

MINUTES

LEGISLATIVE EDUCATIONAL PLANNING COMMITTEE

November 13, 2001
Room 526-S—Statehouse

November 14, 2001
Office of the State Board of Regents (Morning)
Suite 520—Signature Building
313-S—Statehouse (Afternoon)

Members Present

Senator Dwayne Umbarger, Chair
Representative Jo Ann Pottorff, Vice Chair
Senator Christine Downey, Ranking Minority Member
Senator Lynn Jenkins
Senator Bob Lyon (November 13)
Senator Lana Oleen
Senator John Vratil
Representative Barbara Ballard (November 14)
Representative Lisa Benlon
Representative Bill Reardon (November 13)
Representative Ralph Tanner
Representative Jonathan Wells

Members Absent

Representative Kathe Lloyd

Members of the State Board of Regents (November 14)

Dr. Clay Blair, III, Chair
Jack Wempe, Vice Chair
Steve Clark
Janice DeBauge
William R. Docking
Floris Jean Hampton
Fred Kerr
Lew Ferguson

Deryl W. Wynn

Legislative Staff

Ben Barrett, Kansas Legislative Research Department
Alan Conroy, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Paul West, Kansas Legislative Research Department
Theresa Kiernan, Office of the Revisor of Statutes
Jill Wolters, Office of the Revisor of Statutes

State Department of Education Staff

Dale Dennis, Deputy Commissioner

Conferees

John Augenblick, Augenblick and Myers
John Myers, Augenblick and Myers
Anne Barkis, Augenblick and Myers
David Shreve, Senior Committee Director—Education, Labor, and Job Training
Committee, National Conference of State Legislatures
Steve Adams, Team Leader, School Improvement and Accreditation, State Department
of Education
Chris Clarke, Senior Auditor, Legislative Division of Post Audit
Randy Weseman, Superintendent, USD 497 (Lawrence)
Mark Tallman, Assistant Executive Director of Advocacy, Kansas Association of School
Boards
Dr. Clay C. Blair, III, Chair, State Board of Regents
Jack Wempe, Vice Chair, State Board of Regents
William R. Docking, Member, State Board of Regents
Dr. William Chance, Executive Officer, Northwest Education Research Center
Jim Edwards, Senior Vice President, Kansas Chamber of Commerce and Industry
Ken Bell, Employee Training and Development, Boeing Aircraft Company
Dr. Kay Schallenkamp, President, Emporia State University; Chair, State University
Council of Presidents
Dr. Duane Dunn, President, Manhattan Area Technical College; Chair, Kansas
Association of Technical Schools and Colleges
Steve Kearney, Executive Director, Kansas Association of Technical Schools and
Colleges
Dr. Patrick McAtee, President, Cowley County Community College and Area Vocational-
Technical School; Vice Chair, Community College Council of Presidents
Steve Jack, Director of Employment and Training, Kansas Department of Human
Resources

November 13

School Finance Suitability Study

Members of the consulting firm A&M (Augenblick and Myers) and David Shreve, National Conference of State Legislatures (NCSL), met with the Committee to review the school finance suitability study proposal and get the Committee's input. John Myers informed the Committee that 60 individuals have been or will be selected to serve on "opinion panels" which will meet with the consultants for the purpose of discussing strengths and weaknesses of the current school finance system. Mr. Myers said panel members include persons who were suggested by Committee members and are representative of parents, educators, businesses, and other community interests. The consultants were scheduled to meet with the first opinion panel in Topeka on November 13. Additional meetings are planned in Hays (December) and Wichita (January 8).

Mr. Myers reviewed the study plan with the Committee (Attachment 1) and explained that members of opinion panels will participate in group sessions and also will complete a questionnaire which will be summarized as part of the study.

In addition to the opinion panels, professional educators will be involved in identifying staff and other resources needed to meet specific educational objectives. The cost of these resources will be determined and the exercise will constitute the "professional judgment" component of the study. Participating educators will be asked to design prototype "average" schools and school districts, ranging in size from small to large. The panels will determine each school's program and curriculum and specify the number of staff positions and other components of the delivery system necessary to operate the prototype school, such as technology needs, supplies, and other operating expenditures. Work of the individual school prototype panels will be reviewed by other panels assigned the task of developing prototypes at the school district level.

The "successful school district" component of the study will be based on student performance on statewide assessments used in 2000 and 2001. School districts will be classified as being successful based on agreed-to criteria. Expenditure data for "successful" school districts will be used to create a single base cost per pupil figure, which can be adjusted to reflect such things as school size. John Augenblick noted that arriving at the base cost figure is relatively easy, but making the adjustments to the figure will require determining such things as student need. Mr. Myers responded to a question from Senator Vratil about whether the study would build upon the current school finance formula by saying that the study must begin with the funding levels currently in place, but will allow for adjustments to be made based on the study's findings.

David Shreve reviewed definitions of successful schools and school districts used in several other states. Anne Barkis reviewed the definition of "suitable education" that will be used for the Kansas study and noted that it includes required subjects, courses needed to satisfy requirements set by the State Board of Regents for the pre-college curriculum and the State Scholarship Program, and other requirements identified by the State Board of

Education and the Legislative Educational Planning Committee as necessary for elementary-secondary education, such as early childhood programs, student and staff safety, and various support programs.

Concluding their prepared remarks, Mr. Augenblick reviewed specific student performance data based on statewide achievement tests for the 2000-01 school year. He asked the Committee to provide direction as to specific levels of attainment on achievement tests that should be used in the study and whether change-over-time should be a consideration. For example, if the definition of successful schools is based on a percentage of students who achieve a “satisfactory” score on the state assessments, what should the cut-off percentage be?

In discussion with Committee members, Mr. Myers and Mr. Augenblick responded to questions about the study being dominated by professional educators by saying that the opinion panels are largely made up of individuals who represent parents, businesses, and other community interests. The panels comprised of professional educators will be directed to avoid a “wish list” approach to their charge. When asked if the consultants had reviewed a recent audit relating to differences in instructional costs between Kansas and nearby states, Mr. Myers responded that they had and that their study would address the issue by identifying the number of staff necessary to deliver services in a successful school model. Committee members discussed why test scores on the state assessments tend to go down in the higher grades and were told that high school students do not put forth their best efforts when they know the tests have no bearing on grades, high school graduation, or college entrance.

Steve Adams, State Department of Education, responded to questions about state assessments by explaining that the State Department categorizes assessment scores as being unsatisfactory, basic, satisfactory, proficient, and advanced. He encouraged the Committee to use the “basic” category as the reference point for successful schools and to include “continuous improvement” as part of the successful schools criteria.

Committee members agreed that change-over-time should be an indicator of success. Preliminary indications are that the consultants will define “successful” to mean that 70 percent of the fourth grade students in a school score satisfactory or above on the state assessments, 65 percent of the seventh or eighth graders score satisfactory or above, and 60 percent of the tenth or eleventh graders score satisfactory or above. These benchmarks could change as the study progresses, based on input from panels and analysis of data by the consultants.

Senator Lyon expressed his concern that the study in general is “outcomes” based and relies too much on historical data, the possible result being a study that reflects the status quo and precludes the development of more objective cost information.

Performance Audit on School District Budgets

Chris Clark, Legislative Division of Post Audit, presented the results of an audit entitled *Why Kansas School Districts Tend to Spend a Smaller Percentage of Their Budget on Instruction Than School Districts in Other States*. (A copy of the audit can be obtained

from the Legislative Research Department or from the Legislative Division of Post Audit.) Audit findings are based on data from the National Center for Education Statistics and include the following:

- Kansas generally spends slightly more per student on K-12 education than other states in the region, but fewer of those dollars are spent on instruction.
- Kansas spent more in virtually all categories of non-instruction activities, primarily because it employed more people per student to perform those activities than other states did.
- The greatest potential for freeing up money to be spent on instruction lies in reducing the number of non-instruction staff Kansas school districts employ.

Ms. Clark explained that the audit contains findings but not recommendations because expenditure decisions are made by local boards and the auditors generally only direct their recommendations to state agencies. Furthermore, any recommendations might not be applicable to all districts.

Representative Benlon said the post audit paints a positive picture of school district expenditures in Kansas in the sense that Kansas compares favorably with other states on the basis of student outcomes, which indicates that expenditure decisions made by local boards are achieving desired results, and the expenditure of money on non-instructional costs such as building maintenance may be cost-effective in the long run. Other Committee members pointed out that use of non-instructional personnel may enhance instructional quality because it relieves teachers of non-instructional duties and allows them to devote more of their time to teaching. Questions also were asked about the reliability of the data used to make the comparisons among the states.

Randy Weseman, Superintendent of USD 497 (Lawrence), cautioned the Committee against using simple explanations for complicated relationships between efficiency and student achievement (Attachment 2). He described how the Lawrence school district under his leadership undertook a reorganization that reduced administrative positions from 25 to 14 and saved \$434,483. (Additional savings may be possible if two vacant positions remain unfilled.) According to Dr. Weseman, the reorganization has not sacrificed services or impaired student achievement and features ongoing scrutiny of existing and proposed programs.

Dr. Weseman cautioned that complex issues about how students learn make it difficult to determine the best use of resources in order to improve student achievement. With regard to the post audit, Dr. Weseman noted the absence of a clear definition of "efficiency," without which it is not possible to evaluate reported expenditure information. For example, is Kansas, which spends more than the average overall but less on instruction, more or less efficient than the other states considered? In addition, Dr. Weseman noted the number of small school districts in Kansas and said significant cost savings might not be possible unless some districts were consolidated.

Dr. Weseman concluded his presentation by making the following recommendations:

- A task force should be created and charged with designing an efficiency model for the state that incorporates expenditure and performance data for the purpose of revealing practices that produce results with greater efficiency.
- Non-instructional expenditures should be analyzed for educational productivity. For example, Dr. Weseman cited the fact that, because gifted education is part of the special education mandate in Kansas, an Individualized Education Program (IEP) is required for all gifted students. Deleting this requirement would not affect gifted education services but would eliminate hours of time-consuming administrative activities.

Senator Lyon asked Dr. Weseman if additional money for schools should be withheld until more efficiency is achieved. Dr. Weseman responded that a need for higher teacher salaries clearly exists, for which additional funding is needed immediately.

Mark Tallman, Kansas Association of School Boards, presented his response to the post audit (Attachment 3). Mr. Tallman expressed concern that the audit's findings could lead legislators to conclude that Kansas schools spend too much money on non-instructional items and that no additional funding for schools is justified. Mr. Tallman told the Committee that the audit can be interpreted to mean that Kansas generally compares favorably with other states on the basis of educational outcomes and that expenditures for non-instructional activities likely contribute to Kansas students' generally high performance based on a variety of measures, such as ACT scores and the National Assessment of Education Progress (NAEP). "Non-instructional" expenditures cited by Mr. Tallman that contribute to student achievement include support for teacher evaluation and professional development; student support services such as counselors, social workers, and school psychologists; instructional support personnel such as librarians, media specialists, and technology experts; school safety; and other required services, such as school transportation and food service.

Mr. Tallman told the Committee that the fact that Kansas spends less on instructional activities and obtains results that are as good or better than those in nearby states indicates that local boards of education have made the right decisions about how to spend resources.

Senator Downey responded that she knows of no teacher who would want more money for instruction if it means the teacher has to assume non-instructional duties.

State Revenue Estimates and School Finance Estimates

Staff presented a memorandum entitled *State General Fund Receipts for FY 2002 (Revised) and FY 2003* and told the Committee that the Consensus Estimating Group in November 2001 revised the estimate of State General Fund receipts for FY 2002 downward by \$113.4 million (2.5 percent) from the previous estimate and estimated growth in FY 2003 over FY 2002 (revised) of \$252.6 million (5.8 percent) (Attachment 4). Underlying the

estimates is the assumption that the currently weak Kansas economy will experience modest growth at the end of calendar year 2002. Assumptions about major components of the estimates include the following:

- Kansas personal income will grow at a declining rate until 2003, when it will rebound from 3.0 percent in 2002 to 5.1 percent.
- The unemployment rate will rise each year from FY 2001 through FY 2003.
- The value of production of major agricultural crops in Kansas is expected to rise.
- Oil and natural gas production is expected to continue to decline through FY 2003.
- Inflation is expected to be moderate in both 2002 and 2003.

Based on the estimates, it is projected that expenditures from the State General Fund in FY 2003 will be \$110.2 million less than approved expenditures for FY 2002, if the state is to be in compliance with the statutory requirement that the ending balance in FY 2003 must equal at least 7.5 percent of approved expenditures (Attachment 5). This assumption is based on estimated expenditures that exclude increased demands on the State General Fund, such as full funding for 1999 SB 345, state aid to maintain general and supplemental state aid to school districts under current law, the annualization of FY 2002 state employee salary increases, and increases in Social and Rehabilitation Services and Department on Aging caseloads.

Information also was presented about FY 2002 and FY 2003 school finance estimates (Attachment 6). The major revision in the estimate of State General Fund expenditures in FY 2002 is attributable to greater utilization of local option budgets than was expected originally. As a result, the FY 2002 appropriation is a total of \$21,396,000 short of the amount required to fully fund the school finance formula. (The shortfall in the appropriation for supplemental general state aid of \$21,485,000 is offset by a slight excess of \$89,000 in funding for general state aid.) The variance between the original estimate for supplemental general state aid and the revision is accounted for in part by greater-than-expected utilization of local option budget authority by relatively poorer districts and the fact that these districts qualify for a higher percentage of state aid.

For FY 2003, utilization of local option budgets is expected to continue to increase, but a decline in weighted FTE enrollment and projected growth in assessed valuation results in expenditures from the State General Fund that are estimated to be \$12.6 million less than in FY 2002 for general and supplemental general state aid combined.

November 14

Joint Meeting with the State Board of Regents

General Remarks

The Committee and the State Board of Regents met together for the purpose of reviewing issues relating to 1999 SB 345, receiving a report from the Northwest Education Research Center (NORED) on postsecondary governance and missions, receiving a request from the Board for the introduction of legislation during the 2002 Session, and hearing testimony relating to job training.

William Docking, the member of the Board who served as chair when 1999 SB 345 was enacted, described changes to the Board brought about by the transition from a board that had governance responsibility for six institutions to a board with coordination responsibilities for 36 institutions. He said that, in spite of revenue constraints, the Board Office needs more staff in order to fulfill its expanded duties and responsibilities.

Jack Wempe, Vice Chair of the Board of Regents, told the Committee that Board members and legislators need to work together, but acknowledged a difference in their respective roles. He explained that Board members have a systemwide perspective, do not stand for election, and do not have responsibilities to particular districts in the state. Legislators, on the other hand, run in partisan elections and must be responsive to their individual districts and constituencies.

Dr. Clay Blair, Chairman of the Board of Regents, told the Committee that the Board of Regents expects to become less regulatory and more quality-oriented vis-a-vis the institutions it governs and coordinates and hopes to hold the institutions to higher levels of accountability. He welcomed the opportunity to work more closely with legislators.

Among the areas the Board is addressing are the following:

- *Tuition.* In the past, there have been times when student tuition has been increased in order to compensate for inadequate funding from the state. Now, the Regents are making an effort to develop a five-year tuition plan. Under consideration are such things as differential tuition between upper and lower division courses and consideration of higher tuition for high-cost courses. Also under consideration is possible use of tuition revenues for student assistance programs and for tuition waivers. A study of tuition initiated by the Board will be available during the 2002 Session (perhaps in January).
- *Unified Budget for FY 2003.* Continued efforts are being made to submit a cohesive budget that reflects systemwide needs and priorities. Dr. Blair told the Committee that the budget process for FY 2003 began early in calendar year 2001, when the Board solicited input from all institutions. The initial request totaled \$108 million, but was reduced to \$80 million,

including the \$46 million needed to continue full implementation of 1999 SB 345.

- *Research Facilities.* Consideration is being given to a 15 to 20 year bond issue for the purpose of constructing facilities and purchasing equipment for research activities. Dr. Blair said the initiative was begun in 2001 in response to the promotion by Senator Pat Roberts of greater research activity in Kansas in order to obtain federal grants. One option would be the creation of a \$50 million to \$60 million research fund from which institutions could borrow at low interest rates for the purpose of undertaking campus research projects.
- *Distance Learning.* Dr. Blair said the Board of Regents has broad plans to make innovative use of distance learning.

Dr. Blair told the Committee that state-imposed barriers exist that limit the ability of institutions to save money or to be more innovative. He listed the following examples:

- Unnecessary review by architects of university construction projects, resulting in time delays and additional fees.
- Burdensome purchasing requirements that preclude the use of cheaper, more convenient methods, such as use of the Internet.
- Required use of the state printer when local or Internet printing options are better. It was noted that some restrictions are for the purpose of requiring state agencies to use Kansas businesses and sources of material so that state tax dollars are not spent out of state. (Information distributed by Dr. Blair showing expenditures by the state universities for printing in FY 2001 is contained in Attachment 6.)

The NORED Report

Dr. William Chance, Executive Officer of NORED, presented results of the study prepared under contract to the State Board of Regents. (Copies of the study are available from the Legislative Research Department and the State Board of Regents.) The study is entitled *Kansas: A New Horizon*, and is a study of postsecondary education governance and missions in Kansas. Responding to a question, Dr. Chance explained that postsecondary education funding is not included in the study because, although funding is of great relevance and interest, the Board did not have sufficient money to make the study more comprehensive. He estimated that an additional \$100,000 would have been needed and that, if the money is available, the Regents may decide to expand the study at a later date.

Dr. Chance explained that some recommendations of the study could be implemented immediately and others are long-range and could take years. The central theme of the recommendations is that the Board of Regents should become a strong policy board and

divest itself of administrative and regulatory responsibilities. One consequence of this recommendation is that the state universities, which are governed by the Board, would be delegated management and administrative responsibilities currently performed by the Board and its staff. This change would give the state universities managerial latitude in relation to the Board that currently is exercised by the remaining postsecondary institutions under the Board's jurisdiction. The recommendation is based on the assumption that institutions would operate within clearly-stated missions and other parameters established by the Board.

Specific recommendations of the NORED report include the following:

- The state universities should be exempted from close state regulation in exchange for meeting established policy goals.
- The Legislature should eliminate the requirement that the Board of Regents be divided into three commissions and allow the Board to organize as it deems appropriate.
- The Board should maximize the effectiveness of its staff by eliminating routine administrative and regulatory tasks that should be performed at the institutional level.
- Washburn University should be brought into the state university system under the governance of the State Board of Regents. Some level of local funding could continue under the oversight of a local board, much as is the case with Wichita State University.
- All the state universities should have some local taxing authority, similar to that of Wichita State University, for the purpose of local enrichment.
- The Board of Regents should undertake a comprehensive study of student tuition and assistance programs.
- A comprehensive assessment should be made of postsecondary education funding.
- Community colleges and technical institutions should be consolidated into a single state Community and Technical College System under the State Board of Regents.
- Funding options should be considered for community colleges, the one most favored by the consultants being a statewide equalization program with a local enrichment option borne by residents of the home county.
- All area vocational schools should become technical colleges or should be made part of a community college or community college district in order to assure access to general education services and allow area vocational school students to attain a collegiate degree.
- With few exceptions, state universities should not offer two-year degrees.

- The Board of Regents should consider the establishment of a Regents' Center in southwestern Kansas.

Request for Introduction of Bills

The State Board of Regents presented three proposals to the Committee which will require the introduction of legislation to implement (Attachment 7). Two proposals concern authority for Kansas State University to sell real estate or exchange property and one pertains to a coverage gap for Accidental Death Benefit Coverage for employees of the Board in the one-year waiting period.

Job Training Needs

Jack Wempe introduced the topic of job training by saying he believes the state has good job training programs, but lacks a state focus. Further, he said the state may need to address funding for job training programs and noted that 1999 SB 345 did not deal with funding for area vocational schools and technical colleges, with the exception of the performance funding component of the bill.

Jim Edwards, Kansas Chamber of Commerce and Industry, made recommendations that include the following (Attachment 8):

- Training must be market-driven and based on actual needs of employers.
- Displaced workers need an easier path to retraining.
- More funding is needed for capital equipment and construction and greater investment is needed in technology connectivity.
- Business should play a greater role in the job-specific training needs of its workers.
- The state must continue to develop its infrastructure and provide support for technology-based employers as an economic development strategy.

In discussion with Committee and Board members, Mr. Edwards advocated the use of seed money from the private sector to get job training programs established, as well as the allocation of scholarship money by businesses in order to train workers. He noted that the way job training programs traditionally are funded and administered does not always lend itself to innovation and encouraged the Board and the Legislature to work together to focus attention on job training needs.

Ken Bell, Boeing Aircraft Company, told members that a higher priority must be placed on technical training and developing proficiency at work skills (Attachment 9). Mr. Bell traced the development of a training initiative begun by four Wichita aircraft manufactur-

ers in 2001 in response to the perception that there was not a sufficient labor pool in the Wichita area to support projected aircraft industry expansion. The initiative includes participation by Cessna, Boeing, Bombardier LearJet, Raytheon Aircraft, state agencies, the City of Wichita, Sedgwick County, and USD 259 (Wichita) and involves financial commitments by the participants that totaled \$800,000 over a two-year period. Components of the initiative include attracting individuals into the program, administering aptitude and skills assessments, providing training and student assistance, and assuring program completers of a job.

According to Mr. Bell, Johnson County Community College, through its Center for Business and Technology, is managing the project and helping to implement it. Mr. Bell indicated that maintenance of the initiative should not be the ongoing responsibility of the aviation industry. Mr. Bell told members that, although the economy is suffering a downturn, project participants remain committed to the initiative, which he acknowledged should have begun earlier, and believe that Kansas has failed to leverage workforce development as an economic tool, in comparison to other states.

Dr. Kay Schallenkamp, President of Emporia State University and Chair of the State University Council of Presidents, offered her perspective on job training. She told the Committee that maintaining a technical workforce implies a commitment to lifelong learning and involves cooperative arrangements among all levels of postsecondary education. For example, she said Emporia State University provides the general education courses necessary to obtain an associate degree from Flint Hills Technical College.

Dr. Duane Dunn, President of Manhattan Area Technical College and President of the Kansas Association of Technical Schools and Colleges, presented joint testimony with Steve Kearney, Executive Director of the Kansas Association of Technical Schools and Colleges (Attachment 10). Dr. Dunn said the institutions he represents support recommendations of the NORED study to develop a strong system of technical education under the leadership of the State Board of Regents. He also endorsed higher levels of tuition for expensive technical programs.

Regarding governance and funding, Dr. Dunn noted that postsecondary sectors with different types of governance pose problems in developing a unified higher education system and encouraged the Legislature to more adequately fund technical training institutions.

Mr. Kearney asked the Committee to consider the concept embodied in 2001 HB 2568, which currently resides in the House Committee on Business, Commerce, and Labor. The bill would establish a trust fund by diverting a portion of unemployment insurance taxes currently paid to the federal treasury into a state-managed fund. The trust fund would be called the "Employment Security TARGET Initiative Plan Fund." Interest earnings on the Fund would finance workforce development programs.

Dr. Pat McAtee, President of Cowley Community College and Area Vocational-Technical School and Vice Chair, Community College Council of Presidents, said the postsecondary education system in Kansas needs "tweaking" but no major overhaul (Attachments 11, 12, and 13). Dr. McAtee emphasized the importance of employment training and workforce development and, in particular, spoke in support of job training and

retraining grants such as the Kansas Industrial Training (KIT) and Kansas Industrial Retraining (KIR) programs. He said Kansas currently has 22 one-stop Workforce Development Centers, five of which are located in community colleges.

Steve Jack, Kansas Department of Human Resources, spoke in support of state agency activity aimed toward workforce development and, in particular, praised the training provided by two-year institutions that are especially responsive to needs of business and industry. He noted that the federal government has, over the last four decades, provided funding for job training. The most recent federal initiative is the Workforce Investment Act of 1998 (WIA), which is based on the one-stop concept whereby job training, education, and employment services are located at a single neighborhood location. The program in Kansas is served by an electronic backbone called "Kansas Job Link." Through this network, there is a single integrated database that serves customers, employers, and workforce professionals. Each agency participating in the delivery system can access Kansas Job Link for a list of services and programs that are available to a client. Since the program began in September of 2000, more than 70,000 job seekers have conducted an average of nearly 50,000 job searches per week and employers have posted more than 4,000 job orders.

In response to questions, Mr. Jack agreed that interaction among agencies and community partners is necessary and told members he believes the response of job training institutions to the needs of business and industry is good. However, he said not all institutions are equally responsive.

The meeting was adjourned.

Prepared by Carolyn Rampey

Approved by Committee on:

December 10, 2001