

## MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:35 p.m. on March 8, 2006, 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: Kathy Cook, Kansas Families United for Public Education  
Senator James A. Barnett  
Stuart Little, Shawnee Mission School District, USD 512  
Kenneth Daniel, Advocates for Kansas Small Business

**SB 584 – Relating to school finance**

Kathy Cook, Kansas Families United for Public Education, emphasized that any school finance plan must be a plan which meets the needs of every student. In her opinion, **SB 584** as introduced does not meet that goal. She noted that the bill does not account for inflation and, in addition, it seems to reflect an attempt to receive credit for a boost in state funding which is provided for the most part by dollars from local school districts. She went on to say that at-risk students need all the resources due them now, that special education needs to be funded at 100 percent this year, and funding for all-day Kindergarten should be included in any school finance plan. Noting that Kansas students have been denied the resources to provide them with the opportunity to meet the outcomes required by the state, she recommended that one of the many outcome cost studies be implemented this year. (Attachment 1)

Senator Schodorf noted that, because Senator James Barnett's proposed school finance plan (**SB 501**) was one of the three school finance plans which the Committee reviewed on March 2, she had given him a copy of the comparison sheet which was distributed at that meeting. He then requested an opportunity to fully explain his plan to the Committee.

Senator Barnett distributed copies of a summary of his proposed four-year school finance plan, which addressed at-risk weighting, bilingual weighting, and base state aid per pupil (BSAPP). (Attachment 2) He also distributed copies of a computer printout prepared by the State Department of Education showing how his proposed enhancement plan would effect each school district based upon the 2005-06 FTE enrollment. (Attachment 3) In addition, he called attention to profile of the projected budget for FY 2004-FY 2011 with the inclusion of his school finance plan which was prepared by the Kansas Legislative Research Department at his request. (Attachment 4)

He explained that the profile "takes our base budget, it adds \$400 million over four years, and that's \$50 million in new money the first year, plus the \$75 million which is current law. The second year, it's another \$75 million. The third and fourth year, it's \$100 million, and that's footnoted down at the bottom. The other aspect of this flow sheet is that I have targeted some tax cuts beginning fiscal year '08. The actual cash flow for the state would be fiscal year '09. Because, if you look at how our economy is doing, we're not even keeping up with our neighbors. The only way we are going to be afford long-term paying for government is to get our economy growing again. So there are targeted tax cuts in here, and those are state income tax, increased dependent exemptions, and an investment tax credit that we talked about today in Senate Tax Committee. If you look out to fiscal year 2010, the balance is exceedingly low, and so we really have to hold our nose to make this work, although it's a lot better than \$500 million or \$800 million in the hole that I've seen on some other runs. I'm sure we'll see more runs as well."

Senator Barnett commented that he chose a 5.5 percent growth rate because he believed that, as we cut taxes, we will see our economy grow. He noted, "Of course, we're growing more rapidly than that right now with our revenues coming in. Historically, over the last 25 years, our growth rate has been over 6 percent. So I

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think five and a half is very reasonable number. I also had 2.5 percent for Regents and also protected Medicaid so that the elderly were protected in this budget too.” He went on to say, “Basically, my proposal is \$481 million over four years compared to \$480 million for the Senate and \$499 million for the House. Those are over three years. I point that out. If you want to add in this local option budget shift and make it look like a higher number, you certainly could do that too with this proposal and get those numbers up much higher.”

In response to Committee questions concerning Senator Barnett’s proposed plan, Carolyn Rampey, Kansas Legislative Research Department, clarified that the funding increases were included in the first year of Senator Barnett’s plan. The increases were not built in for his second, third, and fourth years. She explained that the comparison of the three school finance plans distributed at a previous meeting was “apples to apples.” And when he quoted his four-year total of \$481 million, that amount included the LOB increase and the special education that would occur anyway under current law. It did not include KPERS because KPERS is not part of the School Finance Act.

Stuart Little, representing the Shawnee Mission School District (USD 512), testified in support of **SB 584** with six suggested amendments which he contended would give every district the tools they need to satisfy their educational needs for years to come. He expressed support for additional funding for at-risk and students from dense poverty areas. In addition, he noted that the Shawnee Mission School District supported removal of the limitation on the use of local funding options as a tool to resolve its educational needs. (Attachment 5)

Kenneth Daniel, Advocates for Kansas Small Business, commented that small businesses and K-12 education are deeply entwined and dependent upon each other for survival. Noting that he had been in business for 35 years and expects a return on an investment, he expressed his concern about the recommendations for at-risk funding in the Legislative Post Audit cost analysis study. In his opinion, free lunch is a political tool, and poverty should not be used as a funding mechanism. He noted, “If we’re going to use the word investment in conjunction with K-12, it’s hard for me to understand why we would short change Johnson County.” He suggested that at-risk money should be spent on at-risk pupils no matter where they go to school. He went on to discuss the reasons he did not believe that the recommendations of the Post Audit study would result in the predicted precise student outcomes. He contended that there was no statistical relationship between poverty and outcomes and that additional spending is not related to improved outcomes. He advocated the use of free lunch certifications only for free lunches and Title I and the use of at-risk funding only for students who are actually not performing at proficiency. (Attachment 6)

Senator Schodorf called upon Senator Vratil for a clarification of the provision in **SB 584** in which 2.5 percent of the LOB would be transferred to the general fund above the current budget limitations. Senator Vratil began his explanation by stating, “What I want to do is try to illustrate what I call the LOB recapture provisions of the Senate leadership proposal, and I do that by referring to silos.” As he drew a silo on a dry erase board, he explained, “This silo next year will be 29 feet tall because the LOB cap will be at 29 percent next year. What this proposal does is cut off the bottom of this silo at two and a half feet. The LOB recapture takes the bottom two and one half feet off this silo. Now, we’re going to take this bottom two and one half feet over here, and we’re going to put it in the State General Fund. And it will be equalized to the 100<sup>th</sup> percentile. The theory is, it takes an equal amount of effort by every school district in terms of property tax and mill levy to raise the same amount of money. And I think that’s proven true over the years. Now, what happens when we take this bottom two and one half feet off this 29 foot silo, we only have a 27 foot silo. Actually, we get a 26.5 silo. So that leads to the other part this, and that is to backfill, what I call the LOB backfill. We’re going to add back to this silo the top two and one half feet so that school districts will have the same LOB authority next year that they have under current law. And, basically that’s the scheme behind it.”

In response to committee questions, Senator Vratil explained, “The 26 foot portion of the silo is what is referred to in the bill as the mandatory student performance improvement budget. It is really analogous to the 20 mill levy that has been in the law since the beginning in that the 20 mill levy is mandated by state statute. This would be mandated by state statute. The 20 mill levy goes into the State General Fund; this goes into the State General Fund. So they are very similar in characteristics. That’s why I personally believe that the

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Supreme Court is likely to approve. It can be spent on any services or programs that are mandated under state law or any services or programs designed to improve student performance. So most of your budget will be available.” Senator Schodorf added, “Based on the bill, if the districts want to go back up to 29, that is not equalized, and that’s subject to petition, but that also must be used for mandated things.” Senator Vratil commented, “That’s a good point. This LOB backfill is not equalized at all. It is subject to a protest petition and election every year, and it can only be used for services that are not mandated by state statute. In other words, it’s truly for exceptional services over and above what’s required by law. If the local district keeps this at 26.5, the mill levy will stay the same because we’re adding to spending authority.”

Staff distributed a handout prepared by the Kansas State Department of Education to be used as a reference when the Committee continued its deliberations concerning the proposed school finance plan (**SB 584**). (Attachment 7)

Senator Schodorf called the Committee’s attention to the minutes of the February 22, 23, 28, and March 2 meetings.

Senator Teichman moved that the minutes of the February 22, 23, 28, and March 2 meetings be approved, seconded by Senator Lee. The motion carried.

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

The next meeting is scheduled for March 9, 2006.