

MINUTES

2010 COMMISSION

October 3, 2005
Room 123-S—Statehouse

Members Present

Senator Jean Schodorf, Acting Chairperson
Representative Kathe Decker
Representative Sue Storm
Carolyn Campbell
Rochelle Chronister
Dr. Ray Daniels
David Davies
Barbara J. Hinton
Stephen Iliff
Dennis Jones

Members Absent

Brett Potts

Staff Present

Art Griggs, Revisor of Statutes Office
Theresa Kiernan, Revisor of Statutes Office
Carolyn Rampey, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Shirley Higgins, Committee Secretary

Morning Session

The first meeting of the 2010 Commission was called to order in Room 123-S, of the Statehouse, by Senator Jean Schodorf, Acting Chairperson, at 10:05 a.m. on October 3, 2005. Senator Schodorf noted that, as Chairperson of the Senate Education Committee, she became a member of the 2010 Commission in accordance with statutory provisions. She explained that one appointed member, Brett Potts, the 2005 Kansas Teacher of the Year, was unable to attend the meeting. She asked that Commission members introduce themselves. Members identified themselves as follows:

- Stephen Iliff, an independent CPA in Topeka appointed by Representative Doug Mays, Speaker, Kansas House of Representatives;

- Barbara Hinton, Legislative Post Auditor (a non-voting member);
- Rochelle Chronister, a former Kansas legislator from Neodesha and a jointly appointed member from southeastern Kansas;
- Representative Kathe Decker, Chairperson of the House Education Committee,
- Representative Sue Storm, ranking minority member of the House Education Committee;
- Dr. Ray Daniels, recently retired Superintendent of the Kansas City School District;
- Carolyn Campbell, a third-term member of the Topeka Public School Board of Education and a member of the Kansas Association of School Boards' Board of Directors, appointed by Senator Anthony Hensley, Senate Minority Leader;
- Dennis Jones from Lakin, appointed by Senator Steve Morris, President, Kansas Senate; and
- David Davies, Office of the Attorney General, Civil Litigation Division (a non-voting member).

Senator Schodorf called upon Senator Morris for opening remarks. Senator Morris commented that the *Kansas Constitution* has two basic premises regarding education: (1) to provide intellectual, educational, vocational, and scientific improvement in public schools; and (2) to make suitable provisions to finance the educational interests in the state. He went on to explain that the name "2010 Commission" came from the fact that the Commission will be finishing its work in 2010. He noted that the Commission's duties included identifying the resources available to finance both current and future public school costs over the next several years and that the Commission must submit a report to the Legislature in December of each year. He urged the Commission to take full advantage of the information available through the Legislative Division of Post Audit, which monitors schools statewide. In addition, he noted that a school audit by Standard and Poor's, which was authorized by the Governor, would be another resource available to the Commission. In conclusion, he stated, "We need your expertise, your knowledge, your creativity, your vision. I am very grateful for your willingness to serve."

Senator Derek Schmidt, Senate Majority Leader, discussed the At-Risk Education Council which was statutorily created during the 2005 Legislative Session. He commented that, although he became involved with the creation of the At-Risk Education Council due to the high proportion of at-risk students in his district, spending on at-risk students has been rising at a rapid rate throughout the state, and increased funding for at-risk students will be needed in future years. He pointed out that at-risk students have been objectively identified; however, the state has never determined whether or not a variety of special services to target individual needs are in place. The At-Risk Education Council will specifically focus on determining whether or not changes in at-risk programs are needed in order to deliver services to children who, by definition, might be left behind. He noted that the At-Risk Education Council is obligated to submit a report on its activities to the 2010 Commission.

At this point, Senator Morris urged Commission members to look closely at the structure of special education and make a recommendation to the Legislature. In addition, he asked that the Commission study the barriers to voluntary school consolidation and report its findings to the Legislature. He noted that, if voluntary consolidation does not work, the Legislature will have to consider mandatory consolidation.

For the benefit of non-legislative Commission members, Senator Schodorf briefly outlined the series of events which eventually led to the creation of the 2010 Commission. She explained that, in 1992, a group of school districts sued the state on the grounds that some school districts were paying much more in taxes and getting less state aid than others. As a result, the Legislature rewrote the school finance formula in 1992. In 1995, the goals were removed from the statute, and changes in the formula occurred over the years. As a result of the changes, mid-sized school districts filed a lawsuit in 1999 in which they contended that schools were not receiving enough funds from the state. The district court ruled in favor of the plaintiffs. The Legislature appealed to the Kansas Supreme Court, and the Supreme Court ruled that the school funding laws violated the *Kansas Constitution's* requirement that the Legislature must make a suitable provision for public education. The Legislature addressed the issue during the 2005 Legislative Session and passed a bill at the end of the session which increased school funding by \$143 million (actual estimate of \$141.1 million). The Supreme Court subsequently ruled that \$143.0 million was not enough and that school funding must be increased by an additional \$143.0 million, or one-third of the amount recommended in the Augenblick and Myers study commissioned by the Kansas Legislature in 2002. Another school finance plan was then developed during the 2005 Special Legislative Session in which funding was increased a total of \$285.0 million as a short-term fix for one year.

Senator Schodorf went on to say that the 2005 Legislature directed the Legislative Division of Post Audit to conduct a study to determine the actual cost of a suitable education and report to the Legislature in January 2006. The purpose of that study is to obtain additional information to be used to develop funding during the 2006 Session. She noted that one of the duties of the 2010 Commission is to study long-term school funding needs.

Representative Decker noted that the Court pointed out in its original findings that, in 1992, a committee on school district finance was implemented to monitor school finance and performance, but the committee was not permanent. In 2005, the Kansas Supreme Court found there was a need for an independent commission to oversee school finance; therefore, the Legislature established the 2010 Commission. She further noted that many legislators felt the Augenblick and Myers study was not conducted in the manner defined by the Legislature. For this reason, the Legislature requested that the Division of Post Audit conduct a new study. She commented that the Division of Post Audit is not politically motivated, and legislators trust the integrity of Post Audit studies.

Senator Schodorf called upon Barbara Hinton, Legislative Post Auditor, for an update on the Post Audit cost study for K-12 education. To illustrate the scope of education audits conducted by the Division of Post Audit, Ms. Hinton distributed copies of a summary of K-12 education audits issued since 1980 (Attachment 1).

In discussing the cost study analysis requirements contained in 2005 Special Session SB 3, Ms. Hinton referred to a handout with the headings, "Language in statute" and "What that language does, or requires us to do" (Attachment 2). She pointed out that the Post Audit cost study actually involves studies done from two standpoints, one using an outcomes-based approach and one using an input-based approach. In addition, she pointed out that the statute requires that the cost study provide reasonable estimates of the costs for providing regular education and for operating schools/school districts and reasonable estimates of the additional costs for special education, bilingual, and at-risk programs. She noted that the study also must address the following: (1) the reasons for variations in costs incurred by school districts when providing services or programs required by law; (2) studies on correlations; and (3) whether the number of bilingual and at-risk students identified for computing specialized funding are actually receiving bilingual and/or at-risk educational services. Noting that the statute allows the Post Auditor to contract with consultants, Ms. Hinton reported that Post Audit had contracted with two economics professors from Syracuse University, who are experts in conducting a statistical cost function analysis, which essentially concerns the relationship among school districts in terms of what they spent and the outcomes they achieved. She noted that Post Audit has the authority to access all records in conducting the cost study analysis.

Ms. Hinton explained that the Legislative Division of Post Audit prepares a scope statement after a request for an audit is made, and she distributed copies of the Post Audit scope statement regarding the cost study analysis of K-12 education requested by the Legislature ([Attachment 3](#)). She noted that the scope statement fully explained the difference between the input-based approach and the outcomes-based approach, and she briefly discussed the Kansas State Board of Education proficiency levels for mathematics and reading. She then called attention to a handout showing the statutory requirements for elementary and secondary education with regard to curriculum and services, noting that the data related to the input-based approach ([Attachment 4](#)). She followed with a brief summary of data regarding the current outcome standards for K-12 students, including No Child Left Behind requirements ([Attachment 5](#)).

For the Commission's information, Ms. Hinton distributed a list of Kansas school districts showing which districts Post Audit is getting "characteristic" information about, contacting for cost of program information, or planning to survey or visit ([Attachment 6](#)). She explained that, for the input-based methodology, Post Audit was using eight model school districts, each of which has a different enrollment size. She explained further that all school districts were included with regard to information on special education, at-risk, bilingual, and vocational education programs. With regard to special needs students, she called attention to the handout concerning the steps being used to determine how much a sample of districts actually spent on the special needs area ([Attachment 7](#)). In conclusion, Ms. Hinton called attention to a chart showing the study areas of five Post Audit teams and the dates scheduled for completion of each study ([Attachment 8](#)). She noted that the entire Post Audit staff had been assigned to the study, and she assured Commission members that the study would be completed within the time allotted.

Ms. Hinton responded to questions regarding the methodologies being used in the Post Audit Study. Discussion followed regarding the history of property taxation as it related to school finance, the changes which occurred in the school finance formula, and the background of the Augenblick and Myers study. As the discussion progressed, a member suggested that perhaps the Commission could either propose changes in the current school finance formula or develop a new formula.

A question arose as to whether or not the 2010 Commission was bound by the open meetings law. Staff confirmed that the 2010 Commission is subject to the open meetings law.

The meeting was recessed for lunch at 11:55 a.m.

Afternoon Session

Senator Schodorf called the meeting to order at 1:35 p.m., at which time she called upon Theresa Kiernan, Office of the Revisor of Statutes, for an overview of the statutory responsibilities of the 2010 Commission. For the Commission's information, Ms. Kiernan distributed copies of an outline of school finance milestones prepared by Dan Biles, the attorney who represented the State Board of Education in the school district lawsuit (*Montoy v. State of Kansas*) and in the appeal before the Kansas Supreme Court. She noted that copies of the two related Kansas Supreme Court orders were attached to the outline ([Attachment 9](#)).

Ms. Kiernan's overview included the following information relevant to the 2010 Commission:

- School finance issues addressed in the 2005 Legislative Session and in the 2005 Special Legislative Session as a result of the Kansas Supreme Court's orders relating to *Montoy v. State of Kansas*;
- Implementation of the 2010 Commission;

- Statutory provisions relating to the membership and duties of the 2010 Commission;
- Statutory provisions establishing the Division of Post Audit school district audit team and the topics which school district performance audits may include;
- Statutory provisions relating to the Legislative Educational Planning Committee (LEPC);
- Statutory provision establishing the At-Risk Education Council and its duties; and
- Constitutional language (Article 6) concerning the Legislature's responsibility to maintain a suitable public education which was used when drafting school finance bills during the 2005 Legislative Session (Attachment 10).

With regard to the At-Risk Education Council, Ms. Kiernan pointed out that KSA 72-9910 provides that the Council shall expire on June 30, 2007; however, KSA 72-9911 provides that the Council shall submit its final report to the 2010 Commission and the Governor on or before October 1, 2007. To ensure that the Council stays in existence until its final report is submitted, she suggested that clean-up legislation be introduced to amend the expiration date.

Senator Schodorf turned the Committee's attention to the election of a Chairperson and Vice Chairperson of the 2010 Commission.

Senator Schodorf moved to elect Rochelle Chronister as Chairperson and Dr. Ray Daniels as Vice Chairperson of the 2010 Commission, seconded by Carolyn Campbell. The motion carried.

The next meeting of the 2010 Commission was tentatively scheduled for October 24 and 25, 2005.

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

Prepared by Shirley Higgins
Edited by Kathie Sparks

Approved by the Commission on:

October 24, 2005

(date)