar. Additional funding for scholarships would make it possible for the Board to award more scholarships.

The second initiative would not require legislation but would require the appropriation of \$2,750,000 from the State General Fund for the Board to award grants to state universities on a dollar-for-dollar matching basis for projects that would benefit teachers and teacher preparation. Examples include summer institutes for high school teachers and programs to enhance the supply of elementary school teachers.

COMMITTEE RECOMMENDATIONS

The Committee endorses the request by the Board of Regents for additional funding for teacher education scholarships and for grants to the state universities. It agrees that the teacher education scholarship programs should be consolidated and therefore recommends the introduction of legislation to combine the four existing programs into the Comprehensive Teacher Scholarship Program, as proposed by the Board. It also recommends legislation to create a new program to provide grants to state universities for programs to benefit teachers and teacher preparation.

Benefits Enhancement for University Support Staff and Classified Staff.

The 2005 Legislature enacted legislation authorizing a state university to convert its classified staff to University Support Staff (USS), which allows more flexibility in terms of job classifications, salary levels, and salary increases. (Only the University of Kansas has made the conversion.) The 2006 Legislature enacted legislation to allow the state universities to raise annual leave and discretionary leave for classified staff up to the level offered to unclassified personnel. According to staff for the Board of Regents, the two provisions are in conflict in that the authorization to convert staff to USS does not include the authorization to raise annual leave and discretionary leave for classified staff up to the level offered to unclassified personnel.

COMMITTEE RECOMMENDATIONS

The Committee agrees that it was not the intent of the Legislature to set up a conflict between the two enactments and recommends that a bill be prefiled to conform the two policies, as requested by the Board.

Nurse Educator Scholarship Program.

The 2006 Legislature created the Nurse Educator Scholarship Program by proviso in

an appropriations bill and appropriated \$200,000 for scholarships, to be matched with \$100,000, for the purpose of preparing nurses with master's degrees or doctoral degrees in nursing. The scholarships are intended to help address the nursing shortage by preparing nurses to become nurse educators to train new nurses. Because the program was created in an appropriations bill, it will expire on June 30, 2007. The Board requests that the program be created statutorily so that it will not terminate at the end of the current fiscal year.

COMMITTEE RECOMMENDATIONS

The Committee believes the nursing shortage is serious and that a program to make it possible for nurses to get their master's and doctoral degrees in nursing in order to teach is important. Therefore, it recommends the introduction of legislation to make the Nurse Educator Scholarship Program statutory.

Transfer of Property to Endowment Associations. Currently, individuals often donate property to state universities in their wills. The universities manage the land to generate income for the intended philanthropic purposes as defined by the individual donating the property, but the universities' endowment associations are better structured and have more expertise to manage bequests than are the universities. If a state university wants to transfer property to its endowment association, it presently is necessary for the university to get legislative approval on a case by case basis. The Board of Regents is requesting an amendment to current law which would allow it or the state universities to transfer title of willed property to an endowment association without having to get approval from the Legislature for each transaction.

COMMITTEE RECOMMENDATIONS

Committee members can recall no time when the Legislature has failed to approve a requested transfer. For that reason, it recommends that legislation be prefiled to give the Board and the state universities the authority to transfer property to state university investing agents. (Some state universities have endowment associations and others have foundations. The term "investing agent" is inclusive.)

Capital Improvements Exemption Law Amendments. Current law provides Regents institutions an exemption from state construction and contracting laws for projects under \$1.0 million if the projects are funded by nonstate moneys. The Board of Regents maintains that conforming to construction and contracting laws delays the project and increases planning and construction costs. In addition, the Board would like the exemption expanded to include restricted fees collected by universities for construction and renovation of state educational institutional buildings.

COMMITTEE RECOMMENDATIONS

The Committee recommends that legislation be prefiled that would eliminate the \$1.0 million limit on capital improvements projects and expand the source of revenues to include restricted fees collected by universities for construction and renovation of state educational buildings.

Amendments to the Medical Student Loan Program. The \$1,500 monthly stipend for medical students who participate in the Medical Student Loan Program has not been increased since 1992. The Board of Regents is requesting that the stipend be increased to \$2,000 per month. In addition, the Board is requesting that medical students who do not select primary care as their area of specialization until their third or fourth year of medical school be eligible to participate in

the program and that they be retroactively paid the full stipend and refunded their previously-paid tuition. Upper class medical students who enter the program and receive full stipends retroactively would be subject to the same service obligations as all other medical students who participate in the program.

COMMITTEE RECOMMENDATIONS

The Committee agrees that the monthly stipend needs to be increased and also supports the Board's request that upper class medical students who select primary care as their area of specialization be allowed to participate in the program retroactively. The Committee recommends that legislation be prefiled to implement the Board's request. It also recommends that an escalator (the CPI-U) be added to the stipend so that there would be an inflationary increase in the cap.

Overview of Postsecondary Education

As part of its charge to monitor the implementation of the Higher Education Coordination Act, the Committee received a report on the condition of postsecondary education from the President and Chief Executive Officer of the Kansas Board of Regents. Central to the report was the concern that state funding for postsecondary education, including facilities, has declined. For example, in 1985 state aid totaled 51 percent of state university operating budgets and tuition and other revenues totaled 49 percent. The projection is that, unless state aid increases as a proportion of the total, by the year 2010 state aid will amount to only 24 percent of university operating budgets, with student tuition and other revenues making up 76 percent. On a per student basis, state support for an FTE student in 1985 was \$7,354 compared to \$5,719 in 2005. (In "today's dollars," it would have taken an additional \$284.6 million in FY 2005 to maintain funding at the FY 2000 level.)

Most alarming is the condition of campus facilities. The buildings that are on the six state university campuses represent two out of every three buildings that the State of Kansas owns. Because of a lack of state resources dedicated to campus facilities, the Regents report a deferred maintenance backlog that totals \$727.0 million. Limited funding for building and maintenance is exacerbated by the fact that approximately 80 percent of the buildings are at least 20 years old. Deferred maintenance needs range from more than \$200.0 million each at the University of Kansas and Kansas State University to under \$100.0 million at each of the remaining campuses. The Regents estimate that \$84.0 million will be needed each year to adequately maintain university campuses and note that only \$15.0 million is available in FY 2007 and that the Educational Building Fund (EBF), which was established in 1941 and is the primary revenue source for university maintenance, was raised to 1.0 mill in 1955 and has not been increased since.

In the current fiscal year, state support of \$15.0 million from the EBF will permit only 18 percent of the goal of \$84.0 million annual facilities maintenance to be reached. For FY 2008, the Regents estimate the same amount of state support (\$15.0 million) and intend to dedicate \$8.5 million in tuition revenues to facilities needs, leaving \$60.5 million (72 percent) of the \$84.0 million maintenance goal unfunded. Paradoxically, the "Crumbling Classrooms" initiative in 1996 which dedicated significant resources to building maintenance on the university campuses has had the impact of reducing funding available for maintenance because the initiative allowed the Board of Regents to borrow money from the EBF and pay it back on an ongoing basis until the year 2012. Thus, money that might have been used for maintenance is being used to retire the Crumbling Classrooms debt.

To address its maintenance needs, the Board proposed a plan to the 2006

Legislature that included a temporary increase in the state sales tax, a bond issue, an increase in the statewide EBF mill levy, and new campuses administrative practices that would alleviate future maintenance obligations. None of the proposals that would have required legislative action was adopted.

COMMITTEE RECOMMENDATIONS

The Committee shares the Board's concern about the deteriorating condition of the state buildings located on university campuses and notes that the deferred maintenance backlog has increased by \$140.0 million in just the last two years and

will continue to grow as buildings age unless addressed. Particularly alarming is the fact that a considerable number of needs involve bringing buildings up to safety codes and making them handicapped accessible. To address its concerns, the Committee requests that the Joint Committee on State Building Construction, the Senate Ways and Means Committee, and the House Appropriations Committee carefully review the Board of Regents' facilities request and perhaps develop a multi-year plan to address the building needs of the campuses. The Committee believes the review should include a consideration of the cost effectiveness of maintaining each facility and an evaluation of whether the facility continues to be needed.