Approved: January 30, 2007
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:35 A.M. on January 9, 2007, in Room 123-S of the Capitol.

All members were present except:
Senator Jim Barone- excused

Committee staff present:
Norman Furse, Revisor Emeritus
Jill Wolters, Senior Assistant, Revisor of Statutes
Theresa Kiernan, Revisor of Statutes Office
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michele Alishahi, Kansas Legislative Research Department
Reagan Cussimanio, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efird, Kansas Legislative Research Department
Ashley Holm, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research
Becky Krahl, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Amy VanHouse, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:
Rochelle Chronister, Chairperson, 2010 Commission
Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards
Mark Desetti, Kansas National Education Association
Dodie Wellshear, United School Administrators of Kansas (written)

Others attending:
See attached list.

Chairman Umbarger welcomed everyone back to the 2007 Legislative Session. The Chairman introduced Melinda Gaul, the Chief of Staff for Senate Ways and Means Committee and his office.

Bill Introductions

Senator Vicki Schmidt moved, with a second by Senator Wysong, to introduce a bill concerning filling prescriptions (7rs0032) and to introduce a bill restricting the prescribing, ordering, dispensing, administering, selling, supplying or giving certain amphetamine or sympathomimetic amine controlled substances (7rs0013). Motion carried on a voice vote.

J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department, was recognized by the Chairman and Mr. Scott introduced the department's Fiscal Staff. Copies of the Kansas Legislative Research Department Fiscal Assignments–FY 2005 were distributed (Attachment 1). Senate Ways and Means staff from the Office of Revisor of Statutes were also introduced.

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on January 9, 2007, in Room 123-S of the Capitol.

Chairman Umbarger welcomed Rochelle Chronister, Chair, 2010 Commission, who presented information on the Commission's report to the 2007 Kansas Legislature (Attachment 2). Chairwoman Chronister mentioned that the 2010 Commission had one topic that had been referred by the Legislative Coordinating Council which was the School Transportation Weighting Formula. She addressed the 2010 Commission's activities, school district consolidation, special education and vocational education. Ms. Chronister noted that shortage of special education teachers is a main challenge. Another issue regarding special education funding is the strong possibility that federal Medicaid funds paid to school districts for services to special education students will be dramatically reduced in future years.

Regarding the Committee recommendations from the 2010 Commission, Chair Chronister noted that the Commission recommends the following:

- $500,000 of annual and on-going funding be approved for leadership academies.
- An additional $1.0 million be added to the state's Mentor Teacher Program so the Program can be extended to the second year of a new teacher's probationary period.
- Professional Development (In-service education) Aid Fund be increased to $4.0 million in FY 2008.
- Supports the state database project being developed by the Kansas Department of Education to include both student and teacher information.

The 2010 Commission added the following special notes:

- No child should be required to ride on a school bus - one way - more than 60 minutes per day.
- The Commission recognizes the importance of ensuring our state's schools are safe for all children.
- Parental involvement in school activities is crucial to a child's success.
- The Commission believes that informing the public of the progress of their schools is vital to ensure confidence in our system of public education.

Ms. Chronister noted a Minority Report which was attached to the 2010 Commission report. The Minority Report was written by Mr. Stephen Iliff. Senator Morris requested committee time at some point in the future to further discuss the 2010 Commission report.

Chairman Umbarger opened an informational briefing on:

SB 30--Keeping education promises trust fund, established, transferring moneys from the state general fund to the KEPT fund for fiscal year 2008

Staff briefed the Committee on the bill.

The Chairman welcomed the following proponent conferees:

Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards, who explained that education is critical. He mentioned that their members believe that work must continue to improve the quality of education in every community in the state, and the three-year plan is minimum, not a maximum, for a number of important reasons which are listed in his written testimony. In closing, Mr. Tallman noted that they support the goal of **SB 30**, but they will continue to support other goals to make sure schools are among the best in the nation and the world. (Attachment 3)

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on January 9, 2007, in Room 123-S of the Capitol.

Mark Desetti mentioned that the commitments made last year by the Legislature will go a long way to helping Kansas young people achieve high educational standards. He noted that the Legislature needs to honor these commitments and find ways to provide for the kinds of initiatives and programs that will be emphasized by the 2010 Commission, the At-Risk Council and other advisory bodies to whom the Legislature will turn. (Attachment 4)

Written testimony was submitted by United School Administrators of Kansas (Attachment 5).

The meeting adjourned at 11:35 a.m. The next meeting is scheduled for January 10, 2007.

SENATE WAYS AND MEANS COMMITTEE
GUEST LIST

Date January 9, 2006

Name	Representing
Julie Thomas	~~DOB~~
Bob Hinton	Post Audit
Rochelle Chronister	2010
Diane Gierstad	Wichita Public Schools
BILL REARDON	Kansas City Public Schools
Mark Tallman	KASB
MARK BORANYAK	CAPITOL STRATEGIES
TERRY FORSYTH	KNEA
~~KATHY~~ Cook	KS FAMILIES UNITED FOR PUB ED
Mark Desetti	KNEA
PHILIP A. HURLEY	PAT HURLEY & CO.
SCOTT FRANK	LPA
Dan Morin	Kansas Medical Society
Derek Hein	Hein Law Firm
Dodie Wellshear	USA
Richard A. Samaniego	Kearny & Assoc.
Howard Smith	Pittsburg State University
Jami Ross	KACCT

LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2008

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428 Legislature
540 Division of Post Audit
579 Revisor of Statutes

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082 Attorney General
252 Governor
446 Lieutenant Governor
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610 School for the Deaf

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195 El Dorado Correctional Facility
313 Hutchinson Correctional Facility
400 Lansing Correctional Facility
408 Larned Correctional Facility
581 Norton Correctional Facility
660 Topeka Correctional Facility
712 Winfield Correctional Facility
626 Sentencing Commission
523 Parole Board

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360 Kansas Inc.
371 Kansas Technology Enterprise Corp.
565 Department of Revenue
562 Board of Tax Appeals
Coordinator, Economic Development Initiatives Fund

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379 Emporia State University
367 Kansas State University
367 KSU-Veterinary Medical Center
367 KSU-Agricultural Extension
385 Pittsburg State University
682 University of Kansas
683 University of Kansas Medical Center
715 Wichita State University
Coordinator, Joint Committee on State Building Construction

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710 Department of Wildlife and Parks
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450 Kansas Lottery
553 Racing and Gaming Commission
176 Kansas Development Finance Authority
Coordinator, Joint Committee on Information Technology

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494 Osawatomie State Hospital
555 Rainbow Mental Health Facility
363 Kansas Neurological Institute
507 Parsons State Hospital
Coordinator, Children's Initiatives Fund

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359 Kansas Arts Commission
288 State Historical Society
670 State Treasurer
058 Commission on Human Rights
206 Emergency Medical Services Board
482 Board of Nursing
488 Optometry Board
102 Behavioral Sciences Regulatory Board
167 Dental Board
105 Board of Healing Arts
266 Hearing Aid Examiners

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143 Kansas Corporation Commission
122 Citizen Utility Ratepayer Board
709 Kansas Water Office
055 Animal Health Department
373 Kansas State Fair Board
634 State Conservation Commission
Coordinator, Water Plan Fund

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694 Comm. Veterans Affairs/Soldiers Home/Veterans Home
331 Insurance Department
270 Health Care Stabilization Board of Governors
261 Kansas Guardianship Program
625 Securities Commissioner
159 Department of Credit Unions
028 Accountancy Board
531 Board of Pharmacy

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349 Judicial Council
328 Board of Indigents' Defense Services
247 Governmental Ethics Commission
100 Board of Barbering
149 Board of Cosmetology
204 Mortuary Arts Board

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350 Juvenile Justice Authority
325 Beloit Juvenile Correctional Facility
355 Atchison Juvenile Correctional Facility
412 Larned Juvenile Correctional Facility
352 Kansas Juvenile Correctional Complex
016 Abstracters Board
543 Real Estate Appraisal Board
549 Real Estate Commission
663 Board of Technical Professions
700 Board of Vet. Medical Examiners

AMY VANHOUSE (6-4443)
264 Department of Health and Environment
276 Department of Transportation
034 Adjutant General
280 Highway Patrol
083 Attorney General-Kansas Bureau of Investigation
234 Fire Marshal
Coordinator, Fiscal Database

AGENCY NUMBER LISTED NEXT TO AGENCY NAME

Senate Ways and Means
1-9-07
Attachment 1

LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2008

Abstracters Board MICHAEL STEINER (6-4181)
Accountancy Board HEATHER O'HARA (6-7792)
Adjutant General AMY VANHOUSE (6-4443)
Administration, Department of JULIAN EFIRD (6-3535)
Aging, Department on AMY DECKARD (6-4429)
Agriculture, Department of BECKY KRAHL (6-3184)
Animal Health Department BECKY KRAHL (6-3184)
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Atchison Juvenile Correctional Facility MICHAEL STEINER (6-4181)
Attorney General LEAH ROBINSON (6-4447)

Bank Commissioner ASHLEY HOLM (6-4404)
Barbering, Board of MATT SPURGIN (6-4442)
Behavioral Sciences Regulatory Board AARON KLAASSEN (6-4396)
Beloit Juvenile Correctional Facility MICHAEL STEINER (6-4181)

Citizen Utility Ratepayer Board BECKY KRAHL (6-3184)
Commerce, Department of AMY DECKARD (6-4429)
Corrections, Department of REAGAN CUSSIMANIO (6-4418)
Cosmetology, Board of MATT SPURGIN (6-4442)
Credit Unions, Department of HEATHER O'HARA (6-7792)

Dental Board AARON KLAASSEN (6-4396)

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Ellsworth Correctional Facility REAGAN CUSSIMANIO (6-4418)
Emergency Medical Services Board AARON KLAASSEN (6-4396)
Emporia State University AUDREY DUNKEL (6-3183)

Fair Board, Kansas State BECKY KRAHL (6-3184)
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Governor LEAH ROBINSON (6-4447)
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Health Care Stabilization Bd. of Gov. HEATHER O'HARA (6-7792)
Health Policy Authority, Kansas SUSAN KANNARR (6-3923)
Hearing Aid Examiners AARON KLAASSEN (6-4396)
Highway Patrol AMY VANHOUSE (6-4443)
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Hutchinson Correctional Facility REAGAN CUSSIMANIO(6-4418)

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Insurance Department HEATHER O'HARA (6-7792)

Judicial Branch MATT SPURGIN (6-4442)
Judicial Council MATT SPURGIN (6-4442)
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Kansas Public Employees Retirement System JULIAN EFIRD (6-3535)
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Larned Correctional Facility REAGAN CUSSIMANIO (6-4418)
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Optometry Board AARON KLAASSEN (6-4396)
Osawatomie State Hospital SUSAN KANNARR (6-3923)

Parole Board REAGAN CUSSIMANIO (6-4418)
Parsons State Hospital SUSAN KANNARR (6-3923)
Pharmacy, Board of HEATHER O'HARA (6-7792)
Pittsburg State University AUDREY DUNKEL (6-3183)
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Rainbow Mental Health Facility SUSAN KANNARR (6-3923)
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Real Estate Commission MICHAEL STEINER (6-4181)
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State Library AARON KLAASSEN (6-4396)
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University of Kansas Medical Center AUDREY DUNKEL (6-3183)

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Veterinary Medical Examiners, Board of MICHAEL STEINER (6-4181)

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Wichita State University AUDREY DUNKEL (6-3183)
Wildlife and Parks, Department of JULIAN EFIRD (6-3535)
Winfield Correctional Facility REAGAN CUSSIMANIO (6-4418)

Report of the 2010 Commission to the 2007 Kansas Legislature

CHAIRPERSON: Ms. Rochelle Chronister

VICE-CHAIRPERSON: Dr. Ray Daniels

OTHER MEMBERS: Senator Jean Schodorf; and Representatives Kathe Decker and Sue Storm

NON-LEGISLATIVE MEMBERS: Carolyn Campbell, Stephen Iliff, Dennis Jones, Barbara Mackey, Attorney General Phill Kline (or designee), Barb Hinton, Post Auditor (or designee)

STUDY TOPICS

The Commission has authority to:

- Conduct ongoing monitoring of the school district finance act;
- Evaluate the school district finance act and determine if there is a fair and equitable relationship between the costs of the weighted components and assigned weightings;
- Determine if additional school district operations should be weighted;
- Review the amount of base state aid per pupil and determine if the amount should be adjusted;
- Evaluate the system of financial support, reform and restructuring of public education in Kansas and in other states to ensure that the Kansas system is efficient and effective;
- Conduct hearings and receive and consider suggestions for improvements in the educational system from teachers, parents, the Kansas Department of Education, the State Board of Education, other governmental officers and agencies and the general public;
- Make recommendations it deems is necessary to guide the Legislature to fulfill goals established by the Legislature in meeting its constitutional duties.

LCC Referred Topics:

- **School Transportation Weighting Formula** - Study the current school transportation weighting formula. Review the recent recommendations of the Legislative Division of Post Audit transportation weighting analysis. Consider child transportation safety issues, especially if the current 2.5 miles' mileage reimbursement is adequate.

December 2006

2010 Commission

2006 Report

Conclusions and Recommendations

- The 2010 Commission recognizes that many successful schools improve students' performance through all-day kindergarten and programming for at-risk four year olds. The Commission recommends that all-day kindergarten expand to include all children eligible to attend. The Commission also recommends that flexibility in school funding continue to allow for the growth of at-risk programming for four year olds. In addition, the Commission recommends that the second level of funding for at-risk students, the high density formula, be based on the prior year's data and implemented using a linear transition calculation.

- The 2010 Commission observed a variety of innovative programs used in schools across the state to improve students' performance. Two showing great promise are professional learning communities and schools within schools. The Commission recommends that these programs, and others like them, continue to be researched and used in schools across the state.

- The Commission acknowledges that much debate and review has taken place regarding how best to identify students at risk of failure. To date, the best method to distribute funding to school districts for at-risk student programming is based upon the numbers of students eligible for the federal free lunch program in each district. As funding for at-risk services increases, the number of students who qualify for the free-lunch program becomes an increasingly important factor in the state's school finance formula. In light of a recent performance audit on this topic, the Commission recommends that the Legislature review this issue to ensure that at-risk funding is provided to those students for whom it was intended. The Commission does not support any cuts in funding at-risk programming.

- The 2010 Commission heard many concerns about English Language Learners (ELL). Issues included problems surrounding the proficiency of ELL students on state assessment tests, lack of teachers with ELL teaching endorsements, and the potential lack of adequate funding for ELL programs because of problems with the school finance bilingual weighting formula. The Commission requests the Legislature send a letter to the U.S. Department of Education requesting that more than one year be allowed between the time an ELL students enters a bilingual program and the time the student must take an assessment test. The Commission also recommends that teacher education in the state be reviewed and a consideration be made to require all teachers receive an ELL endorsement to their teaching certificate. The Commission also recommends that the Legislature continue to review best practices in training ELL students. And, finally, the Commission recommends that the bilingual weighting in the school finance formula be changed from a full-time equivalent weighting with contact hours to headcount and adjusted to 0.2 from the present 0.395.

- A second theme heard by the Commission in its tours of the state was the importance of staff. Several programs shown successful in attracting, retaining, and developing staff include enhancement of leadership academies, especially for school principals, mentoring new teachers, and providing improved and increased professional development opportunities for teachers. The Commission recommends expansion of these programs. The Commission recommends that $500,000 of annual and on-going funding be approved

for leadership academies, that an additional $1.0 million be added to the state's Mentor Teacher Program, and the Professional Development (In-service Education) Aid Fund be increased to $4.0 million.

- The Commission believes that informing the public of the progress of their schools is vital to ensure confidence in our system of public education. To this end, the Commission recommends that every school make test scores from No Child Left Behind testing available to the local public and all students' parents. In addition, the Commission applauds the Department's work in development of the state database project which will include student and teacher information and allow more efficient tracking of student progress.

Proposed Legislation: None.

BACKGROUND

The 2005 Legislature created the 2010 Commission, which is composed of eleven members, nine voting and two serving as ex officio nonvoting members. The statutory duties of the Commission include:

- Monitoring the implementation and operation of the School District Finance and Quality Performance Act and other provisions of law relating to school finance and the quality performance accreditation system;

- Evaluating the School District Finance and Quality Performance Act and determine if there is a fair and equitable relationship between the costs of the weighted components and assigned weightings;

- Determining if existing weightings should be adjusted;

- Determining if additional school district operations should be weighted;

- Reviewing the amount of base state aid per pupil and determine if the amount should be adjusted;

- Evaluating the reform and restructuring components of the Act and assess the impact thereof;

- Evaluating the system of financial support, reform and restructuring of public education in Kansas and in other states to ensure that the Kansas system is efficient and effective;

- Conducting hearings and receiving and considering suggestions from teachers, parents, the Department of Education, the State Board of Education, other governmental officers and agencies and the general public concerning suggested improvements in the educational system and the financing thereof;

- Making any recommendations it deems is necessary to guide the Legislature to fulfill goals established by the Legislature in meeting its constitutional duties of the Legislature to: provide for intellectual, educational, vocational and scientific improvement in public schools and make suitable provision for the finance of the educational interest of the state;

- Examining the availability of revenues to ensure adequate funding of elementary and secondary education in the state;

- Examining voluntary activities, including extracurricular activities, which affect educational costs; and

- Monitoring and evaluating associations and organizations that promote or regulate voluntary or extracurricular activities including, but not limited to, the Kansas State High School Activities Association.

- Providing direction to the Legislative Division of Post Audit school finance audit team and receiving performance audits conducted by the team.

The Commission will sunset on December 31, 2010.

The Commission is to submit an annual report to the Legislature on the work of the Commission.

COMMITTEE ACTIVITIES

School District Consolidation

Material from the Kansas Association of School Boards entitled Student Enrollment and the Demographics of Change described a peak in Kansas school enrollment in school year 1973-74. The decline since then has been constant because children born to "baby boomers" have moved through the school system. Nevertheless, almost 30 percent of Kansas counties have six or fewer residents per square mile and more than half of the counties in Kansas ended the century with fewer residents than at the beginning.

Representatives from rural school districts, education cooperatives, and education service centers presented testimony on this topic.

The USD 104 White Rock Superintendent Bill Walker told the Commission that his district and USD 278 Mankato were consolidating. Mr. Walker said both districts have serviceable bus fleets, so no new buses will be purchased. He estimated that travel time for some students will increase by 15 minutes. Teachers will be shared and will travel to several facilities in two different towns.

Mark Wolters, Superintendent of USD 105 Rawlins County provided a checklist of consolidation issues to consider. They included:

- Reviewing matters relating to insurance.
- Completing personnel and retirement forms transferring staff to the new district.
- Notifying vendors of the name change.
- Changing letterhead, purchase orders, and all forms.

Conferees told the Commission that money savings from consolidation occur when buildings are closed and staff reduced. Consolidations have occurred to enhance educational opportunities, stabilize and create longer-term viability for a combined district.

Special Education

Conferees presented information on current challenges of special education. Judy Denton, Director of the Northeast Kansas Education Service Center, discussed concerns of the conferees which included the following:

- Fewer individuals are being licensed in special education, at the same time the number of special education students is increasing.
- More special education services are being provided in regular classrooms, which can be more expensive than "pull-out" services.
- The cost of special education materials has increased because of the need to provide "specially-designed instruction."
- In some cases, special education students are transported to special classroom in other districts, incurring additional cost.
- The use of paraprofessionals has increased.

Another issue regarding special education funding is the strong possibility that federal Medicaid funds paid to school districts for services to special education

students will be dramatically reduced in future years. The amount of reduction could be as much as $25 million in FY2008. The Legislative Educational Planning Committee (LEPC) held hearings on this issue during the 2006 interim session. The LEPC 2006 Report provides detailed information on this topic.

Vocational Education

Conferees from USD 336 Holton, USD 259 Wichita, and USD 373 Newton described the importance of vocational education. The told the Commission that many vocational education programs, such as trade and industrial programs, are more costly than traditional academic programs. This fact should be kept in mind when vocational education weighting is discussed related to the school finance formula. All conferees indicated they work closely with the business community to provide workers needed to promote a community's economic development.

In addition to conducting activities during the 2006 Interim relating to its statutory charges, the Commission visited school districts across the State. The following USDs were visited:

- USD 500 Kansas City;
- USD 512 Shawnee Mission;
- USD 233 Olathe;
- USD 215 Lakin;
- USD 259 Wichita;
- USD 499 Galena; and
- USD 508 Baxter Springs.
- USD 250 Pittsburg

In addition while in Lakin, the Commission received information and testimony from superintendents of the following districts:

- USD 457 Garden City;
- USD 363 Holcomb;
- USD 216 Deerfield;
- USD 214 Ulysses;
- USD 477 Ingalls; and
- USD 494 Syracuse.

Other education entities visited or providing testimony included:

- Southwest Plains Regional Service Center;
- High Plains Educational Cooperative; and
- Southeast Kansas Education Service Center (Greenbush).

While schools visited by the 2010 Commission provided valuable insight into a number of challenges facing all Kansas schools, there were several common challenges voiced by school officials across the state, including the importance of retaining and developing staff and increasing numbers of special education students and English Language Learners.

Retaining and developing staff is a major issue in many districts, especially in light of increasing staff retirements. Commission members clearly saw the benefits of energetic and committed teachers and administrators at schools visited during the interim session.

The number of students with special needs are increasing in Kansas schools, including special education students and English Language Learners. School districts face increasing challenges meeting the needs of these students, not the least of which regards students' proficiency on No Child Left Behind-required assessment tests. This became very clear to Commission members visiting with teachers and administrators during the districts' tour.

The 2010 Commission saw many impressive projects and programs while traveling across the state visiting Kansas school districts. A few of those particularly noteworthy items are mentioned in the following paragraphs.

The Southeast Kansas Education Service Center (Greenbush) highlighted many innovative programs for 2010 Commission members review. One particularly impressive program was Virtual Prescriptive

Learning (VPL) described by Sharon Hoch, VPL Director at Greenbush. VPL creates individualized learning plans for a student. Schools used this program to diagnose a student's educational gap benchmarked against state standards, create individualized assignments designed to fill gaps, and continually monitor progress. Many schools have found this an efficient way to help students gain proficiency and regain credit.

2010 Commission members viewed vocational education programming as well. Baxter Springs High School showed Commission members a product of its vocational building trades program. Baxter Springs high school students gained experience in and were exposed to all components of residential construction while participating in the construction of a house.

2010 Commission members saw a particularly noteworthy school security system at Meadowlark Elementary School in Pittsburg. Anyone entering this elementary school were required to pass through an entry system, gaining access via the school office. This seemed to provide a desirable level of security for students and school personnel.

All items considered by the Commission during the 2006 Interim are reviewed in the following material, along with Commission conclusions, recommendations, and special notes.

CONCLUSIONS AND RECOMMENDATIONS

The Commission's conclusions and recommendations are organized into three major categories of "Early Education and Educational Reform, Improving the Quality of Staff, and Improved Information." In addition, a section of "Special Notes" is included.

Early Education and Educational Reform Conclusion

As the 2010 Commission traveled across the state talking with school officials in rural and urban schools and visiting schools having high state assessment scores and schools trying a variety of programs to improve the performance of their students, common themes among many successful districts included the following items:

- All-Day Kindergarten; and
- Programming for At-Risk Four Year Olds

All-Day Kindergarten

Approximately 64 percent of Kansas kindergartners in the 2005-06 school year were enrolled in all-day kindergarten programs. Kansas Department of Education staff indicated that more school districts likely would offer all-day kindergarten if classroom facilities were available.

Research has shown that full-day kindergarten, if appropriate scheduling and curricula are used, can boost academic performance and bring social benefits. This is particularly true when considering children from educationally disadvantaged backgrounds. Children with full-day kindergarten experience score higher on standardized tests and have fewer grade retentions and higher attendance rates. There is also clear evidence that participation in full-day kindergarten has a significant impact on classroom behavior.

School district officials recognized the importance of all-day kindergarten to the extent that it has been funded even when no specific state funding was available for it. (Beginning with the current school year, school districts could use their state-provided at-risk funds to pay for all-day kindergarten.)

Four-Year Old At-Risk Programs

Children qualify for four-year old at-risk services when a child meets one of the following criteria:

- Lives in poverty (qualifies for the federal free lunch program);

- Member of a single-parent family;
- Receives a Department of Social and Rehabilitation Services referral;
- Has teen parents;
- Has either parent lacking a high school diploma or GED;
- Qualifies for migrant status;
- Has limited English proficiency; and
- Is considered developmentally- or academically-delayed.

In the spring of 2006, the Kansas Department of Education evaluated the state's four-year old at-risk program at the request of the Legislature. In this evaluation's sample of over 400 students, children served by a variety of at-risk programs showed growth in skills across the school year. In addition, tests revealed that those children who came into programs with lower level skills overall had larger change scores than those who came in with greater skill.

The 2006 Legislature allowed school districts flexibility in using at-risk funding for needed programs such as all-day kindergarten and expansion of preschool and four-year old at-risk programming. The Commission commends this effort and is fully supportive of services now provided by current law to all four-year old at risk students in the state.

Innovations in Education

While touring the state's school districts, the Commission became aware of innovations in education designed to improve student outcomes as well as a variety of programs working to improve educational opportunities for the community of diverse students in the state's schools. Those innovations and programs included:

- Professional Learning Communities;
- Schools Within Schools; and
- At-Risk and English Language Learner Programs.

Professional Learning Communities

The concept of professional learning communities is based on a premise from the business sector regarding the capacity of organizations to learn. Modified to fit the world of education, this concept involves the development of collaborative work cultures for teachers. The essential characteristics of professional learning communities include:

- Shared values and norms are developed with regard to views on children's ability to learn, school priorities, and the roles of teachers, parents, and administrators.
- The focus is on learning instead of on teaching.
- Teachers have continuing and extensive conversations about curriculum, instruction, and student development.
- Teaching becomes public and collaborative rather than "private".

The 2010 Commission saw examples of professional learning communities working in a variety of ways in several of the school districts visited. Examples include teams of teachers and other school professionals, e.g. the school counselor, school social worker, and administrators meeting on a regular basis discussing a student's progress and developing plans, methods, and tools for helping students achieve their greatest potential. The key in this involves a **team** working with **individual** students. Implicit in this concept is the idea that the professional learning community will have ample time to plan and work with each student. In some schools visited, an "early out" program was used which allowed students to leave school early giving teachers more planning time. Other schools are able

to arrange teacher planning time so that teachers can do planning during the school day.

A review of studies done on the impact of professional learning communities on student achievement found that student learning improved. In some studies, achievement scores for low and underachieving students rose dramatically over a three-year period.

The development of professional learning communities also prompts continuous teacher learning as teachers search for educational efforts that will help them accomplish the goals of the "community."

School Within a School

The school within a school is one model used in some districts to help make classroom instruction more personal, motivate students to excel, and develop relationships between school staff, students, and their parents.

One example of the school within a school is grouping students in a small learning community or group so that the group can stay together for several grades. Another example is students having the same teacher for several consecutive grades.

Several studies show that low student-teacher ratios prove very successful in providing individual attention to each child whether in the professional learning community setting or in small class sizes. According to the U.S. Department of Education, a four-year longitudinal study of smaller class sizes in Tennessee concluded that smaller classes yield educationally and statistically significant gains in student achievement.

It is likely that additional funding provided by the Legislature in its recently enacted three-year plan (2006 SB549) could be used to reduce class sizes.

At-Risk Education and English Language Learners

At-Risk Education

The Commission supports programs that address the needs of at-risk students who are not attaining proficiency. Examples are extended school days, summer school, tutorials, and programs that involve parents in helping their children improve.

The Commission acknowledges that much debate and review has taken place over the years regarding how best to identify students at-risk of failure. To date, the best method to distribute funding to school districts for at-risk student programming is based upon the numbers of students eligible for the federal free lunch program in each district.

As funding for at-risk services increases, the number of students who qualify for the free-lunch program has become an increasingly important factor in the state's school finance formula. A performance audit entitled K-12 Education: Reviewing Free-Lunch Student Counts Used as the Basis for At-Risk Funding, Part I by the Legislative Division of Post Audit found that about 17 percent of free-lunch students in its statewide, random sample were ineligible for free lunches. The random sample was of 500 students out of nearly 135,000 free-lunch students in school year 2005-06. The Division indicated this was a statistically-valid random sample.

English Language Learners

In extensive travels and discussions with school officials across the state, it became apparent that English Language Learners (students for whom English was not their native language) were becoming a growing concern. Issues included problems surrounding the proficiency of ELL students on state assessment tests, lack of teachers with ELL teaching endorsements, and the potential lack of adequate funding for ELL programs because of problems with the school finance bilingual weighting formula.

Recommendations arising from these conclusions begin below.

Committee Recommendations:

- The Commission supports the growth in all-day kindergarten until it is available in every Kansas public school. The Kansas Department of Education estimated it will cost approximately $74 million to provide all-day kindergarten statewide in the next school year. During the 2006 Session, the Legislature gave school districts the flexibility to use at-risk funding to be used to provide all-day kindergarten. The Commission recommends that this flexibility be continued.

- In support of the recommendations made by the At-Risk Education Council, the Commission 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 Commission recognizes that the needs of at-risk students have not changed over time and, in fact, are increasing.*

- The Commission recommends that the Legislature review the Legislative Post Audit study entitled *K-12 Education: Reviewing Free-Lunch Student Counts Used as the Basis for At-Risk Funding, Part I,* concerning free-lunch students to ensure at-risk funding is provided to those students for which it was intended. This performance audit noted that at eight alternative schools reviewed by the auditors, nearly forty percent of free-lunch students reviewed were over the age of 20. In addition, auditors found that school districts receive full at-risk funding for part-time students, primarily kindergarten students. The performance audit noted that changing this count to a full-time equivalent count would reduce the amount of at-risk funding the state pays to school districts. Addressing these two issues, Legislative Post Audit recommended that the House Select Committee on School Finance and the Senate Education Committee should hear testimony regarding instituting an age limit for free-lunch students for the purpose of at-risk funding and changing the at-risk funding count from a headcount to an FTE count.

While the Commission supports a Legislative review of this recommendation, the Commission does not recommend any cuts in funding at-risk programming. The Commission strongly recommends that the at-risk weighting included in 2006 SB 549 be maintained for the full three years of the law.

In its performance audit *K-12 Education: Reviewing Free-Lunch Student Counts Used as the Basis for At-Risk Funding, Part I,* Legislative Post Audit did not address whether at-risk funding should be removed from the school finance formula based on the number of students estimated ineligible for free lunches.

The 2010 Commission recommends that the $19 million be retained and the weighting be adjusted for both the free lunch and high density weighting proportionately.

- Regarding English Language Learners, the Commission makes a four-pronged recommendation.

    - Request that the Legislature send a letter to the U.S. Department of Education requesting that more than one year be allowed between the time an English Language Learner student enters a bilingual program and the time the student must take an assessment test.

    - Request the Kansas Board of Regents review higher education instruction for students studying to become teachers. All students completing instruction to become public school teachers should be instructed in

teaching English Language Learners, and furthermore, should be required to gain an ELL endorsement to their teaching certification.

- Recommend the Legislature continue to look at best practices in educating ELL students.

- Because the current bilingual weighting probably under reports the number of children who need English language assistance, the Commission recommends that the weighting be changed from a full-time equivalent weighting with contact hours to headcount and adjusted to 0.2 from the present 0.395 weight.

Improving the Quality of Staff Conclusion

A second theme heard by the Commission in its tours of the state was the importance of staff. Specific items relevant to staff include the following:

- Leadership Academies;
- Mentoring New Teachers;
- Professional Development of Current Teachers; and
- Attracting, Developing, and Retaining Teachers.

Leadership Academies

The Commission recognizes the efforts of the State Department of Education in providing small grants to school districts and service centers to fund a variety of leadership workshops and trainings. This type of funding is done on a statewide basis prior to this time.

In its tour of school districts, the Commission formed the impression that the skills, knowledge, commitment, and dedication of administrators to educational improvement is vital to improving student proficiency. To enhance the quality of leadership, the Commission supports statewide continued and improved leadership programs.

A July 2006 Legislative Post Audit report entitled *K-12 Education: Reviewing Issues Related to Developing and Retaining Teachers and School Principals* reviewed literature on attracting and retaining school principals. The report described three "best practices" for principal professional development:

- Provide practical training, such as training on budgets, case studies, and problem solving;

- Include opportunities for peer support and leadership coaching, such as support groups and training with peer principals; and

- Offer development through a variety of providers, such as outside agencies, university personnel, or national conferences.

The Commission believes that these academies are an efficient and practical way to provide good practices for present and future principals.

Mentoring New Teachers

The Commission notes input it received in the field from teachers who stressed the importance of mentoring. The Commission also notes information provided by the State Department of Education to the effect that the Teacher Mentor Program, in the years it was funded, resulted in attrition rates for new teachers of approximately ten percent, according to information from the Kansas Department of Education.

The above-referenced performance audit report on developing and retaining teachers cited mentoring programs as one of the best strategies described in educational literature to retain new teachers. Through mentoring programs, such as the one in Kansas, new

teachers are paired with experienced teachers to receive guidance and support.

The Kansas Mentor Teacher Program was established by the 2000 Legislature beginning with the 2001-02 school year. It is a voluntary program and provides probationary teachers with professional support and continuous assistance by an on-site teacher. A mentor teacher is a certificated teacher who has completed at least three consecutive school years of employment in the district, has been selected by the school board as having demonstrated exemplary teaching ability, and has completed training provided by the school district in accordance with Kansas Department of Education criteria. Each mentor teacher may receive a grant not to exceed $1,000 per school year for up to two probationary teachers. Fiscal year (FY) 2002 was the first year the Mentor Teacher Program was funded. That year, the Legislature limited grants to support only beginning teachers in their first year of teaching. No funding was approved for this program from FY 2003 through FY 2005. Subsequent years' funding was $1,050,000 in FY 2006, $1.2 million in FY 2007, and $1 million in FY 2008.

Professional Development of Current Teachers

The Commission supports professional development efforts and believes these efforts must be related to the curriculum (job imbedded), be consistent, and be on-going. The Commission recognizes the importance of professional development in implementing reforms that have proven successful in improving student proficiency, such as the professional learning communities, noted above. The recent performance audit, K-12 Education: Reviewing Issues Related to Developing and Retaining Teachers and School Principals, noted that one of the overarching best practices for teacher professional development is the commitment of adequate resources to professional development by earmarking funds for training, paying advanced education training costs, and offering more time for job-imbedded professional development.

Legislation requires school districts to provide professional development programs. School districts may use local money and receive matching state aid for education approved by the State Board of Education. There is a limitation placed on the amount of state aid a USD can receive. The limitation is one-half of one percent of the individual school's general fund budget. For the current fiscal year and FY 2008, the Legislature appropriated $1.75 million for professional development. Actual expenditures by school districts in the 2005-06 school year totaled nearly $12 million in state and local funds combined.

Attracting, Developing, and Retaining Teachers

The Commission reviewed the 2006 Teacher Working Condition Survey sponsored by Governor Sebelius, Kansas National Education Association, United School Administrators, and the Center for Teaching Quality. Approximately 22,000 teachers and administrators (53 percent of Kansas educators) responded to the survey. Among survey findings was the importance of adequate planning time for teachers as well as empowering them as decision makers in their schools.

The Commission supports activities intended to attract, develop, and retain high quality teachers and school principals as identified in the above-referenced survey as well as the Legislative Division of Post Audit performance audit report regarding teacher and principal retention entitled K-12 Education: Reviewing Issues Related to Developing and Retaining Teachers and School Principals.

The performance audit describes best practices for attracting and retaining teachers.

For attracting teachers, education literature includes:

- Improving compensation;
- Increasing recruitment efforts; and
- Reducing barriers to becoming a teacher.

For retaining and developing teachers, education literature includes:

- Establishing mentoring programs;
- Developing teacher preparation and transition programs;
- Improving working conditions;
- Increasing pay; and
- Dedicating adequate resources to training specifically targeted to teachers' needs.

Committee Recommendations:

- In recognition of the importance and success of leadership training and past leadership academies in the state, the Commission recommends that $500,000 of annual and on-going funding be approved for leadership academies. The funding will be awarded to districts and service centers that apply to and are approved by the Kansas Department of Education (KSDE). Furthermore, the Commission recommends that KSDE evaluate the leadership academies that receive funding to measure their success in improving student proficiency over three, five, and ten-year periods.
- In recognition of the success of teacher mentoring programs, the Commission recommends that an additional $1.0 million be added to the state's Mentor Teacher Program so the Program can be extended to the second year of a new teacher's probationary period. The additional $1.0 million would provide the second year of mentoring to a potential of .01,000 new teachers in Kansas.
- In recognition of the importance of professional teacher and administrator development in understanding and implementing education reforms, such as professional learning communities, the Commission recommends that the Professional Development (In-service Education) Aid Fund be increased to $4.0 million in FY 2008.

Improved Information Conclusion

The Commission supports the recommendation of the At-Risk Education Council development of the Kansas Department of Education data system. This system will be a critical component in the ongoing understanding of the achievement gap of at-risk

The Commission applauds the Department's work of the state database project which will include student and teacher information. The recommendation below takes this database further.

Committee Recommendation:

- The Commission supports the state database project being developed by the Kansas Department of Education to include both student and teacher information.

The Commission recommends the continued support of the data system being developed by the Kansas State Department of Education so that tracking a student's proficiency can be easily done.

The Commission adds the following special notes:

- No child should be required to ride on a school bus - one way - more than 60 minutes per day. If it requires additional bus routes, the state and federal government should be prepared to pay for them. The Commission heard a report of one family whose children were on the bus for one hour and forty

minutes – one way – and several families having children who ride a bus over an hour.

- The Commission recognizes the importance of ensuring our state's schools are safe for all children. The school tour recognized a particularly innovative strategy for ensuring safety through a single, secured entrance observed at Meadowlark Elementary in Pittsburg on the interim Commission tour of schools. This "air-locked" area required every visitor to the school to enter the school at one, secure location.

- One very important concept recognized by the Commission is that parental involvement in school activities is crucial to a child's success. Some of the most successful schools went to extraordinary lengths to involve their parents, including making home visits to families who failed to attend parent-teacher conferences.

- The Commission believes that informing the public of the progress of their schools is vital to ensure confidence in our system of public education. Therefore, the Commission recommends that every school provide local newspapers with the scores resulting from No Child Left Behind (NCLB) testing for each school, by class; that parents receive copies of their child's NCLB test results by school, class, and their child at parent-teacher conferences; and that if a child is nonproficient in a subject, the parent be given a written report describing what is being done to ensure the child becomes proficient. If a parent does not attend the parent-teacher conference, the school should make other arrangements to see that the parents receive the information.

Following is a Minority Report filed by

2010 Commission Member, Steve Iliff

Recommendation for a Comprehensive Standardized Consistent, Accounting System

Subtitle: No Legislator Left Behind

A proposal for the 2010 Commission by Steve Iliff
December 18, 2006

Introduction

Every child must have the opportunity to receive an education. In America we recognize education as a basic right and value it as an essential in accomplishing liberty and happiness. In Kansas things are no different. Governor Sebelius has again challenged us to continue to search for the means by which the educational system can improve and flourish. We would all embrace a plan guaranteed to educate every child. Crafting such a plan is the goal of countless think-tanks, bureaucracies, private-institutions, individuals and commissions. However, other than a heaving and shifting from one ideology to another, not much has been accomplished. Not only is success in education measured differently, but the avenue to that success has huge variants. A child, not a product, is the outcome, and herein lies the rub.

As a member of the 2010 Commission I have had the privilege of being able to observe first hand the complexity of designing and implementing a solid educational foundation for Kansas children. Each of us on the commission has our own biases as to what we would like to see addressed or changed. My colleagues on the commission know I have strong opinions regarding what creates a successful school but I offer those along with everyone else's opinions. However, regarding the area of budgeting and financial accountability, I offer expertise not rhetorical opinions and I believe the state must make substantial changes. I offer this recommendation in a minority report because the 2010 Commission initially recommended it then reversed their position and chose not to recommend.

Issues in Funding and Spending Education Dollars

Educational revenue and expenses are very difficult to understand for either the layman or the expert not intimately involved with operations. Legislators are required to fund the public schools in Kansas adequately and equitably across the state but must know where the money goes in order to make this determination.

Legislators are continually being asked to provide more funds for education and do not understand where the money is going or how it is being used. This is like writing a blank check to the school system by the taxpayers.

All legislators and taxpayers have a strong desire to have the best education possible for each student in the system delivered at the most affordable price. Governor Sebelius has recognized the taxpayer's concern and stated it as one of the reasons she hired Standard and Poor's to perform their evaluations.

The State of Kansas is responsible to comply with Federal Guidelines and be able to show that Federal money has been used according to the purposes it was given.

The legislature holds in trust all the money taxed from the people to be used in the best interest of the people and take no more than is absolutely necessary to provide for education.

The only way anyone (legislator, commissioner, taxpayer, administrator or educator) can possibly know how well the educational system is doing in general or particular is by having an accurate accounting system for both financial, demographic and educational assessments that are consistently applied from year to year, school to school and district to district and then to the industry as a whole.

All parties from principals, superintendents, board members, legislators, taxpayers and even members of the Department of Education and Post Audit Division agree that there is no consistent or comparable accounting in the school systems of Kansas even at the district level and consequently no one can truly understand where money is going or compare one school building to another in the State of Kansas Education System, a 4 billion dollar business. You can't hold people accountable if you can't account.

Our 2010 Commission Chairperson, Rochelle Chronister, has been repeatedly quoted saying, "Show me the data." before she will make recommendations. This recommendation will provide a system for showing the financial, demographic and testing data in a coherent manner in order that sound decisions and recommendations can be made in a timely fashion.

At least 6 out of the 12 duties given to the 2010 Commission include words like determine, evaluate, monitor, review, and ensure the Kansas system is efficient and effective. All of these words and duties are meaningless without a system that will capture information in a comprehensive, methodical, orderly and consistent fashion.

Therefore I recommend:

A comprehensive accounting system with appropriate chart of accounts with clear definitions and well trained coders that should be begin effective with the 2007-2008 school year down to the school level.

The system would be designed and put into place by a small group of independent accountants, information technology consultants with the aid of retired principals and superintendents and post auditors.

The key to the success of this system would be a bipartisan approach with the full support of the governor and the leaders of both houses.

The Accounting Manual will be reviewed and put into place for all schools and districts. Be aware that since this has not been done intensively before that there will be significant changes over the next 2 years as schools implement and retrain their staffs or review the possibility of outsourcing this one function to a centralized accounting firm or state organization.

Reasons Why Implementation is so important:

Tax dollars are a trust and should be used very carefully and effectively. No more tax dollars should be requested or approved unless a compelling cause can be demonstrated.

The disbursement of funds calls for their use in an efficient and effective manner. This cannot be judged unless it can be measured. It can't be measured unless there is an accounting system. And one cannot determine who is doing better than whom unless the system is comparable among the schools. And one cannot determine if there is improvement unless the system can compare one year to the next and is consistent in its coding.

It will improve Education in Kansas

In order to get the best results in the classroom we must be able to provide resources where they will be most effective. We must understand costs, methods and personnel that produce those results. Ideally we would build a model. But since we already have schools in operation we can find which ones are operating most effectively and observe how they do it.

Data Mining will highlight Best Practices

Researchers are looking for best practices as well as poor practices. The only way they can confirm their hypothesis is with good data. They must be able to access the exact same data that is available to all those in the education community. If they can't get good data they will waste time, get false results, or open themselves to the accusation that they are comparing apples to oranges. But who can blame them when the current accounting system is so designed that it renders the apples to apples comparison impossible.

Data mining is used constantly by investors, scientific researchers, the military and businesses of all kinds. Sound decisions depend on good data.

Capturing the data should be neutral. Republican and Democrat, principal and board member, taxpayer and legislator should all want accurate data. If the data is captured well and available then the real debate can begin about what is best for the children of Kansas. Without it, we can never know what is best for the children. This was one of the goals mentioned by Governor Sebelius in the new initiative she passed in 2004.

Find out where the heroes are and reward them

The only way anyone can really know who the heroes are is by comparison. Which principals and teachers are getting more results with less money and more challenging student population? The only way to know is to have a reporting system that highlights them. They are out there.

It will Encourage Competition among the public schools

Districts and schools should compete with other districts and schools for better methods, outcomes and costs. Each will vie for efficiencies, lower turnover ratios, faster training and on going development and assessments that will be accurate and fair and continually improving.

In America we all believe that competition brings out the best in each of us. We see this on the field of athletics, fine arts, commerce and the military. Education is no different. The best run schools and districts should be rewarded publicly and financially and become the models and trainers of the districts that are struggling.

It is Good Business

All businesses run better when they can measure how well they are doing against a budget, against previous years and against other like entities in their industry. The number one reason businesses in the free market fail is because of poor financial business planning and controls. Schools will not fail because they have access to tax dollars but they will waste time and money. But it will still cause them to fail in delivering the scarce resources to where it is most needed.

An Accounting System is a good Internal Control

Good accounting records are an essential part of good internal controls to protect the money that has been entrusted to you. A four billion dollar industry should have them.

It would be easier in the long run for administrators

Once the system is in place and coders are trained, the request for audits would only be to verify source documents and even these could be scanned and put on a hard drive so auditors would not have to bother the schools for more information. It is the only way to ensure the money is getting into the classroom every year and in every school. Currently when auditors and legislators request details there is an intense amount of administrative work to produce such documents.

Legislators would be fulfilling their responsibilities

Legislators can't legitimately fulfill their responsibilities unless they are voting for or against measures which they understand and get reports on.

Taxpayers must believe in the system

Our system is based upon voluntary compliance. Compliance is based on trust in the system and our governors and legislators to administer taxes and use funds for the general welfare while controlling costs. Governor Sebelius desired the school districts to be more accountable to the taxpayers when she initiated the Standard and Poor's audit in 2004. But Standard and Poor's only audited 4-6 of the 300 districts in Kansas. A good accounting system will make much easier and more comprehensive.

It will truly give board members and taxpayers local control

You can't control what you don't know. Everyone is crying out for information. They want to know where their money is going and wonder if it is being used effectively. Every board member should have their eye on other schools and be asking questions like:

> How can ABC school be getting such good scores?
> ABC has the same demographics as we have and don't receive any more money. How can they be so excellent?

Where is ABC spending their money?
Why are their turnover ratios so much lower than ours?
Why did they get more money than we did?
ABC's parents just rave about their principal and teachers. Why?

You must be able to compare to see the difference. But you can't compare without comparable data.

District efficiency depends upon good accounting that is easily understood by the common taxpayer.

According to the January 2006 Post Audit Study there are 2 variables that help to make a District efficient. The first is when money is hard to come by. The second is when voters watch carefully how their tax dollars are spent. Both of these require good information systems.

Auditors and Accountants Believe a System should be Required

Barb Hinton, Post Auditor Recommends Accounting System

Barb Hinton supported a comprehensive system for the whole education community at the 11/14/06 Commission meeting. She later referred to her Post Audit Report dated March 2002 which exposes problems with the current system.

Standard and Poor's Audit

Standard and Poor's has done a very good audit at the request of Governor Sebelius and paid for with private money from the Kauffman Foundation. During testimony, they mentioned that they could not establish building indicators State wide with any accuracy because the accounting was too inconsistent from school to school and year to year.

Governor Sebelius is to be commended for commissioning such an audit and finding a way to pay for it from the private sector. She was criticized by the Educational establishment at the time but stood her ground. Standard and Poor's is doing a very helpful service to the citizens of Kansas and for our Educational Institutions.

Dale Dennis, Deputy Commissioner of Education

Dale Dennis said to the 2010 Commission on several occasions that although we have a chart of accounts for the State, no one really uses it consistently from school to school or year to year.

Generally Accepted Accounting Principles (GAAP)

These are the standards, principles, rules that govern Certified Public Accountants. All private companies, government and non profits follow these rules; the education community should be no different.

The reason our government and the American Institute of Certified Public Accountants require GAAP that it would be impossible to loan money to or invest in companies without a reliable and standardize accounting system. The taxpayers are investing in public education and must be able to determine if their local schools are using their money wisely.

Kansas School Accounting is done with a variety of different methods so that no one can compare their financials to other schools, districts or States. This makes auditing more difficult and makes real financial management for the State impossible.

Nature of the Accounting System

The idea is that each school (elementary, secondary, charter or alternative) would be run like a business franchise (a Wal-Mart, Barnes and Noble, Wendy's or Sylvan). The franchise would be received from and monitored by each district and the department of education. There would be a standard chart of accounts that would be consistent throughout all the schools and districts in Kansas. All finances would be accounted for including grants, gifts and other critical income that would help a school be successful.

Simple and Thorough Systems

Systems should be established to get all the information from parents one time, entered into the computer and then only updated with changes. The system would monitor the location of each parent and child as long as they reside in Kansas and would follow them throughout the State. It would capture all necessary demographic information to provide good comparable data.
Each year the parent would update his/her form for those things that are likely to change; address, phone numbers, income if requesting free or reduced lunch.

Track Individual Students

Each student when they begin a school year will be checked in and be followed by the system no matter how many schools they attend. This will avoid the problems which occur when seasonal jobs or changes in residence cause students to transfer schools. Each student should be given a test at the beginning of the year and another at the end of the year to note improvement. This would give us better assessment data that could travel with the student from school to school. No one would fall through the cracks.

Nature of our world

We have all watched the headlines as Enron, Worldcom, and our own Westar have been gutted by top management. The damage was so vast because both top management and their accountants were working together. There was no independent accounting and control.

We have also recently seen with the 501 School district's poor accounting and internal controls and policies how outsiders were able to take more than $500,000 over 18 months out of the checking account without anyone noticing. This was due to poor accounting and management practices.

Oskaloosa School District recently appears to have lost money and the superintendent has been relieved.

No system can prevent all crime, but a good system using standard best practices is the best defense. This is not to point out problems with Public Schools for Private Schools have the same problems and issues. The difference between Public and Private here is that a Private School's funding can drop dramatically if the patrons lose faith and they could go out of business.

Objections to an Accounting System

Objection 1: But we want local control!

This recommendation would not affect how the money is spent or the control on the school or district. In fact, I am for more local control not less. But it would cause each school to be accountable for costs and outcomes so they could be compared. If a school spent more but got better outcomes with a more difficult population, who would complain? If it turned out that one board was spending millions more and getting very poor assessments scores compared to a district ten miles away with the same demographics, the parents and taxpayers might like to get real local control of the board members. In fact this would be the only way they could get local control. You can't control what you don't know.

Local Control vs. Centralize accounting functions

The State would leave local control in the hands of the individual school board on how money is spent, but the accounting system, coding and internal controls would be subject to best practices and regulated by the state (i.e. the accounting function would be centralized into a home office similar to many franchises in the commercial world). All bills would be sent by the vendor to the school or district administration for approval but then be forwarded for payment to the home office for proper coding and payment.

Payroll would be handled in a similar fashion. Financials would then be posted to the internet handling confidential information confidentially.

Objection 2: We need to do more Study and have a presentation.

The Legislative Post Audit Division did a Performance Audit back in March of 2002, which looked closely at the accounting and budgeting issue. They discovered and pointed out many practices among the Kansas School Districts that vary widely from standard best practices of accounting, budgeting and internal controls. The following is their summary:

Audit Title

School District Budgets: Determining Ways to Structure the Budget Document to Make It Understandable and Allow for Meaningful Comparisons

Audit Number
02PA10

Audit Date
3/2002

Audit Abstract

The laws, policies, and practices related to school district budgets are flawed in some areas. Because of the requirements or interpretations of State law, districts are overstating some expenditures and excluding other expenditures altogether. Staffing, enrollment, and expenditure information districts report in their budgets don't tie together, and aren't always reported consistently. In some local budget documents expenditures aren't summarized or grouped into categories, making it difficult to know how much money a district is taking in, or how moneys are being spent. We developed a new format for districts' local budget documents that realigns and summarizes categories of information, includes all revenues and expenditures, and tries to address most of the problems we identified. The new budget format ultimately can be used as a tool to help identify where a district's costs may be out of line compared with peer districts, Statewide averages, or other benchmarks. District officials and board members can use it to explore the reasons for differences in greater detail, and to consider any adjustments they may need to make to increase their district's efficiency. The format presented will need to be reviewed and refined to make it as meaningful and useful as possible.

[1]

Objection 3: But it will cost too much!

First of all, no one knows how much it will cost. No other person would even think of running a business without good accounting no matter what the cost. But, in fact, it will cost less, probably much less than we are spending now. Instead of each school or district having their own part-time accountants or part time bookkeepers who are underpaid and under trained, this function would be centralized allowing the benefit of those who would perform these functions to concentrate, be better trained and using the best accounting systems and controls. It should be similar to a Franchise accounting like McDonalds, Sylan, Walmart, of Starbuck.

In addition, good accounting will show where money is misallocated so it can be better spent to improve results.

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[1] http://www.accesskansas.org/srv-postaudit/results.do

A recent Wall Street Journal article reported that the NEA fought disclosure of their income and expense reports using this same argument. They said it would cost too much-possibly more than a billion dollars. In fact it only cost $54,000. The accounting disclosure did show one thing; where they spent their money. Once you look at their expenditures you can see why they fought full disclosure. You can go to www.union-reports.dol.gov to see the NEA reports now that they have full disclosure.[2]

Philosophical Resources and References

The Fiefdom Syndrome by Robert J Herbold: This book outlines the installation of a detailed accounting system at Microsoft at a time when all their departments in each separate countries in which they represented were not communicating well with one another. They lacked a comprehensive accounting system and Bill Gates could not tell how his company was doing until months after the quarter or year end.

Who Says Elephants Can't Dance by Lou Gerstner (Gerstner was appointed CEO of IBM when it was having serious financial trouble Story behind the IBM turnaround.

In Search of Excellence by Tom Peters

Made In America by Sam Walton

Behind the Arches by John F Love

The Effective Executive by Peter Drucker

Managing the Non-Profit Organization by Peter Drucker

The E-Myth by Michael Gerber

[2] http://www.opinionjournal.com/editorial/feature.html?id=110007761

Recommendation: Fix the Free and Reduced Lunch Under-Reporting Problem Using Technology

Steve Iliff recommended fixing the current problem uncovered by the Post Audit by using technology. Using the computer and secured servers, all individuals who apply for a free lunch could enter their data on to a computer in a secure private location at the school, public library or even on the web while they are at home. They could enter their personal information, address, social security and income of their household. The computer would go to the State of Kansas computers and check the income, payroll tax returns and 1099's on file with the State for all the members of the household and return a yes or no answer. If they do qualify, they could print out a qualification sheet with a unique number on it for the parent to turn in or mail to the school. The school secretary would enter that number into the school computer and it would confirm with the State of Kansas that this individual was indeed eligible. This would have the benefit of cutting staff time, rendering auditing unnecessary, improving confidentiality and accuracy, make lying more difficult and take the administrator out of the impossible situation of confronting a cheating parent, denying his child $600 worth of free food and, in addition, losing $2,000 per year for his school district or following his conscience.

In addition, some penalty, other than just losing your free lunch status, should be imposed on the parent for false reporting and the administration for failure to audit and enforce the system.

Recommendation: All money provided must have measuring tools to prove results.
I believe and therefore recommend that no extra money be given to schools or districts without measuring tools that will make sure that the money given is managed effectively and with corresponding results.

Money is a Scarce Resource: It Must be Carefully Distributed and Measured for Results

I, the one CPA on the commission, do not ***know*** if any individual schools, school districts, or groups within the education establishment, really need more money. We as a commission have not studied individual schools close enough to make such a determination. I do not ***know*** whether special education students, English language learners or at-risk students need more money. Maybe they do, but I can't recommend more money because I do not ***know*** that it is necessary. I do not want the legislature to believe that I or the commission has been given enough information to confidently make any recommendation about adding more money to the current school systems.

Giving money across the board to schools when there is no measuring tool to determine if this money was effective does not make sense. Some will spend it like a homeless drunk who has just been given $1,000 in cash. Others will use it very wisely and get some incremental improvement.

Salary increases across the board guarantee no improvement in education. It will garner appreciation from good teachers but will make it that much more difficult to remove poor teachers or teachers that do not really like to teach. The best teachers don't teach for money. It is their mission. For the worst teachers; money is a major factor.

Money in the hand of certain people will do more than in the hands of others.
The Blue Ribbon Schools that testified before the Commission and the Education Committee never mentioned money as an issue. To them the *No Child Left Behind* Program has been a positive challenge and a motivator to help teachers find better more creative ways to improve scores.

Money is better used when it is difficult to come by and it is carefully watched and accounted for. In the Jan 2006 Cost Study Analysis done by the Post Audit Committee, District Efficiency was mentioned several times. When I asked Scott Frank, Legislative Post Audit's Manager of School Audits assigned to the 2010 Commission, what he meant by "district efficiency", he gave the following answer:

> In conducting the statistical analysis behind the cost study, we had to control for district efficiency. Because efficiency is very difficult to impossible to observe directly at a global level, we included indirect measures that tend to be associated with efficiency. Those variables fell into two broad categories:
>
> 1) Fiscal capacity variables. All other things being equal, districts for whom money comes more easily tend to spend more. To measure this, we looked at income per pupil (for the citizens, not the district), assessed valuation per pupil, the ratio of State and federal aid to income (again for the citizens), and the local tax share (roughly, how much of the property tax in a district is the typical household responsible for?). Except for the local tax share, each of these measures was significantly related to spending.
>
> 2) Voter monitoring variables. All other things being equal, districts that have a large number of voters who are likely to pay attention and hold them accountable are likely to spend less. To measure this, we looked at the percent of adults who are college educated, the percent of the population that is 65 or older, and the percent of housing units that are owner occupied (as opposed to rentals). All of these measures were significantly related to spending.

My conclusion based on that information: Districts use their money more efficiently if they find money more difficult to come by and they have a population of interested parents and taxpayers who are willing to hold them accountable. This should not surprise us for businesses and families tend to run the same way.

Standard and Poor's said:
A vital part of achieving higher standards is effective resource management—attention to *what* to spend resources on, how to spend them, and how much to spend. Allocating resources, making trade-offs, investing and directing effort toward student-achievement..[1]

We don't currently have the measuring tools in place to ensure that we have effective resource management and the reports that follow the money we currently give to the system.

[1] Standard and Poor's Kansas Education Resource Management Study, Phase III, Winter 2006

KANSAS ASSOCIATION OF SCHOOL BOARDS

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Testimony on **SB 30**
before the
Senate Ways and Means Committee

by

Mark Tallman, Assistant Executive Director/Advocacy
Kansas Association of School Boards

January 9, 2007

Mr. Chairman, Members of the Committee:

The Kansas Association of School Boards appreciates the opportunity to comment on **SB 30**, which would set aside the additional funding needed for the third year of the school finance plan adopted last session and insure that those resources are available in Fiscal Year 2009.

Our members discussed school finance issues extensively in our 10 regional meetings this fall, and overwhelmingly approved the attached resolution. We support maintaining the Legislature's commitment to the three-year plan, and would certainly oppose any reduction in that plan. We therefore support the intention of
SB 30 to make an even stronger guarantee that the promises of the 2006 session will be delivered.

We want to respectfully remind the Legislature what is at stake. School finance is not just about money for teachers and other school employees, or even about programs and services for children. It is not just about complying with court orders or avoiding lawsuits. School board members – who have no personal financial stake in school funding – believe the three year funding plan is not just a commitment to school districts but a down payment on the future of Kansas. Improving educational outcomes at all levels is the only way Kansas and the United States will be able to compete in the new economy and sustain the promise of American life.

Your own Post Audit study found a nearly one-to-one correlation between increased education funding and increased student performance. Higher student performance results in better educated, higher skilled citizens. More education and higher skills increase economic productivity, individual earnings and even health outcomes. Less education and low skills mean low wages, more crime and social welfare costs. Inadequate education is economic suicide.

Therefore, our members believe we must continue to work to improve the quality of education in every community in our state, and the three-year plan is a minimum, not a maximum, for a number of important reasons. First, we recognize funding for the three-year plan is based on estimates for

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enrollment, federal special education aid, local option budget use and other costs. If estimates for any of these areas fall short, we do not want to see other important components of the plan reduced. Second, we will continue to support expansion of early childhood programs, all day kindergarten and other strategies so fewer children are "left behind." Third, we will continue to support reducing reliance on local property taxes to finance schools by funding a higher base budget per pupil from a more balanced tax base. Finally, we will support extension of the non-proficient weighting or other additional factors for at-risk funding without reducing current programs based on poverty.

In conclusion, we support the goal of **SB 30**, but will continue to support other goals to make sure our schools are among best in the nation and the world.

Thank you for your consideration.

2007
Legislative Resolutions

Adopted by the KASB Delegate Assembly
December 2, 2006

School Finance Resolution

KASB supports increased state funding for public schools to sustain the high levels of achievement by Kansas students and meet increasing state and national achievement goals. Legislative studies demonstrate a close correlation between funding and student achievement.

Most of the new funding enacted in response to the Kansas Supreme Court decision was targeted toward students not reaching high levels of academic achievement. KASB supports those increases and will oppose any efforts to reduce them.

Although the Supreme Court found the Legislature had complied with its orders, it did not rule the amended school finance system provides constitutionally suitable funding; saying only that such a determination would require a new lawsuit.

KASB believes the system remains "unsuitable" for the following reasons:

- The base budget per pupil is far below the actual cost of a suitable education as measured by every study requested by the Legislature. The base will fall further behind as student performance requirements and operating costs increase over the next two years.
- Although increased funding will help bring more special needs students to proficiency, the inadequate base budget limits districts' ability to support regular education programs and promote excellence.
- As a result, districts must continue to increase the Local Option Budget and other local revenues, shifting the burden to unequal local sources, especially the property tax; and causing a proliferation of increasingly complex and controversial weighting factors.

Therefore, KASB supports the following provisions:

- The base should be increased to allow all districts to maintain current performance and program requirements, and be adjusted for any additional requirements. With an appropriate base, a substantial portion of LOB funding would be eliminated; allowing districts to "start over" in using LOB for enhancements, reducing local property taxes and increasing tax equity.
- Weighting factors should be used to adjust for actual cost differences after an adequate base is provided, not to compensate for an inadequate base.
- Full state funding should be provided for students in full-day kindergarten programs.
- At-risk funding based on criteria in addition to student poverty should be continued.
- All districts should receive some level of per pupil funding increase because all districts face increasing costs and performance requirements.

KASB also believes the following issues should be considered:

- Efforts to improve clarity and understanding of the school finance system and budget process provided these changes do not increase unfunded costs.
- Incentives and technical assistance to foster efficiency in school district operations including voluntary local choices for cooperation, consolidation, and/or budget reallocation.
- A comprehensive evaluation of state and local tax policies to ensure the cost of funding education and other state responsibilities is appropriately balanced between all tax sources and responsive to economic changes.

KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

Mark Desetti, Testimony
Senate Ways and Means Committee
January 9, 2006

Senate Bill 30

Mr. Chairman, members of the Committee, thank you for the opportunity to appear before you today to share our thoughts on **Senate Bill 30**, a measure to set aside funding for the school finance bill passed in the 2006 legislative session.

We find ourselves at the start of this legislative session in a wonderful position – revenues are up and the economy of Kansas is continuing to improve. You find yourselves in the position of not being forced to find ways to cut state services. I imagine that it has got to feel pretty good. It's a great time to be in the Legislature!

The last time the state was in this kind of financial situation – revenues better than expected and a surplus in the treasury – was in the latter half of the 1990's. Back then the Legislature moved quickly to cut taxes. It was not hard to do because you could maintain state services while granting tax cuts.

Unfortunately, good times don't run on forever. A recession further complicated by the economic impact of September 11 led our state into a very difficult situation at the end of the Graves' administration. As a result Governor Bill Graves was forced to cut spending on a variety of state services including public education.

We note that the Kansas Supreme Court accepted the 2006 three-year school finance bill and dismissed the long-running lawsuit over school funding. We believe that SB 30 does one thing – it calls on the Legislature to honor the commitment made last year to our schools for the full three years of the bill. Kansas NEA fully supports legislative efforts to honor those commitments.

That being said, we still believe there are needs that are not being met and we would hope that this measure does not efforts to enhance programs. For example, we continue to support full funding of all day kindergarten and special education.

The commitments made last year by the Legislature will go a long way to helping Kansas young people achieve high educational standards. This Legislature needs to honor those commitments and to find ways to provide for the kinds of initiatives and programs that you will hear about from the 2010 Commission, the At-Risk Council, and other advisory bodies to whom you will turn.

We appreciate the effort in SB 30 to honor the commitments made to our schools in 2006.

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Testimony on SB 30
Senate Ways & Means Committee
January 9, 2007

The mission of United School Administrators of Kansas (USA|Kansas*), through collaboration of member associations, is to serve, support, and develop educational leaders and to establish USA|Kansas as a significant force to improve education.

Education administrators remain committed to ensuring that each and every child in Kansas receives a quality education that will help them reach their potential and become successful, productive adults.

As you know, Kansas students are making unprecedented academic achievement. In many areas, Kansas students are performing above the national average. We urge you to continue supporting initiatives that will maintain and enhance the quality of education for our students.

Passing a multi-year school finance plan (2006 SB549) was the first step in ensuring stability in funding and certainty in planning for districts and schools; education administrators thank you for that important first step.

Administrators also appreciate your commitment to ensuring the full-funding levels appropriated in SB 549. We support transferring the full-funding levels out of the general fund and securely setting aside the full-funding levels to ensure their availability in future years. However, as you consider SB 30, we strongly encourage you to include the flexibility necessary to consider other opportunities to invest in education programs and future initiatives that are not included in the three-year school finance plan.

We thank you for your continued support of education, for increased education funding and realizing the importance of investing in education.

*USA|Kansas represents more than 2,000 individual members and ten member associations:

Kansas Association of Elementary School Principals (KAESP)
Kansas Association of Middle School Administrators (KAMSA)
Kansas Association of School Administrators (KASA)
Kansas Association of School Business Officials (KASBO)
Kansas Association of School Personnel Administrators (KASPA)
Kansas Assoc for Supervision and Curriculum Development (KASCD)
Kansas Association of Special Education Administrators (KASEA)
Kansas Association of Secondary School Principals (KASSP)
Kansas Council of Career and Technical Education Administrators (KCCTEA)
Kansas School Public Relations Association (KanSPRA)

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