

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Senator Janis Lee at 1:40 p.m. on January 11, 2006, in Room 123-S of the Capitol. (Senator Schodorf, Chairman, and Senator Vratil, Vice Chairman, arriving later.)

Committee members absent:

Committee staff present: Carolyn Rampey, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Barbara Hinton, Legislative Post Auditor
Scott Frank, Legislative Division of Post Audit

Review of the Division of Legislative Post Audit K-12 cost study:

Barbara Hinton, Legislative Post Auditor, called the Committee's attention to the Legislative Post Audit Executive Summary of the cost study analysis of elementary and secondary education in Kansas using two approaches. A copy of both the summary and the complete report on the cost study analysis can be obtained from the Legislative Division of Post Audit, 800 SW Jackson, Suite 1200, Topeka, Kansas 66612.

At the outset, Ms. Hinton stated, "We don't view this as a dictate. We view this as information to the Legislature to be used during their deliberations this session. We stand ready to look at the figures, provide you with additional information, and do anything we can to help."

Ms. Hinton and Scott Frank, Legislative Division of Post Audit, responded to questions from the Committee as Ms Hinton discussed the following data shown in the Executive Summary:

- Page One – background information regarding financing public K-12 education in Kansas and the litigation that led to the cost studies;
- Page Two – charts summarizing Kansas' K-12 public school revenue and expenditures (adjusted for inflation) per student for the last six years. (A chart on page 8 of the complete cost study analysis compares Kansas' revenues with surrounding states for 2002-2003.);
- Page Three – trends in student populations (Overall enrollments have been declining since 1988-1989, but special needs students have been growing, and trends in student achievement have increased since 2002.);
- Page Four – charts showing Kansas reading and math assessment scores over the last five years (Performance has increased for all students, but proficiency is lower for free lunch and English as a second language students.);
- Page Five – "Question 1: What are the estimated costs for K-12 public education in Kansas and how do those estimates compare with current state funding levels?";
- Page Six – charts relating to Question 1 showing the Legislative Post Audit cost study results (input-based approach and outcomes-based approach);
- Pages Seven and Eight – relevant points to be aware of in reviewing the estimated costs on page six (A chart on page 27 of the complete cost study analysis compares three input-based class-size models to equivalent costs using the current funding formula.);
- Page Nine – Data comparing current input-based enrollment weights and cost study findings (A relevant chart on page 29 of the complete cost study analysis, which compares the current enrollment weights and cost study findings, shows that the outcome-based and input-based approaches result in an almost identical enrollment weight.); and
- Page Ten – results of estimated base-level costs and enrollment weights for regular education, outcomes-based approach (Consultants were hired to conduct a cost function analysis (which uses sophisticated statistical tests to understand the relationships between district's historical costs and a variety of factors), and the relationships were incorporated into a cost model which was then used to estimate the cost of meeting the performance outcome standards.).

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MINUTES OF THE Senate Education Committee at 1:30 p.m. on January 11, 2006, in Room 123-S of the Capitol.

At this point, Senator Lee asked, "If a school is doing better than the State Board of Education's performance outcome standards, are they then penalized with the outcomes-based funding?" Ms. Hinton responded, "Yes, Senator, they are. Let me tell you what happens with that, and I understand your perspective. What the cost function does, it says what would the level of funding be that would be necessary for you to have met the standards, and it does bring those districts down. Because the cost function did that, that's one of the reasons that we included the information about the hold harmless so that you would have the information if the Legislature chose to say, we don't want any district to get anything less in 2006-07 than they would get under the current formula." Senator Lee observed, "Assuming that we would choose the outcomes-based, even though you hold them harmless one year, you are, in effect, punishing them the next year and the year after." Ms. Hinton replied, "I don't know all of the options, Senator, but it seems you could build a hold harmless. We thought about all of these things. The Legislature may choose to look at this very differently, and we can do whatever we can to get the information."

Senator Vratil asked, "Am I correct in saying that the cost function approach tends to emphasize more those aspects of the formula that benefit lower performing school districts (additional weights placed on poverty)?" Scott Frank, statistician for the Legislative Division of Post Audit, answered, "Yes, I think that, in the end, that's the result. It's not necessarily designed to benefit one or the other, but I think that's the effect it has on poverty." Senator Vratil responded, "The effect of the cost function approach is to emphasize those aspects of any formula which would tend to benefit more lower performing school districts. It's not that it necessarily takes away from higher performing school districts, but I suppose that would be the practical result if you have finite resources. The other question that I have is, you've not projected necessary funding on a multi-year basis, but what would be your expectations of the outcomes approach as proficiency levels increase from 70 to 75, 75 to 80, 85 to 90, 90 to 95, and approaching 100? Would we require the same incremental additional funding each year or the same percentage increase, or, which seems logical to me, as we approach 100 percent proficiency, the amount of additional funding is going to perform in a geometric manner." Ms. Hinton commented, "What we did was say, if you have 100 percent standard next year and what you were doing was aiming to try to fund that, we able were to compute that in 2006-07 dollars; and it was about an additional billion dollars instead of the \$399.0 million." Mr. Frank added, "It's another billion on top of the \$399.0 million." "Senator Vratil responded, "Is it going to cost the same amount to go from 60 percent proficiency to 65 percent proficiency as from 85 to 90." Ms. Hinton said, "I would think not." Mr. Frank commented, "The model doesn't project what I'd call exponential growth in costs. Realistically, when one thinks about it, there's going to be diminishing returns, and eventually, it's going to take more and more money to achieve less and less improvement and outcome. So I would expect that, as you approach 100 percent, it shoots up. And I don't think 100 percent is realistic." Senator Schodorf commented, "And I would say why. I haven't heard anybody else say this; but logistically, thinking of schools, thinking of programs, thinking of time, thinking of the number of teachers, and whatever other approaches that we do, we know that there's only so many ways to increase performance. And the more you do this, the more programs you get in place, the better you are. The school districts become better at increasing performance, and then at some point, what would you be spending \$400.0 million on every year—there's a point where you're not going to be increasing teachers, you're not going to be adding new programs. Why would it not slow down? Why would it be increasing more when there's only so many things you can do that you have already implemented? I'm just throwing that question out and that doubt that it isn't necessarily the only way to look at it—that costs will sky rocket at this tremendous rate—because I don't agree with it."

Senator Lee requested that Ms. Hinton thoroughly explain the regional cost of living adjustment at a future meeting. Senator Schodorf asked Committee members to submit any questions they may have in writing to her or to Legislative Research staff.

There being no further time, the review of the post audit cost study was continued to the next meeting.

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

The next meeting is scheduled for January 12, 2006.

CONTINUATION SHEET

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