

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Rhoades called the meeting to order at 12:34 p.m. on March 31, 2011, in Room 346-S of the Capitol.

All members were present except:

Representative Carlson - Excused
Representative Gordon - Excused
Representative Kleeb - Excused
Representative McLeland - Excused
Representative Shultz - Excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
Jason Long, Office of the Revisor of Statutes
J.G. Scott, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Shirley Morrow, Kansas Legislative Research Department
Cindy O'Neal, Administrative Assistant, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Conferees:

Doug Bowman, Kansas Interagency Coordinating Council on Early Childhood Developmental Services
Terry Collins, Doniphan County Education Coop
Dr. Linda Aldridge, Kansas Association of Special Education Administrators
Bert Moore, Chautauqua & Elk County Special Education Services

Others attending: See attached list

- Attachment 1 **SB111** Testimony – Kansas Interagency Coordinating Council
- Attachment 2 **SB 111** Testimony - Doniphan County Education Cooperative
- Attachment 3 **SB 111** Testimony - Kansas Association of Special Education Administrators
- Attachment 4 **SB 111** Testimony – Chautauqua and Elk County Special Education Services
- Attachment 5 **SB 111** Testimony – Northwest Kansas Educational Service Center
- Attachment 6 **SB 111** Testimony – Cowley County Special Services Cooperatives
- Attachment 7 **SB 111** Testimony – High Plains Educational Cooperatives
- Attachment 8 **SB 111** Testimony - ANW Special Education Cooperative\
- Attachment 9 **SB 111** Testimony - North Central Kansas Special Education Cooperative
- Attachment 10 **SB 111** Testimony – Hays West Central Kansas Special Education Coop
- Attachment 11 Trends in Student Free and Reduced Lunch Eligibility

SB 111: An act concerning school districts; relating to special education state aid

Doug Bowman, Staff, Kansas Interagency Coordinating Council on Early Education Services, presented testimony as a proponent of **SB 111** (Attachment 1). He stated that the proposal would calculate an average amount of aid reimbursement per student and the current law then would reduce the payment for districts that exceed 150% of the statewide average. **SB 111** would delay the implementation for one year, he added.

Terry Collins, Director, Doniphan County Education Cooperative #616, presented testimony as a proponent of **SB 111** (Attachment 2). He discussed the effect of the calculations and the potential impact on the districts. With this bill the delay of implementation would give the districts another year to further study the impact on school districts.

Terry Collins responded to questions from committee members. He stated that current dollars are based on FTE teaching positions (\$24,500 per teacher) with 4/10 % of that amount for paraprofessionals.

Dr. Linda Aldridge, representing the Kansas Association of Special Education Administrators, presented testimony as a proponent of **SB 111** (Attachment 3). She stated that the without the passage of this bill

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 12:34 p.m. on March 31, 2011, in Room 346-S of the Capitol.

approximately \$50 reduction per teacher in special education would be implemented and the deletion of the minimum and maximum section would restore the disbursement of aid to the previous formula which would eliminate funding shifts.

Bert Moore, Director, Chautauqua and Elk County Special Education Services, presented an overview of the Special Education Funding Task Force and testimony in support of **SB 111** (Attachment 4). He stated that with the passage of this bill the language would be removed regarding the calculation of excess cost from the formula.

Mr. Moore responded to questions from committee members. He stated that if this bill does not pass, the three districts he represents would lose \$150,000 in funding. Mr. Moore discussed the impact on programs and services funding reductions and meeting the needs of special education students.

Chairman Rhoades stated the written testimony has been distributed from Northwest Kansas Educational Service Center (Attachment 5), Cowley County Special Services Cooperative (Attachment 6), High Plains Educational Cooperative (Attachment 7), ANW Special Education Cooperative (Attachment 8), North Central Kansas Special Education Cooperative (Attachment 9), and Hays West Central Kansas Special Education Coop (Attachment 10). A copy of Trends in Student Free and Reduced Lunch Eligibility was distributed to committee members (Attachment 11) as requested by members, he added.

The meeting adjourned at: 1:09 p.m.


Marc Rhoades, Chairman

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 3/31/11

NAME	REPRESENTING
Derek Hein	HEIN LAW FIRM
Dodie Wellshear	USA/KS
Bert Moore	USD 282
Cheryl Semmel	USA/Kansas
Tracy Russell	SQE
Jerry Collora	DCEC #616
Leif Alden	KASEA
Jennifer Crew	USD 501
Leigh Keck	Capitol Strategies
Justin McFarland	KIDOL
Mindy Brissey	American Federation of Teachers
RJ Wilson	KUSE
Ju Hall	Federica Consulting

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TESTIMONY BEFORE HOUSE APPROPRIATIONS COMMITTEE ON SB 111 – 3/31/2011

My name is Doug Bowman, and I serve as staff to the Kansas Interagency Coordinating Council on Early Childhood Developmental Services (Kansas ICC). This testimony is being written jointly by the Special Education Advisory Council and the Kansas ICC, as a result of our recent combined meeting. Our collaborative effort to provide advice is an historic first for our two Councils. Both Councils have endorsed this testimony.

We wish to thank the Committee for the opportunity to provide testimony on SB 111. First we wish to clarify that the original changes made last year (in then SB 359), in particular those pertaining to special education catastrophic aid were greatly needed and properly implemented. We applaud your efforts in that regard.

However there is a provision that is scheduled to go into effect for the upcoming 2011-2012 school year that causes us grave concern. The proposal is to calculate an average amount of categorical aid reimbursement per student enrolled. The current law then would reduce that payment of categorical aid reimbursement for school districts (or special education cooperatives) that exceed 150% of the statewide average. The bill before you (SB 111) would delay the implementation of that provision for one year.

The proposed reduction of categorical aid reimbursements serves as a strong disincentive for local school districts to serve children aged birth to three years with special needs. The funds used to serve these youngest children would be factored into these calculations, however those young children served would not be considered in the same formula.

Almost one-third of the 37 tiny-k networks (Part C of IDEA) are currently administered by a local school district or special education cooperative. All of the others (except one) access special education funding through categorical aid reimbursements arranged collaboratively with a Local Education Agency (LEA). Special education categorical aid reimbursement is in fact, the single largest source of funding for the tiny-k system. The tiny-k system has been historically underfunded, and reliant upon the collaborative efforts of our local partners. Anything which puts at risk the largest funding stream could jeopardize the entire tiny-K system

Our concern is that the implementation of that one section in the original SB 359 may disrupt these carefully constructed collaborations that often took years to establish. LEAs that find themselves at (or near) that 150% benchmark established by SB 359 will hesitate to continue supporting vital services to young children and their families.

The Special Education Advisory Council and the Kansas Interagency Coordinating Council on Early Childhood strongly advises you to pass SB 111 before the implementation next school year of the provisions we think will be harmful to Kansas children. Thank you again for the opportunity to provide this advice and assistance. I will gladly stand for questions.

• Coordinating Council on Early Childhood Developmental Services •

Curtis State Office Building, 1000 SW Jackson, Suite 220, Topeka, Kansas 66612-1274
TDD/TTY: (800) 332-6262 (796) 296-1294 E-Mail: dbowman@kdhe.state.ks.us fax: (785) 296-8616
Website: www.Kansasicc.org

Appropriations Committee

Date March 31, 2011

Attachment /

Doniphan County Education Cooperative #616

785-982-4204 Terry E. Collins, Director P.O. Box 399 Troy KS 66087

SB 111 March 31, 2011

Honorable Chairman Rhoades and Members of the House Appropriations Committee

I testified in favor of the original SB 111 which eliminated the minimum and maximum calculations of state aid. This amended version postpones the effective date of those calculations until 2012-2013. The original bill's intention was to remove the addendum from last year's SB 359. That amendment was essentially the first step towards a census-based type of funding.

Professor Bruce Baker at Rutgers in New Jersey and Matthew Ramsey Assistant Professor and Director of the Special Education Teacher program at Benedictine College in Atchison, Kansas recently published a research study in the Journal of Educational Finance. (35:3 Winter 2010 245-275). I have provided you a copy of the abstract with my written testimony.

I would like to highlight a few key issues from the research project:

- **Census-based funding does not rely on census data**
- **Census-based funding assumes that students with disabilities are equally distributed**
- **Census-based funding provides local districts a lump sum allocation based on the assumption of a uniform distribution of students with disabilities.**
- **Researchers have found that students with disabilities are not equally distributed**
- **Researchers find that children with disabilities are non-randomly and non-uniformly distributed across geographic spaces.**

When legislators were first told about the effects of the minimum and maximum calculations, the FY '09 average costs of all students was \$608 and only 5 LEA's would be affected. (three under 75% and two over 150%) Using the FY '10 data, the average cost of all students is \$685. The number of LEA's affected has now jumped to nine with five below 75% and four above 150%. Those LEA's represent 27 different school districts. There is no way to accurately predict how many districts will fall outside the minimum/maximum limits because the average excess cost is unknown until the end of the fiscal year.

This funding system is based upon an assumption that students with disabilities are equally distributed in Kansas. Research indicates that children with disabilities in other states are non-randomly and non-uniformly distributed across geographic spaces.

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Attachment 2

While there is no way to accurately predict who will gain additional funds and who will return funds in any given year. There is a way to predict what would happen if there is a movement towards a 92% cap on excess costs.

Using the FY 10 data:

75% x 685 = **514** 150% x 685=**1028**
85% x 685 = **582** 120% x 685=**822**
92% x 685 = **630**

Below 75%	Above 150%
75% x 685= 5 agencies <514= 13	150% x 685= 4 agencies >1028= 14
85% x 685= 5 agencies<582= 17	120% x 685= 21 agencies >822= 121
92% x 685=13 agencies<630= 38	92% x 685= 51 agencies >630= 229

It is helpful to recognize that according to the FY '10 data sheet:

- **Those 51 special education agencies equal 80% of the 64 agencies across the state. They represent 229 of the state's school districts. So, 229 districts will suffer a negative financial effect from this type of census-based formula.**
- **Under the current system, every teacher is reimbursed at the same rate regardless of how much a district/agency chooses to spend on salaries. If the State Department provides \$24,250 per teacher in Doniphan County then every agency in the state will receive the same amount per FTE.**
- **The more you spend in salaries, equipment, and technology the less \$24,250 will cover. The more efficient a district/agency is then the more \$24,250 will cover.**

As you have heard or will soon hear, there are many unintended effects of this amendment to SB 359. As a current member and Past President of the Kansas Association of Special Education Administrators, I cannot be in favor of a funding formula that creates inequalities across the state.

I ask that the Committee consider all that you hear today and that you do not implement a funding formula that will, -- immediately reduce teacher aid by \$50/FTE -- create major problems with the special education budget process-- create maintenance of effort issue. Please support SB 111.

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Attachment 2-2

Abstract

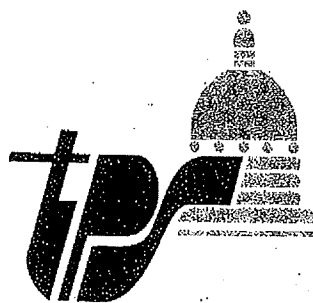
Over the past few decades, a handful of states have chosen to provide state financing of special education programs through a method referred to as "Census-Based" funding—an approach which involves allocated block-grant funding on an assumed basis of uniform distribution of children with disabilities across school districts. The approach has been argued to eliminate financial incentives for classification of marginal—low severity, higher incidence—disabilities. We explain herein that despite some evidence linking headcount-based financing schemes to increased classification on rates (a) no evidence exists whether the incentivized rates are more or less indicative of true prevalence of disabilities, and (b) where attempts have been made to discern whether certain populations of children with disabilities are in fact uniformly distributed, researchers have found that they are not. We use U.S. Census data on families of children with disabilities to evaluate the geographic and demographic distribution of those families in Pennsylvania and New Jersey, finding high degrees of geographic clustering, relationships between census disability rates, census poverty rates, geographic locations and school district classification on rates. In short, we find families of children with disabilities to be non-randomly and non-uniformly distributed across geographic spaces in Pennsylvania and New Jersey. We conclude by evaluating the equity consequences of assuming falsely that these children are distributed uniformly.

Bruce D. Baker is a Professor in the Department of Educational "Theory, Policy, and Administration at Rutgers, "The State University of New Jersey. Matthew J. Ramsey is an Assistant Professor in the Department of Teacher Education at Benedictine College where he directs the Special Education Teacher Education program.

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Attachment 2.3



Senate Education Committee

Testimony on Senate Bill 111

March 31, 2011

Presented by Linda Aldridge, Ed.D.

**Representing the Kansas Association of Special Education Administrators
(KASEA)**

and

Topeka Public Schools, USD 501

The Kansas Association of Special Education Administrators (KASEA) and Topeka Public Schools are proponents of SB 111 for the following reasons.

- 1) SB 111 amends K.S.A. 2010 Supp. 72-978, the statute relating special education state aid, delaying implementation of an existing section designed to establish minimum and maximum state aid for special education that can be received by a district, cooperative, or interlocal. This section would go into effect in the 2012-13 school year.
- 2) Unless amended, most districts, cooperatives, and interlocals will lose an estimated \$50/teacher in special education categorical aid.
- 3) Those few districts that gain additional funds are likely to see a decrease the following year, when their average cost/special education student rises.
- 4) Deletion of the "minimum/maximum" section restores the process for disbursement of special education state aid to its previous formula, thus eliminating funding shifts that are difficult to predict and unlikely to be sustained over time.

Thank you for the opportunity to discuss this important issue. If you wish further information from KASEA or from the Topeka Public Schools, I can be reached at: laldrid@topeka.k12.ks.us or (785) 295-3089.

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Attachment 3

House Appropriations Committee

Substitute for SB 111

Testimony Provided by Bert Moore, Director Chautauqua and Elk County Special Education Services

March 31, 2011

I would like to thank the committee for allowing me the opportunity to share my support for Senate Bill 111 which will remove language related to the calculation of Excess Cost from the formula adopted during the 2011 legislative session. I am referring specifically to the 150% cap on "excess cost" paired with the added state aid for agencies that are below 75% of "excess cost".

In 2008 the "Special Education Funding Task Force" was formed to review the funding of special education in Kansas. The committee was composed of legislative representatives, board of education members appointed by the Kansas Association of School Boards, members appointed by the United School Administrators, a Kansas National Education Association, and ex-officio member the Commissioner of Education, Alexa Posny. I was selected by the United School Administrators to serve on the Task Force. Alexa Posny was elected the chairperson of the Task Force, and I was elected the Vice-Chairperson for the Task Force.

In our initial meetings it was decided by consensus of the group that no district or agency would be impacted negatively if a change was recommended to the state funding formula for special education. The Task Force heard testimony from a variety of persons and decided to make no recommendation to change the Kansas special education funding formula.

What I would like to share with you today is what I have learned after researching the outcomes that will occur as a result of the change in the state funding formula for special education state aid when "excess cost" is expanded for agencies under 75% of excess cost, and capped for districts over 150% of excess cost. I will first address the "increase" in state aid for agencies under 75% of excess cost. The data I will use is from spreadsheets I requested from the KSDE Director of School

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Attachment 4

Finance using the 2009-10 Personnel Database compared to the general education enrollment for local education agencies that are part of a Cooperative, Interlocal or provide their own special education programs.

Increase in State Aid for Agencies Under 75% of Excess Cost Using 2009-10 Data

- There were five agencies that would receive additional state aid which would amount to \$1,071,345 in additional state aid. This amount was not appropriated as part of the bill and will need to be taken from the “pool” of funds targeted under the state’s “categorical aid” funding formula.
- Most special education agencies spend 90-95% of their budget on “personnel” costs so when provided additional state aid, it is assumed that these districts will “add” staff. One agency would receive over \$500 thousand dollars. This agency would more than likely hire staff which they may not need when their special education student incident rate is already low.
- The Maintenance of Effort may not be waived for local education agencies. At the conclusion of the second year of this measure when it sunsets, the districts receiving added state aid will need to maintain their level of effort or risk losing federal funds.
- The special education Personnel data will not be finalized until May of 2012 for the first year of this measure. This means that it will be May of 2012 before an agency will know if they fall below the excess cost limit. The budget will have already been encumbered and spent. Also, this is an unaudited report. The audited report is not completed until sometime during the next school year. How will these funds be redistributed in a manner that will benefit these agencies during the 2011-12 school year?
- This measure did not review any data at the local level related to the “need” for additional special education funding based on the agency being below 75% of excess cost.

Decrease in State Aid for Agencies Over 150% of Excess Cost Using 2009-10 Data

- There are four agencies that would receive less state aid which would amount to \$436,173 in reduced state aid. The way that the Personnel state aid is computed for the purpose of identifying the agencies that would be over 150% of excess cost will not occur until the final personnel data is

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Attachment 4-2

submitted in May of 2012. This is an unaudited report. The audited report is not completed until sometime during the next school year. How will these funds be reduced during the 2011-12 school year after the final budget has been computed, encumbered, and spent?

- This measure did not review any data at the local level related to the "need" for special education services at the local level.

Additional Points of Clarification

- There are foster care homes spread out across the state where parents receive added compensation for taking children with significant disabilities. In my Cooperative we maintain our children in their neighborhood schools; therefore, we have to add additional personnel to meet the IEP'd needs of these children if they require special education services beyond what we are already providing for other children with disabilities.
- The Individuals with Disabilities Education Act is very specific about the "Child Find" responsibilities of local education agencies to "seek out and identify" ALL children that may have a suspected disability. Some agencies are more thorough in their Child Find activities than others which results in identifying a larger percentage of children with disabilities.
- 'Early identification' is a related service. My three Cooperative districts all provide preschool programs for students in order to ensure that they receive needed special education services as early as possible to prevent more significant disabilities later in their school experience.
- Rural communities must hire staff to meet the needs of children with disabilities when their isolation prevents contracting for services from another agency.

The overall cost for this two year initiative will ultimately reduce the state aid for ALL agencies by approximately \$45 per teacher unit using the 2009-10 data. This is based on a difference of \$635,172 for those agencies that will receive additional state aid compared to the reduction for the agencies in excess of 150% of excess cost.

I am asking that Senate Bill 111 be passed. The changes in the special education funding formula as modified by SB 359 have too many "unintended consequences" that will negatively impact the ability of local education agencies

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Attachment 4 - 3

to provide students with disabilities with a free appropriate public education in the least restrictive environment. The implementation of this measure will not reduce the special education costs for the state but redistribute them in a manner that will reduce the state aid for ALL agencies that receive state Personnel reimbursement. Those agencies below 75% of excess cost will lose federal funds if they do not maintain the same level of funding (local effort) when this measure sunsets at the end of the 2012-2013 school year.

Thank you.

Bert Moore

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Attachment 4-4

House Appropriations Committee

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Testimony from Katherine Kersenbrock-Ostmeyer

Director Special Education and Coordinator of the tiny k (Part C) program for the Northwest Kansas Educational Service Center

Proponent of HB111 (SB111)

Thank you for allowing me to express my concerns pertaining to the Special Education maximums and minimums in state aid scheduled to take affect in the 2012-2013 school year. Specifically, I support HB 111 as it **removes** the 150% cap on "excess cost" paired with the added state aid for agencies that are below 75% of "excess cost."

If the current law takes effect many programs will suffer several unintended consequences.

First, The cost calculations are based on state funding for special education teacher equivalents at the local education agency and then factored with an overall student count. The student numbers calculated are for all students in the local education program and not just for students receiving special education services. This approach immediately places rural areas at a disadvantage.

At the Northwest Kansas Educational Service Center we work with many very small schools and unlike a larger school that may be able to hire one teacher to serve a group of students with a particular disability---We often times need a teacher to serve only one to three students. Specifically, in our Deaf Education program we have 3 children requiring sign language interpreters and specialized instruction. These students range in age from early elementary to high school and live on average 73 miles apart. We do our best to utilize just one teacher of the Deaf to serve all three students, but we must provide the "one on one" interpreter services at each location. Historically our area has identified and served an unusually large number of students with hearing disabilities. In larger school populations' services could be more easily addressed with shared resources. But in our region a mostly one on one approach is not a choice but a matter of providing what's needed.

Another example of our rural needs---is that our region has 19 students with Autism geographically spread to 9 different school districts. Some districts have 2 or 3 students with autism while other may have just one identified student. In a large school a specialist may serve many students with similar needs such as Autism—but in our region the one (1) Autism specialist must travel an average of 70 miles from one program to the next. In many instances we find that our rural special education population is spread out over the area. Urban systems have opportunity to advantage economies of scale in service deliver. In contrast rural areas more often experience the opposite effect or diseconomies of scale in that opportunities to reduce staff by grouping service to one area is simply not an option.

Second, For the Local Education Agencies that serves Infants and Toddlers or flow through teacher entitlements for Infant and Toddler services---the law to take effect in 2012, only

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Attachment 5

calculates the teacher costs but not the children that are served. The calculation does not factor numbers for children under age 3, but does factor tiny-k teacher costs. This calculation will discourage schools from working with the tiny k networks due to the calculation putting them at risk of having higher teacher costs with no student factor reductions. This inflated teacher cost calculation is simple inaccurate to what is actually occurring.

Third, when tentative calculation of the maximums and minimums were calculated across school districts using 2009-2010 figures, one district projected to experience a significant fund increase is a district that would be allowed to count a large number of virtual students. This district would receive special education dollars based on a population historically made up of non-special education students.

Fourth, the calculations in the law will also put those of us with private schools at a numbers disadvantage. Special Education teacher calculations are again not factored with a full student count.

Fifth, when calculations are made under the provisions of capping those at the 150% of excess cost and bumping up those that are at 75% of excess cost—the money to be paid out exceeds what is saved. Overall the special education teacher reimbursement rate will reduce approximately \$50 per full time teacher. These issues were in part the reason why the original catastrophic aid bill was introduced in the first place.

And, finally, should a school end up on the receiving end of money generated due to the 75% of excess cost factor, the school would most likely the following year lose the new money because the gained would raise the next years cost calculations. Plus the issues associated with maintaining local effort could be jeopardized due to a need to maintain spending from the prior year.

Thank you for this opportunity to share my concerns and thank you for all your work during this difficult economy.

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Attachment S-2

Presentation to the House Appropriations Committee Regarding Senate Bill No. 111
Ronald L. Sarnacki, Ph.D. (ron_sarnacki@usd465.com)
Director of Special Education
Cowley County Special Services Cooperative
March 31, 2011

I am in favor of Senate Bill 111. This bill repeals the amendment made to special education funding in 2010 which set limitations on school districts and cooperatives regarding the amount of state aid a district or cooperative could receive based on its percent of excess costs.

Elimination of the verbiage in the 2010 amendment is necessary primarily because the amendment was founded on a faulty assumption. The amendment was based on the assumption that the prevalence of students with disabilities is uniform throughout the state. This is the position adopted by proponents of census-based funding. In Kansas we know that populations of students with disabilities are not randomly or evenly distributed. One only need view the KSDE website to find the prevalence of students with disabilities and how they are distributed throughout the state. This faulty assumption makes financial winners and losers out of districts and cooperatives and unfairly penalizes or rewards districts based on an arbitrary number selected to represent allowable percentages of excess costs. Below, some inequities created by the 2010 amendment are noted by looking at the financial winners and losers if the 2010 amendment is allowed to stand.

Number	County	USD Name	Penalty/Reward	Prevalence of Disabilities
244	Coffey	Burlington Coop	-\$108,494	19.98 %
282	Elk	West Elk Coop	-\$159,150	23.98 %
619	Sumner	Sumner Cnty Coop	-\$113,785	18.51 %
636	Phillips	NorthCentral KS Coop	-\$54,744	18.77 %
611	Grant	High Plains Ed Coop	+\$145,013	10.69 %
230	Johnson	Spring Hill	+\$200,809	9.20 %
232	Johnson	DeSoto	+\$124,294	7.08 %
234	Bourbon	Ft. Scott	+ 90,758	9.05 %
480	Seward	Liberal	+\$510,471	7.85 %

- All four of the special education entities that would lose money have a high prevalence of students with disabilities.
- All five of the entities that would gain money have a low prevalence of students with disabilities.
- All four of the special education entities that would lose money are cooperatives.

It appears that cooperatives with a high prevalence of students with disabilities would be singled out by the 2010 amendment and financially punished. How would these cooperatives be able to afford to hire the staff to provide the services their students require when money is taken from them and given to districts with low rates of students with disabilities? This seems like an oxymoron. Please support Senate Bill 111. Access to an appropriate education in Kansas should not be based on where a student lives. Furthermore, census-based funding is not the silver bullet for funding special education in Kansas.

Appropriations Committee
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Attachment 6



HIGH PLAINS EDUCATIONAL COOPERATIVE

"High Plains Educational Cooperative will assist and support the member districts in providing educational services which will maximize opportunities for all children to live, learn, and work in society." *HPEC Mission Statement*

621 E. Oklahoma
Ulysses, KS 67880
620-356-5577

Testimony on part (f) 1 thru 6 of SB111

Mike Lewis, Director

High Plains Educational Cooperative #611

Ulysses, Kansas

Thank you for the opportunity to support SB111. I strongly support the repealing sections (f) 1 thru 6. The concept of setting a maximum and a minimum for the distribution of categorical funds has some issues, which have a negative effect on students. The determination of maximums and minimums rely on a formula, which in my opinion is not easily understood.

My concerns:

1. The uncertain stability of the upper (\$1028) and lower (\$514) limits, which could change with more or less students coming into the state.
2. The teacher entitlement changes each year, which could affect a district.
3. In a High Plains situation, you would gain \$145,008 one year and then lose all of it if you went above \$514. There would be additional costs to the local districts to make up the loss of these funds, in addition to whatever funds it would take to cover the other districts that dropped below \$514, or whatever the amount would be at that time.
4. The teacher entitlement amount is usually determined in or around the first of June, which is well past the time to notify teachers of continued employment. If a district would go above the \$514, you need to make up the amount a district was getting before they went above the \$514. (Budget concern.)
5. District assessments, could go up or down at the last minute.
6. Maintenance of effort issues / concerns.
7. If you are a district in the middle of the \$1028 and \$514 limit, you lose.
8. How does this fit with all the proposed funding changes which are currently being discussed?
9. This does not take into consideration a high needs student moving into a district.

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Attachment 7

**Testimony on SB 111 Provided for the House Appropriations Committee
by Robert Coleman, Director ANW Special Education Cooperative
Thursday March 31, 2011**

Mr. Chairperson, and Members of the Committee,

SB 111, as originally written, would correct problems that were created last year in legislation hastily written and passed at the end of the session. The current amended version at least pushes the implementation back for one more year at least eliminating damage that would be done for this next year. I would respectfully ask that you support SB 111 as it was originally written or at least as amended for the following reasons:

1. If not changed it will cause categorical aid to drop, according to KSDE, for all districts by approximately \$50 per FTE. There will always be more dollars spent for winners than taken from losers, thus it will create at least the \$50 drop to all districts in categorical aid reimbursement.
2. For districts that receive additional funding it will mean that the additional money will bring them above the 75% cut off, and then they will lose the money for the next year. This will create a budgeting nightmare and given that 90% of budgets typically go to personnel using the money would mean hiring personnel only to have to fire them the next year when funding is cut.
3. Districts losing money are small and thus the cost of providing the services tends to be more based on the mandate to provide services even if it is only for a very small number of children. Efficiency of size can not be gained in small districts. The loss of money will mean districts will have to dig deeper into local funding sources in order to meet the mandates of State and Federal statutes.

Again I urge the members of the committee to consider my testimony and vote in favor of SB 111.

Respectfully,

Robert Coleman, Director ANW Coop #603

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Date March 31, 2011
Attachment 8

North Central Kansas Special Education Cooperative

PO Box 369, 205 F Street, Suite 235
Phillipsburg KS, 67661

Interlocal #636

Phone: 785-543-2149

Fax: 785-543-6654

Member Districts

USD 110 EXETER RIDGE, USD 211 NORTON, USD 212 NORTHERN VALLEY, USD 213 LENORA, USD 237 SMITH CENTER,
USD 269 PALCO, USD 270 PLAINVILLE, USD 271 STOCKTON, USD 324 EASTERN HEIGHTS, USD 325 PHILLIPSBURG,
USD 326 LOGAN, USD 392 OSBORNE, USD 399 NATOMA

Written Testimony related to SB 111

3/30/11

Testimony provided by Chris Hipp, Special Education Director

Thank you for the opportunity to provide written testimony to explain my support for Senate Bill 111. I believe this bill rectifies some very significant consequences that would result from the late amendment added to SB 359 and passed into law during the 2010 legislative session. SB 111 should be adopted and the Min/Max provisions removed from the current laws for the following reasons. I would ask however that the bill be returned to its original state and made to eliminate permanently these problems rather than simply pushing these issues off for one year.

- Under the current law every district state-wide will experience a reduction in Special Education per Teacher Entitlement (Categorical Aid). If this portion of the law were in effect for fiscal year 2010, five agencies would have received an additional \$1,071,345 while four agencies would have had \$436,173 withheld. The difference of \$635,000 would come off the top of state special education funds resulting in a reduction in categorical aid provide to every school districts in the state.
- The current law wrongfully assumes an even distribution of the needs of students with disabilities. Small districts will have resources reduced simply due to the economies of scale. If districts have students with significant disabilities or high prevalence of students with disabilities they will undoubtedly have more special education staff per district headcount than larger districts.
- SB 111 would eliminate several challenges presented by design flaws in the current law.
 - Part C Infant and Toddler staff members are reported within the personnel report, however, children age birth to 3yrs are not included in the student count.
 - Special education staff providing services to private school students is included within personnel report, however, private school students are not included in the student count.
 - The Min/Max portion of the current law only considers categorical aid and does not take into account the amount of special education funding in the form of transportation aid, catastrophic aid or state Medicaid replacement aid.
 - The calculation cannot be completed after the May personnel submission.
 - The reduction in state aid for districts above the 150% threshold will require an increase in their local spending to insure that student needs as well as MOE requirements are met.
 - Districts receiving additional funds would most likely add staff. This would put them in jeopardy of not being eligible to receive the additional funds in the future.

Appropriations Committee

Date March 31, 2011

Attachment 9

North Central Kansas Special Education Cooperative

PO Box 369, 205 F Street, Suite 235
Phillipsburg KS, 67661

Interlocal #636

Phone: 785-543-2149

Fax: 785-543-6654

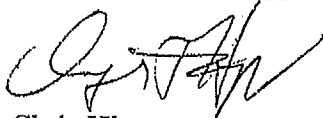
Member Districts

USD 110 Thunder Ridge, USD 211 Norton, USD 212 Northern Valley, USD 213 Lenora, USD 237 Smith Center,
USD 269 Palco, USD 270 Plainville, USD 271 Stockton, USD 324 Eastern Heights, USD 325 Phillipsburg,
USD 326 Logan, USD 392 Osborne, USD 399 Natoma

- The Min/Max amendment added to SB 359 is a first step toward a census based funding formula for special education.
 - The current special education funding formula has been studied on multiple occasions by multiple legislative and educational panels. Without exception the findings have been that the current formula is effective. A better funding mechanism has yet to be identified and prior to any change more study would need to be done.
 - In December 2007, the Legislative Division of Post Audit completed a study of special education excess cost. That study evaluated excess cost in a more thorough manner than simply comparing the amount of categorical aid a district received per student headcount and the findings of that study are very relevant. According to the LPA report "Regardless of the percent of excess costs covered, districts and cooperatives tend to receive about the same amount of primary funding per student". This fact alone should be enough to debunk the idea of a need for a census based minimum and maximum amount of categorical aid.

In summary, SB 111, if restored to its original form, would eliminate permanently the problems created by the late addition of the Min/Max calculation made to SB 359 during the 2010 legislative session. The issues corrected by SB 111 are important right now for the provision of special education services in the state of Kansas and will be just as important in 2013. It is my hope that this legislature use SB 111 to correct these issues permanently rather than simply pushing of the issue for one year.

Thank you for the opportunity to address this committee,



Chris Hipp
Special Education Director
NCKSEC.

Appropriations Committee

Date March 31, 2011

"All students can learn and succeed, but not on the same day in the same way" - William G. Spady
Equal Opportunity Employer

Attachment 9-2

House Appropriations Committee

March 31, 2011

Testimony provided by Mark Hauptman, Asst. Supt.
Hays West Central Kansas Special Education Coop

Thank you for allowing this written testimony on SB 111. I support SB 111 because it removes the amendment which added determination of minimum and maximum amount of state aid paid to districts for the costs of special education teachers.

This amendment had been added last year to SB 359 which dealt with fixing Catastrophic Aid. This amendment was not appropriate, nor was it endorsed by the Kansas Association of Special Education Administrators. Under this amendment, Special education aid would be divided by total student enrollment (all public school students) to determine the average categorical aid per student. Districts would be capped at 150% of the state per pupil average multiplied by the district's FTE enrollment. Districts would also be guaranteed to receive a minimum of 75% of the state per pupil average multiplied by the district's FTE enrollment.

1. This amendment creates a census based approach. Special education aid should be distributed based on special education student needs, rather than based on the total student population. A census based approach assumes that special education students, and their needs, are distributed on an even basis across the state. They are not.
2. What purpose do the limits serve? Does the cap attempt to discourage over-identification of special education students? Or to limit spending? Kansas has not been historically high in either of these categories, and has stayed essentially flat in special education student growth over the last several years. The minimum guarantee appears politically motivated. It guarantees funding at this level based on total student enrollment instead of special education student needs.
3. Previous special education funding task forces over the past 20 years have concluded the categorical based funding system remains the best way to provide funding to meet special education student needs. Also to best equalize funding needs throughout the state. These findings have resulted from exhaustive analysis of various funding scenarios. The current amendment was added without the benefit of exhaustive analysis. This is not a responsible approach for adding an amendment that has the potential to open the door to a complete change in the special education funding formula.

Appropriations Committee

Date March 31, 2011

Attachment 10

4. In discussion with many directors, it is difficult to understand why a special education entity would receive additional money under this amendment. Also, it is difficult to understand why a special education entity would have to return an amount. It is not good practice to allow a funding system that is not understood by the people it serves. Further, it is likely that the 'winners and losers' under this amendment could change each year.
5. There will be unanticipated consequences to this amendment. For example, why are accredited private school students not counted in the total FTE student population? We are obligated to meet the special education student needs of this population, but do not count the total students in the count to determine funding? Why? The private school students are accounted for in federal special education funding. They should also be accounted for at the state level if this plan moves forward. This issue alone will have the potential to change the 'winners and losers' list.
6. There is a similar problem with infant/toddler programs. Districts have to count the funding for this staff in the special education aid part of the formula, but there is not a mechanism for counting the students under age 3.
7. If this amendment is not repealed, most special education entities will likely lose funding in the amount of categorical aid per teacher in the current formula. This would be needed to allow for the reallocation of funds based on this amendment.
8. The categorical aid funds that are part of this formula are not submitted in final form to the state until May. It will be late May or June before the state can finalize categorical aid payment information that will impact this amendment. Therefore it will be late in the budget year before districts know how much funding they will "lose" in the current budget. Also, remember this categorical aid payment information is not audited for accuracy until the next school year.
9. Why is it mathematically twice as important to give money to districts that are under the guaranteed minimum as it is to take money back from districts that are above the cap? This is the result of a 75% guaranteed minimum and a 150% cap. Is this necessary because of special education student needs? Or because of politics?

I would ask that this committee consider the points made by testimony and move to rescind this amendment. Thank you.

Appropriations Committee

Date March 11, 2011

Attachment 10.2

TO: House Committee on Appropriations
 FROM: Mark Tallman, Associate Executive Director,
 Kansas Association of School Boards
 DATE: March 31, 2011

RE: Trends in Student Free (and Reduced) Lunch Eligibility

Kansas Headcount Enrollments

(Source: Kansas Department of Education)

	Total State Enrollment	Free Lunch Enrollment	% Free Lunch
2003-04	465,397	130,315	28.0%
2004-05	464,102	134,901	29.1%
2005-06	463,840	134,371	29.0%
2006-07	465,230	136,892	29.4%
2007-08	471,564	140,791	29.9%
2008-09	472,981	152,522	32.2%
2009-10	478,757	171,256	35.8%
2010-11	481,539	179,645	37.3%

National Comparison – Free *and* Reduced Meals Eligibility)

(Source: Digest of Education Statistics, National Center for Education Statistics. Most recent data located. Free lunch only not available)

	2001	2006	2008	7-Year Change	Per 10 people in State
U.S.	N.A.	42.0%	42.9%	N.A.	0.5
Kansas	33.4%	38.8%	39.9%	6.5%	0.479 (#19)
Iowa	26.7%	32.1%	33.5%	6.8%	0.362 (#38)
Nebraska	30.4%	37.4%	34.7%	4.3%	0.404 (#30)
Colorado	26.9%	33.1%	34.8%	7.9%	0.387 (#31)
Oklahoma	48.2%	54.7%	55.3%	7.1%	0.75 (#4)
Missouri	34.6%	39.1%	39.5%	4.9%	0.482 (#18)
Texas	44.9%	48.2%	47.7%	2.8%	0.746 (#5)
Minnesota	25.6%	30.3%	31.7%	6.1%	0.341 (#41)
N. Dakota	29.2%	29.6%	31.2%	2.0%	0.328 (#42)
S. Dakota	29.4%	32.0%	29.9%	0.5%	0.37 (#35)

Appropriations Committee

Date March 31, 2011

Attachment 11