

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:30 p.m. on February 22, 2005, in Room 123-S of the Capitol.

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

Continued Committee discussion on:

SB 245–School districts; audits by Legislative Post Audit

SB 246–School finance; three-year plan

With regard to **SB 245**, Senator Schodorf noted that at a previous meeting the Committee requested additional information on the cost for new Legislative Post Audit staff. She called the Committee's attention to a chart showing the estimated costs associated with the bill, which was prepared by Barbara Hinton, Legislative Post Auditor. (Attachment 1)

Ms. Hinton pointed out that the chart included costs for nine, seven, and five new staff. She focused her comments on the cost for five new staff. She explained that a staff of five would allow a full audit team with a data person, and, with a staff of five, there would still be an audit manager who would be very involved with the Education Committee and the oversight committee created in **SB 244**. She noted that a five member audit team would be a good start, and staff could be increased as the function became established.

In response to questions from Senator Lee, Ms. Hinton clarified that, after a few years of auditing a sampling of different types of school districts, a sense of some of the systemwide issues would be apparent without auditing all school districts in the state. She suggested that, in year one, the team might look at three to five similar districts to develop a comparative body. She confirmed that the bill would give Legislative Post Audit the authority needed to get information from school districts.

Senator Allen commented that much of the information about school districts the bill addresses is available at the Department of Education. She questioned if Post Audit would be duplicating the work of the Department. Ms. Hinton commented that the Department looks at how the school district spends its money, but Post Audit would be looking at whether or not a district efficiently manages its spending.

Senator Steineger commented, "It seems to me everything in this bill is essentially current law with the exception of page 1, line 29, where it says audits shall be conducted. Right now, we may conduct them anytime the Post Audit Committee orders." Ms. Hinton responded, "Yes, you're right. Post Audit Committee can and, over time, has directed us to do some audits looking at school districts. The difference between that and this is this simply creates a function within our office to do that on an on-going basis." She went to explain that the Legislature passed a bill in 1980 requiring Legislative Post Audit to do a performance audit of every school district. Eight districts were audited the first year, and ten were audited the next year. Post Audit issued a separate report at the end of each of those audits. After that, the Legislature decided that no further audits were necessary.

Senator Allen called attention to the language on page 2, lines 7 and 8, concerning "best practice or innovative procedures." She commented that the Center for Innovative Leadership was created for a similar purpose and perhaps the cost for Post Audit staff would be duplicative. Senator Vratil commented, "The activities in **SB 245** would be under direct control of the Legislature. That is not true of the Center for Innovative Leadership." Senator Allen responded, "It seems like we ought to do this or that, but not both." Senator Vratil replied, "If it's one or the other, my preference would be to do **SB 245** and withdraw the funding for the Center for Innovative Leadership." Senator Lee commented, "We are doing **SB 245** in response to the Court. Is the Court going to accept something, as Senator Vratil says, that we have direct control over in terms of

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bringing information to us. I have all the respect in the world for Post Audit, but my question is, and I don't think any of us knows the answer, if we have direct control over them, how is the Court then going to believe that it's unbiased information?" Ms. Hinton noted, "Under government auditing standards, we are considered to be independent auditors because we would be auditing an entity outside the Legislature; we would be auditing school districts. I don't know how the Court would view it."

Senator Vratil commented, "Given that there is nothing in **SB 245** concerning FTE staff or budget, what I'm prepared to do is make a motion to recommend **SB 245** favorably and then follow that up with a resolution from this committee to the Ways and Means Committee recommending five FTEs at a budget figure of \$462,090." Senator Allen felt that the Ways and Means Committee should also consider eliminating the funding for the Center for Innovative Leadership.

Senator Vratil moved to strike the word "to" on page 1, line 26, of **SB 245** and that **SB 245** be recommended favorably for passage as amended, seconded by Senator Apple. The motion carried.

Senator Vratil moved that the Committee request/direct the Chairman of the Committee to write a letter to the Chairman of the Ways and Means Committee, with copies to all members of the Ways and Means Committee, indicating that we have favorably recommended **SB 245** and that we strongly encourage the Ways and Means Committee to consider funding that to the extent of \$462,090 for purposes of five full time equivalent staff, seconded by Senator Pine. The motion carried.

The committee's attention was turned to **SB 246**. Senator Schodorf reminded the Committee that a substitute motion by Senator Vratil concerning a plan with FTE remained on the table from the February 17 meeting and that Senator Allen had requested more information.

Senator Lee distributed an informational handout prepared by Patrick J. Hurley & Company regarding the distribution of increased funds on a FTE basis only. She read the following statement from the handout: "What the Court is unequivocally saying is that there must first be a cost analysis before the Legislature can determine that any weighting factor is too high or too low." She pointed out another statement which indicated that the Legislature should not make a change in the distribution formula until it knows the true costs and needs of operating individual small districts. (Attachment 2)

Senator Schodorf asked Senator Vratil to restate his substitute motion. He said, "The motion is to approve the Senate Education Plan that is reflected in **SB 246** with vocational weighting restored at .5 and to distribute the \$87.2 million dollars that, under the plan is distributed on base state aid, but instead to distribute that on full-time equivalent students." He went on to explain that the purpose of his proposal was to tighten up the disparity of the new money.

Senator Apple stated that he was opposed to Senator Vratil's substitute motion. He said, "We've been charged by the Court to find a formula that is constitutionally suitable. I think, by taking the millions of dollars of new money and not plugging it into the formula so that it can be distributed in the weighting factors, we essentially traded a new formula for a new category of funding that does not go through the weighting factors. So, I'm afraid the message we send to the Court is that we have so low confidence in our weighting factors that we're not going to distribute money that way. If we want to have good discussions on changing the weighting formula, then let's have those. If we need to decrease in some areas and increase in some others, let's have some good justification, which I believe goes back to the heart of the lawsuit."

Senator Ostmeyer stated that he opposed the substitute motion. He said, "I can see this as being a plus to higher enrollments. I need more help than that, so, I would be against this."

Senator Goodwin asked if passage of the bill with the \$200 FTE would set a precedence or if it would be a one-time proposal. Senator Vratil responded, "It's my intent that it is a one-time proposal. I don't know that there has ever been any binding precedence in the Legislature." Senator Lee contended that it would set a precedence. She noted, "Since 1992, we've always run the money through the current formula in one shape or another, and this sets aside that precedent and starts a new funding weighting, a new way to fund schools beyond the current formula. I would have to agree with Senator Apple. We have one cost analysis done this

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year, but we obviously have decided, for whatever reason, it's not an appropriate one. So, until we do a cost analysis that we believe is the appropriate one, it's inappropriate to start running dollars outside the current formula, creating in fact a new weighting that would always be looked at. We did correlation weighting, and we've never backed off of that since we did it, and this would just be another change in the formula."

Senator Schodorf called for a vote on Senator Vratil's substitute motion to amend SB 246. The motion failed.

Senator Allen distributed a Department of Education printout on the Senate plan amended to restore vocational education funding. She explained that included increased BSAPP by \$150, and correlation weighting would go from \$1,725 (current law) to \$1,675. (Attachment 3)

Senator Lee commented, "This a plan would increase low enrollment weighting, those dollars that go beyond the base, by \$8.7 million, and those dollars that will go to correlation, the larger schools, by \$24.0 million."

Senator Vratil asked Dale Dennis, Deputy Commissioner, State Department of Education, how many full time equivalent students there were in school districts that receive correlation weighting. Mr. Dennis responded, "Probably 300,000." Senator Vratil further asked, "And how many full time equivalent students are there in school districts who receive low enrollment weighting." Mr. Dennis said, "Probably about 143,000." Senator Vratil observed, "It's a ratio of 14 to 30. And that's why I think it's appropriate to put more money into correlation weighting because there are over twice as many students in school districts that receive correlation weighing than there are in school districts that receive low enrollment weighting. They're not equally balanced."

Senator Allen commented, "Obviously, this is a provision that the larger school districts are interested in. That's why I'm offering it. But, I guess I just come back to the fact that we all are going to have to give to have a plan pass. I supported the vo-tech money going back into the bill last week. That was something that was strongly supported by the smaller school districts. I would ask committee members to also help us with something that's important to our school districts. I don't want us to pit ourselves against each other."

Senator Teichman commented, "I think you've got some valid points. I would like to remind you, however, that the most compelling argument we had for vocational weighting did come from the Kansas City area."

Senator Lee commented that, at a previous meeting, she asked conferees for a listing of the curriculums that each school district is able to provide, but she received virtually no response. Since that time, she was able to obtain a few from across the state. She noted that a response from Blue Valley, which is not a rural district, showed several vocational education classes, and she listed several of them. She noted, "My support for vocational programs is a support statewide. I would suggest that vocational funding is not a rural funding issue but perhaps is a statewide issue." She noted that she would be sending committee members copies of the classes offered in Agra, Blue Valley, Victoria, and various other schools she contacted by e-mail.

Senator Allen offered a substitute motion to decrease the correlation weighting in the Senate amended plan by 50 students, seconded by Senator Vratil. The motion failed.

Senator Apple asked if it would be possible to find how much of the money spent on vocational education goes to districts who receive correlation weighting. Senator Schodorf said, "Twenty-five percent of the students throughout the state are in vocational education, and it will vary from district to district." Mr. Dennis said that he would prepare a run with the information requested by Senator Apple.

Senator Allen distributed a packet of three computer printouts concerning proposed school finance prepared by the State Department of Education. (Attachment 4) She explained that the runs take the BSAPP down to \$125 and then they decrease correlation weighting by either 50, 40, or 25 students.

Senator Lee commented, "I think the answer to Senator Apple's question is in the original school finance proposal dated February 15, which has the increased state aid by \$150 and eliminates vocational weighting. On line 7, it says effects of eliminating vocational education weighting, and you will see that, when you deduct

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vocational education, it costs Blue Valley \$1.0 million, it costs Olathe \$1.4 million, it costs Shawnee Mission \$1.7 million. If you're looking at the big schools, which is what you have asked about. Then you look at Sedgwick County. It costs Wichita \$2.7 million, Derby \$583,000. So, that tells you what kind of vocational weighting dollars goes to the large schools. Northern Valley in Norton County, they would have lost \$4,000. West Solomon Valley, another small school, they would have lost \$3,000." Senator Schodorf commented, "It affects all districts." Senator Apple commented, "One of my goals is that we move through this, and no one gets hurt."

Senator Lee commented, "Correlation weighting, lowering it to \$1,675, put \$1.3 million dollars to Blue Valley. At the same time, putting the vocational education dollars back in gains Blue Valley \$1.0 million. While Shawnee Mission would get \$2.0 million from this lower end of correlation weighting, they already received \$1.7 million back from vocational education. That's just FYI."

Senator Teichman commented, "I agree with Senator Apple in his comments that he would like to have a plan that would help all school districts."

In the spirit of compromise, Senator Teichman offered a substitute motion to accept the base budget increase of \$150, increase in the local state at \$5.0 million, increase correlation weighting from \$1,725 to 1,700, increase at-risk from .10 to .15, increase bilingual from .20 to .30, increase special education to 85%, increase supplemental general fund from 25% to 27%, seconded by Senator Vratil. The substitute motion carried with Senators Lee and Steineger voting "No."

The meeting was adjourned at 2:35 p.m.

The next meeting is scheduled for March 1, 2005.