

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:35 p.m. on February 21, 2008, in Room 123-S of the Capitol.

Committee members absent:

Committee staff present: Sharon Wenger, Kansas Legislative Research Department
Carol Toland, Kansas Legislative Research Department
Theresa Kiernan, Revisor of Statutes Office
Matt Todd, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Senator Jim Barnett
Dr. John Heim, Superintendent, U.S.D. 253
Mike Argabright, Superintendent, U.S.D. 252
Mark Tallman, Kansas Association of School Boards
Scott Frank, Legislative Division of Post Audit
Diane Gjerstad, Wichita Public Schools
Bill Reardon, Kansas City, Kansas Public Schools
Bill Brady, Schools For Fair Funding

SB 628 – School districts; school finance; Lynn County, Emporia, and Chase County

Theresa Kiernan, Revisor of Statutes Office, noted that **SB 628** was introduced at the request of Senator Jim Barnett. She explained that the bill would guarantee U.S.D. 251 (North Lyon County), U.S.D. 252 (Southern Lyon County), U.S.D. 253 (Emporia), and U.S.D. 284 (Chase County) 98 percent of the adjusted enrollment in the 2007-2008 base school year when calculating the general fund budget of the district for the 2008-2009 school year.

Senator Barnett testified in support of **SB 628**. He pointed out that the Emporia community has experienced a serious economic disaster with the recent closure of the Tyson Fresh Meats Corporation. The bill would help Emporia schools adapt to by placing a 2 percent floor for loss of adjusted enrollment. (Attachment 1)

Dr. John Heim, Superintendent, U.S.D. 253, testified in support of **SB 628**. He discussed the closure of the Tyson Meat Corporation, which has eliminated 1,800 jobs locally, which amounts to 75 percent of the local workforce. At this point, it is unknown how the Tyson layoffs will affect families in Emporia. Approximately 1,200 students in the district (25 percent of the current enrollment) have parents who are employed by Tyson. A large percentage of the district's funding is due to weighting for at-risk students (47 percent) and English language learners (31 percent). By statute, teachers must be notified that their contracts will not be renewed by May 1, 2008. Due to the teacher shortage, Emporia teachers who are uncertain about their future can find jobs in other districts immediately. The district will not know how many students will enroll or the number of weighted students enrolled until September 2008; therefore, it is unknown how many teachers will be needed before the May 1 deadline for non-renewals. In conclusion, Dr. Heim said that his district needs help in budgeting for the potential loss of 25 percent of its 4,800 students, and a floor on weighted student losses in the first year would give the district a year to gather data and make decisions based upon facts, not speculation. (Attachment 2)

Mike Argabright, Superintendent, U.S.D. 252, testified in support of **SB 628**. He echoed the concerns about the unknown as expressed by Dr. Heim. He noted that 30 of the 545 students in his district were directly affected by the Tyson closure. His school district is a declining enrollment district, and significant budget cuts were made at the last board meeting. An additional loss of 30 students would be a significant loss, and trying to plan for the unknown becomes more difficult after already making one round of cuts. He urged the Committee to support the bill to allow his district time to plan for the future.

Mark Tallman, Kansas Association of School Boards (KASB), testified in support of **SB 628**. KASB has a long-standing position supporting mechanisms that allow districts to avoid significant reductions in their budget authority through a phase-in mechanism. He commented that the bill seems to recognize that the

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current system does not deal with the issue of changes in weighting. He suggested that the Legislature should further study whether the current declining enrollment feature should be modified for all districts. ([Attachment 3](#))

Senator Schodorf called attention to written testimony in support of **SB 628** submitted by Steven Mollach, Superintendent, U.S.D. 251 ([Attachment 4](#)) and by Mark Desetti, Kansas National Education Association ([Attachment 5](#)).

There being no others wishing to testify, the hearing on **SB 628** was closed.

SB 620 – School districts; special education; Medicaid replacement state aid

Theresa Kiernan, Revisor of Statutes Office, noted that **SB 620** was introduced at the request of Senator Anthony Hensley, and it was patterned after a House bill introduced at the request of Representative Marti Crow. She explained that the bill would provide a new category of state aid called “Medicaid replacement state aid,” which would be subject to appropriation. Whatever amount the Legislature appropriated would be divided on the basis of children who are receiving special education and related services and who are eligible for Medicaid. The bill provides that all money received by the district pursuant to this section will be paid to the State General Fund and then transferred to the special education fund similar to the way special education money is currently handled. Any Board of Education that desires to receive the state aid would be required to submit documentation or information as required by the State Board of Education.

Scott Frank, Legislative Division of Post Audit, distributed copies of a summary of findings regarding a Post Audit performance audit report entitled, “K-12 Education: Reviewing Issues Related to Special Education Funding.” ([Attachment 6](#)) He summarized the answer to the following questions which the report addressed: (1) What percent of the excess costs of special education are districts and cooperatives reimbursed for, and why do those percentages vary? and (2) How will districts and cooperatives be affected by changes to school-based Medicaid funding? In conclusion, he called attention to table in an appendix attached to the summary which dealt with the estimated effect of changes to Medicaid on 69 districts and cooperatives, based on revenue and staffing data.

Diane Gjerstad, Wichita Public Schools, testified in support of **SB 620**. She discussed the December 2007 Legislative Post Audit’s report, “Reviewing Issues Related to Special Education Funding.” She noted that the report indicated that the current distribution of categorical state aid leaves a number of districts far short of the state policy of funding 92 percent of excess cost, but on the other hand, the formula reimburses a number of districts and cooperatives over 100 percent of the excess cost to educate special education students. In addition, the report indicated that the Legislature’s attempt to fund the loss in Medicaid dollars for the approximately 70 districts who have Medicaid eligible students did not benefit those districts who lost the funding. She then discussed recent changes to the federal rules for Medicaid reimbursement for school-based services. She commented that the current formula has shortchanged districts that have historically been under-compensated for serving high need, high cost students. The bill would establish a distribution mechanism directing dollars to the districts with Medicaid eligible populations. ([Attachment 7](#))

Bill Reardon, Kansas City, Kansas Public Schools, testified in support of **SB 620**. He noted that Medicaid funding provided to Kansas school districts was reduced this year from \$35 million to \$11.5 million. The Department of Education replaced \$22 million of the \$23.5 million loss. Currently, the only statutory method for distributing these new dollars is to increase the number of dollars provided for each special education teacher. This results in a distribution that has no relationship to the number of Medicaid students in a given school district. He urged the Committee to rectify this problem by directing the new state dollars to the districts that incur the additional Medicaid costs. ([Attachment 8](#))

Mark Tallman, Kansas Association of School Boards (KASB), testified in support of **SB 620**. Noting that there has been considerable discussion about special education funding, he offered three broader comments on the current formula in light of the Post Audit report on the current distribution formula and the replacement of Medicaid funding. ([Attachment 9](#))

Bill Brady, Schools For Fair Funding, testified in support of **SB 620**. In his opinion, distributing funds

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generated with Medicaid reimbursed services by headcount is closer to funding based on actual costs than the current method of distributing the money to all districts whether they have any Medicaid eligible students or not. Schools For Fair Funding believes that this is a fairness issue that should be addressed this session. (Attachment 10)

There being no others wishing to testify, the hearing on **SB 620** was closed.

Senator Schodorf called the Committee's attention to the minutes of the February 11 and 12 meetings.

Senator Lee moved to approve the minutes of the February 11 and 12 meetings, seconded by Senator Steineger. The motion carried.

The meeting was adjourned at 2:25 p.m.

The next meeting is scheduled for February 22, 2008.