

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairperson Steve Abrams at 12:00pm on Wednesday, March 25, 2015, 582-N of the Capitol.

All members were present except:

Senator Jeff Melcher – Excused

Committee staff present:

Mark Savoy, Legislative Research Department

Lauren Douglass, Legislative Research Department

Erna Fabert, Kansas Legislative Committee Assistant

Tamara Lawrence, Staff Revisor

Sharon Wenger, Legislative Research Department

Eddie Penner, Legislative Research Department

Nick Myers, Office of Revisor of Statutes

Conferees appearing before the Committee:

Chris Brown

Mark Tallman, KASB

Mark Desetti, KNEA

Cheryl Semmel, USA/Kansas

Others in attendance:

[See Attached List](#)

Chairperson Abrams directed Committee members to a handout from Lexia involving their 2014-15 Mid-Year Report. ([Attachment 1](#))

He then asked for a motion to approve the minutes previously sent to committee members for review.

Senator Arpke moved, Senator Fitzgerald seconded, to approve the minutes of the February 23, February 24, March 4, March 10 and March 12, 2015 Senate Education Committee meetings. Motion carried.

Chairperson Abrams then thanked KNEA, KASB and USA/Kansas for once again providing lunch for staff and committee members so work could proceed through the lunch hour.

Hearing continuation on: SB294 — Creating the education finance act of 2015; making and concerning appropriations for fiscal year ending June 30, 2016, for the department of education.

Chairperson Abrams opened the continuation of the hearing on **SB294** and asked that conferees would again limit their presentations to five minutes so that everyone will have a chance to speak.

He then introduced Chris Brown who indicated he would consider himself as a proponent/neutral as he likes many aspects of the bill, such as the poverty aid being linked to the census bureau, new outline for student outcomes, changing pupil count dates, the Bond Review Board, GAAP accounting measures,

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and auditing procedures. He would like to see student outcomes measured all the way through not just at the end and he also has questions about redistricting, school standards, how the finance formula will be phased in, and how focus can be redirected toward results achieved and away from the amount of money that is spent as a way of measuring success.

[\(Attachment 2\)](#)

Mark Tallman presented neutral testimony, indicating that KASB likes the student success portion of the bill and since KASB did not support the block grants for education they are open to looking at new methods and a pilot would seem like a logical way to proceed as long as school districts would have the opportunity to opt in or out of the program. Mr. Tallman further stated that KASB has submitted a group of ten questions which contrasts their positions with those in **SB294** and he concluded by expressing that two major concerns KASB has are the state review board for bond and interest and the accounting standards which will cost the districts more money without an explanation being given of why a change is needed. [\(Attachment 3\)](#)

Mark Desetti presented neutral testimony stating that KNEA appreciates the opportunity to talk about this bill. It is their position that the greatest predictor of student success involves poverty and they are intrigued with the equalization formulas and other tax areas. Also of interest is the success formula and how it can be measured without violating the legal privacy of the students. Another concern is that this bill ignores the rising cost of secondary education and the fact that many students take two years off to raise money for college - the very students this success formula would be targeting. KNEA also agrees that districts should be able to opt in or out. [\(Attachment 4\)](#)

Cheryl Semmel presented neutral testimony, indicating that USA/Kansas believes the discussion of education funding and resources must begin with a discussion of what it means to be a well-educated student in Kansas and while the success measures included in **SB294** are commendable, they further believe the student data portions of this bill require additional consideration and study as K-12 does not use social security numbers to track students while the labor force relies exclusively on them. Strengths noted are the weightings recognizing that students have need and the inclusion of sparsity as a measure. Recommendations would include possibly basing the success index on a three-year average to allow for anomalies or variations that might arise in a district, accounting for English language learners, military families, displaced or homeless persons and addressing funding of career and technical education. [\(Attachment 5\)](#)

Chairperson Abrams indicated that neutral written testimony is also included in committee member packets as follows:

Dr. Cynthia Lane, Superintendent, Kansas City, Kansas School District [\(Attachment 6\)](#)

Tom Trigg, Superintendent, Blue Valley School District [\(Attachment 7\)](#)

Chairperson Abrams opened the floor to questions for the conferees, stating that some conferees from yesterday are still in the audience and can also help answer questions.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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To Senator Schmidt's question concerning how agreements for the Innovative School Districts work, Chairperson Abrams answered that a five year commitment is made by the District, however, they can go to the Coalition and opt out.

To Senator Pettey's question about the overwhelming issue of the accounting process used in the school districts, Cheryl Semmel responded that the districts feel that the cash balance system is working. Currently the schools are given accounting procedure guidelines to follow, they are given funds and told how to use them and then they keep records of how those funds are used. As far as she knows, there have been no egregious cases of inappropriate handling of funds, only minor mistakes found concerning data entry issues. GAAP, however, is a very specialized accounting system that only those with extensive training can use and it usually requires an accountant on staff, and since currently school districts can waive GAAP procedures, rather than spend the extra funds, they waive the requirement.

To Senator Fitzgerald's question, it was noted that the acronym GAAP stands for Generally Accepted Accounting Principles. While schools use a cash basis system, GAAP procedures are more complicated. By law the districts are audited every year by accountants, but not by full GAAP standards.

To Senator Hensley's question on Sections 9 and 10 of the bill being similar to the current local option budget, without spending limits, Mark Tallman responded that indeed there is an unlimited local levy ability, however built into the bill is a reverse payback procedure that requires high wealth districts to remit a levy back to the state. The cap is not just arbitrarily removed, the district will have to send a portion of their proceeds back into the system.

Senator Pyle expressed concern about the legal sustainability and defensibility of **SB294** and whether the State is going to get into more legal difficulties or would this satisfy the courts and stop the lawsuits? Chairperson Abrams responded that all these issues were considered when the bill was being developed, but as the senator so eloquently stated - anybody can sue anybody on anything.

Chairperson Abrams stated that he will give some period of time, ten days or so, to allow the committee members and others to inquire, and talk to people around them and then he will be in touch with the Committee.

Senator Schmidt asked if committee members might receive a list of the people involved in putting the finance formula together, whereby Chairperson Abrams indicated that an email with those names would be forthcoming.

Senator Hensley asked if there is a computer printout tracking costs for the formula, to which Chairperson Abrams responded that he can provide a run for the six districts, because they have most of this information available, however, there has been additional information provided that would

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require an amendment to be added immediately.

To Senator Baumgardner's question of whether the Coalition schools would be provided a caveat of opting out, and what that time frame would look like, Chairperson Abrams responded that most of the six districts would be willing to move forward as soon as they can get approval from their school boards.

Superintendent Mortimer also responded that Concordia has been talking about the finance formula and her Board has given permission to move forward as soon as they determine how the new formula would affect the dollars coming into their District.

Hearing no further comments or questions, Chairperson Abrams closed the hearing on **SB294**.

The meeting was adjourned at 12:50 pm.