

# From The Desk Of...

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Kansas Senate 35th District



~Week of January 9 - January 13, 2006~

### ● SCHOOL FINANCE

As you are no doubt aware, under a state Supreme Court order, the legislature put a large amount of money into K-12 education last year. Whether you agree with the Court's determination or not, it served to renew Kansas' commitment to K-12 with new dollars. In addition, the legislature commissioned the 2010 Commission, the At-Risk Council, and two major studies. The results of those studies were just released this week, and will be the starting point for discussions for school funding for 2006-07.

The studies were undertaken by the Division of Legislative Post Audit, in which members of the legislature have great confidence. The first study is to attempt to determine the actual cost of providing an education to a student in Kansas; the second is an outcome-based study on the effectiveness of the system under which we provide that education.

While the Kansas Supreme Court has retained jurisdiction in the case, the judges seem willing to see what comes out of the studies and lawmakers response to those results. Needless to say, funding for education will remain very much on the front burner, very much a high priority for the 2006 session.

#### School Finance Post Audit Report

**INPUTS GENERALLY COST MORE THAN OUTPUTS:** For the current school year, the report concludes that state aid is only about \$100 million below the actual cost of providing a suitable education under an outputs model. (The inputs models all are more expensive than the outputs model for the current year).

**\$400 MILLION MORE FOR NEXT YEAR:** For the next school year, the report concludes that \$399 million more in state aid is needed to meet the student achievement standards set by the State Board of Education (outputs model). For that year, the gap between current funding and actual-cost funding under inputs analysis ranges from \$316 million to \$623 million depending on what assumptions are made regarding class size.

**BOARD OF EDUCATION POLICY IS THE COST-DRIVER:** The report also notes that rapid, annual cost increases for state aid will continue well into the future. Inflation accounts for part of this ongoing increase, but the biggest cost-driver is the rising student-achievement standards that have been adopted by the Kansas State Board of Education.

**THE BIGGEST SHORTCOMINGS STILL ARE FOR TEACHING POOR AND SPECIAL EDUCATION CHILDREN:** The report provides good, detailed analysis of the various "weighting" factors that are part of the school finance formula. In general, the report concludes:

- **At-risk weighting:** The biggest remaining gap between funding now provided and funding that is needed is to address the special needs of "at-risk" students. The report recommends substantial increases in "at-risk" funding and also recommends creation of a new "urban poverty" weighting that would provide still more aid to the biggest inner-city school districts in Kansas.

- **Special Education weighting:** Behind the at-risk funding gap, the report concludes that we continue to under-finance the cost of special education. The report recommends funding special education at 100 percent of the excess cost.
- **Low Enrollment weighting:** The report concludes that low-enrollment weighting is justified BUT the current formula pays small schools more than is justified by their added costs. It recommends reducing the level of low-enrollment weighting.
- **Correlation weighting:** The report concludes that correlation weighting pays larger schools more than is justified by their added costs. It recommends reducing the level of correlation weighting (which would have the effect of eliminating it).
- **Bilingual weighting:** The report concludes (1) that the current method of calculating bilingual weighting undercounts the number of students that need language assistance but also that (2) the formula provides more money per student than is justified by the actual cost of programs.
- **Base State Aid:** The report concludes that base state aid per pupil, in the current school year, is actually higher than what is needed to cover actual costs. However, by the next school year, the report recommends that base state aid be increased slightly.
- **Vocational weighting:** The report concludes that vocational weighting should be continued BUT the current formula provides more subsidy to vocational education than the actual cost requires.

In general, this report provides much more workable data than Augenblick & Meyers. It gives us much more than just a "bottom line" number -- it gives us analysis as to how we might re-allocate some of the funds within the current system to better address needs of certain students who are now being "left behind."

## ● STATE BUDGET

The State has been enjoying one of the biggest revenue increases in history, with state receipts coming in much higher than expected. That's the good news.

The bad news is, most of that new revenue is already spoken for. In addition to the new dollars committed to education, we have significant financial obligations to the transportation plan revamped in 2004, and to the debt service on pension bonds for the Kansas Public Employee Retirement System. We also face escalating costs and caseloads under Medicaid. Finally, we really don't know what the Court will ultimately decide on school finance.

So, while the fiscal news is good, it simply means we can meet our current obligations, while maintaining a healthy ending balance. If we had to, we could dip into the ending balances, but if we did, it would make next year significantly worse.

Regarding Medicaid, we put \$154 million into Medicaid last year alone. In the past four years, we have put in half a BILLION dollars. We must find a way to stem the flow. How do we do that?

Well, we had an interim committee on Medicaid that will submit a number of recommendations to the 2006 legislature. I suspect we will look at those ideas early in the session. We must find a way to change people's perceptions and behavior. We may look at a nominal co-pay. Ultimately, however, we need the Federal Government to step up through Medicare. Our state Medicaid program was never intended to be the major safety net for our seniors.

## ● MEDICAID

A bill creating the position of Medicaid Inspector General was introduced this week, and the Ways and Means Committee began looking at it on Thursday.

In the Judiciary Committee, two other bills from the Special Committee on Medicaid Reform were considered. The committee recommended passage of one bill to create a civil false claims act in Kansas. The measure would expand the authority of the attorney general to recover money that was inappropriately paid by the state through Medicaid or otherwise. The second bill would expand the authority of the Attorney General's office to recover money from people convicted of Medicaid fraud by allowing the Attorney General's office to force the sale of property that has been purchased with the proceeds of the fraud. The second bill remains in the committee and is likely to be acted upon next week.

- **REPAIR & MAINTENANCE FOR REGENTS INSTITUTIONS INFRASTRUCTURE**

For far too long, the maintenance and updating of the buildings on the campuses of our Regents institutions have been neglected. In many cases, significant and serious risks exist that are the result of years of neglect. We would never tolerate these conditions in our K-12 school buildings.

Having said that, we also need to work with our regents schools to activate alumni organizations on this matter. We also need to ensure that privately funded new buildings include an endowment to maintain those buildings. We need a solid plan for ongoing maintenance requirements at our colleges and universities.

- **CONSTRUCTION AT THE STATE CAPITOL**

The capitol is in the midst of a 10-year remodeling and refurbishing program. It will bring the building in line with current and future electrical, heating and air conditioning, and telecommunications needs while taking the building back to its original period decor. The Senate chamber and adjoining offices have been completed, and they are really beautiful. We have recaptured the original beauty of our spectacular chamber, and the quiet dignity of the leadership offices.

Although there is still work being done, I hope you will stop into the capitol next time you are near Topeka. It is well worth the look. Bring your children...and if you haven't seen the statehouse since you were in grade school—you are in for a treat. There is a wonderful underground parking facility for visitors, and a planned visitors center which will come later in the project phase. Come see us and see this wonderfully historical building coming back to life!

- **TOLL FREE LEGISLATIVE HOTLINE**

The State Library will continue its practice of operating the toll free hotline for Kansans to call their legislators and leave brief messages. The hotline number is 1-800-432-3924. If you are receiving this newsletter and really would like to be taken off my list, just let me know. My legislative district includes: Barton, Dickinson, Ellsworth, Lincoln, Marion, McPherson and Rice counties. If you know of others that would like to receive this newsletter, have them contact me and I will add them to my list. I prefer to send by e-mail since the cost is essentially free, but I do have a limited legislative postage allowance, which is largely reserved for distributing this letter.

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