

Report of the Special Committee on K-12 Student Success to the 2016 Kansas Legislature

CHAIRPERSON: Representative Ron Highland

VICE-CHAIRPERSON: Senator Steve Abrams

OTHER MEMBERS: Senators Tom Arpke, Molly Baumgardner, Jim Denning, Anthony Hensley, Ty Masterson, Laura Kelly (substitute), and Steve Fitzgerald (substitute); Representatives Tony Barton, Sue Boldra, Larry Campbell, Dennis Hedke, Jerry Lunn, Ron Ryckman, Jr., Ed Trimmer, Valdenia Winn, Joe Siewert (substitute), Ken Corbet (substitute), and Nancy Lusk (substitute).

STUDY TOPIC

The objective of this study committee is to generate discussion, input, and research to further child-centric education that makes students the top priority.

This committee is to study the following, but would not be limited to (these topics):

- The Rose Standards set by the Kansas Supreme Court as the goal Kansas schools will meet;
- Best funding mechanism by formula or other criteria to ensure adequate Kansas taxpayer dollars are invested in the classroom;
- Definition of what comprises as a “suitable” education;
- Outcomes to ensure that students are well-prepared for their future endeavors; and
- Uniform accounting across all districts so best practices to achieve student success can be replicated.

2015 Special Committee on K-12 Student Success

REPORT

Conclusions and Recommendations

General

A new school funding mechanism should:

- Focus on each individual student, understanding that students have different needs and will require varying levels of support to achieve success;
- Include accountability and reporting measures to ensure aid is being distributed according to the needs of each individual student;
- Provide for multi-year funding to provide budget stability to the State and USDs; and
- Be equitable so that school districts have reasonably equal access to substantially similar educational opportunity through similar tax effort.

Accountability and Assessments

State Level

- The current state assessment testing approach should be reevaluated and revised as necessary to avoid “teaching to the test,” inconsistent standards of proficiency, untimely return of test results, and cumbersome technology requirements.
- The State should provide funding for each student to take the ACT exam.
- The State should encourage other measures of outcome achievement, such as the Work Keys exam.
- An exam aligned with the *Rose* capacities should be developed by an objective third party with no connection to the State Department of Education or the Federal Department of Education.

District Level

School districts should:

- Arrange for all students to take the ACT exam;
- Administer a recognized third-party assessment that provides immediate, usable feedback for teachers and students;

- Track, report, and improve graduation and remediation rates; and
- Track, report, and improve dropout rates for all grade levels.

At-Risk Funding

- At-risk funding should be based directly upon a student's ability to learn, rather than the poverty level of the student.
- Alternately, any poverty measure for at-risk funding should be based upon information provided by the Kansas Department of Revenue and the Kansas Department of Labor and should be available for audit. All applications by parents or guardians for a school district to receive at-risk funding should be available for audit.
- All at-risk funding should be used for no purpose other than one which is demonstrably intended to reduce achievement gaps of at-risk students. All expenditures of at-risk funding should be limited to programs which have a measurable effect on reducing achievement gaps of at-risk students. The State Department of Education should provide an annual report summarizing these expenditures and their measurable effects.

Bonding by Local School Districts

- The Legislature should repeal the current statute for state aid for the payment of principal and interest on bonds for capital improvements.
- A new state aid statute for bond and interest payments should be created to specifically define and limit what projects may be funded with state aid for capital improvement.
- The new state aid statute should be limited to a specific dollar amount each fiscal year to avoid unforeseen demands on the State General Fund.
- A State building architect and project manager should be used in any new building project to reduce the costs associated with the project.
- A special committee of the legislature should be created to oversee and approve any bond issue before the issuance is placed on a ballot before local voters, if the local school districts desires to obtain capital improvement state aid (bond and interest state aid).

Accounting

- A simpler budget document should be developed that shows major expenditure categories and is published by each USD on its website and is available at each local school board meeting in the form of a balance sheet.
- A single, central accounting interface should be developed and be used by all school districts to allow the financial information of the school districts to be retrieved and evaluated in a single system for all local school districts in the state.
- An independent financial audit should be conducted annually of each school district and

the report of the audit should be published with other school district budget documents. The audit should:

- Certify that the school district is correctly following the State Accounting manual;
- Certify that the published budget documents accurately reflect the finances of the school district;
- Provide an inventory of all assets of the school district; and
- Provide a separate listing of all unused equipment, supplies, and property of the school district.

Efficient Use of Taxpayer Money

A new school funding mechanism should:

- Be based upon an efficient use of taxpayer money and should reward school districts who provide necessary services and commodities at the best possible price; and
- Require that functions such as transportation, accounting, information technology, food service, building and grounds maintenance, payroll, human resource services, and purchasing are coordinated between districts and/or provided through regional service centers or a statewide purchasing office.

Standards

The State Board of Education should use school district compliance with the *Rose* capacities as criteria for accreditation.

Other

The appropriate standing committees of the Kansas Legislature should form special sub-committees to examine and report on each of the following topics:

- Teacher pay;
- At-risk funding;
- Special education;
- Bond and interest state aid eligibility;
- The cost-benefit ratio of the receipt of federal funds;
- The relationship between school districts and interlocals, cooperatives, and service centers;

- The current and future implications of school district staffing levels on KPERS;
- Establishing the *Rose* capacities as the definition of a suitable education;
- Amending KSA 72-1127 to include personal finance as a mandatory area of instruction;
- Analyzing U.S. Securities and Exchange Commission (SEC) regulations concerning Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP) to ensure all school districts are in compliance; and
- Investigating all extracurricular and co-curricular activities on the basis of efficiency and efficacy to deliver a suitable education to the students.

*Other considerations identified for inclusion in the report appear on page 12.

Proposed Legislation: None.

BACKGROUND

The Special Committee on K-12 Student Success was charged by the Legislative Coordinating Council (LCC) to study the following:

- The *Rose* Standards set by the Kansas Supreme Court as the goal Kansas schools will meet;
- Best funding mechanism by formula or other criteria to ensure adequate Kansas tax payer dollars are invested in the classroom;
- Definition of what comprises a “suitable” education;
- Outcomes to ensure that students are well prepared for their future endeavors; and
- Uniform accounting across all districts so best practices to achieve student success can be replicated.

The Committee began its work by reviewing the foundation upon which school districts in Kansas operate, that is, Article 6 of the *Kansas Constitution*, as well as the seven *Rose* capacities, which were originally set out in *Rose v. Council*

for Better Education, Inc., 790 S.W.2d 186 (Ky. 1989) and held by the Kansas Supreme Court in *Gannon v. State* to be the standards against which to evaluate the adequacy of the K-12 funding system. Further, the 2014 Kansas Legislature in Senate Sub. for HB 2506 stated the purpose and intention of the Legislature was to provide a K-12 funding system that provides students with these capacities. Both Article 6 and the *Rose* capacities appear below.

Article 6.—EDUCATION

§ 1. Schools and related institutions and activities. The legislature shall provide for intellectual, educational, vocational and scientific improvement by establishing and maintaining public schools, educational institutions and related activities which may be organized and changed in such manner as may be provided by law.

§ 2. State board of education and state board of regents. (a) The legislature shall provide for a state board of education which shall have general supervision of public schools, educational institutions and all the educational interests of the state, except educational functions delegated by law to the state board of regents. The state board of education shall perform such other duties as may be provided by law.

(b) The legislature shall provide for a state board of regents and for its control and supervision

of public institutions of higher education. Public institutions of higher education shall include universities and colleges granting baccalaureate or post-baccalaureate degrees and such other institutions and educational interests as may be provided by law. The state board of regents shall perform such other duties as may be prescribed by law.

(c) Any municipal university shall be operated, supervised and controlled as provided by law.

§ 3. Members of state board of education and state board of regents. (a) There shall be ten members of the state board of education with overlapping terms as the legislature may prescribe. The legislature shall make provision for ten member districts, each comprised of four contiguous senatorial districts. The electors of each member district shall elect one person residing in the district as a member of the board. The legislature shall prescribe the manner in which vacancies occurring on the board shall be filled.

(b) The state board of regents shall have nine members with overlapping terms as the legislature may prescribe. Members shall be appointed by the governor, subject to confirmation by the senate. One member shall be appointed from each congressional district with the remaining members appointed at large, however, no two members shall reside in the same county at the time of their appointment. Vacancies occurring on the board shall be filled by appointment by the governor as provided by law.

(c) Subsequent redistricting shall not disqualify any member of either board from service for the remainder of his term. Any member of either board may be removed from office for cause as may be provided by law.

§ 4. Commissioner of education. The state board of education shall appoint a commissioner of education who shall serve at the pleasure of the board as its executive officer

§ 5. Local public schools. Local public schools under the general supervision of the state board of education shall be maintained, developed and operated by locally elected boards. When

authorized by law, such boards may make and carry out agreements for cooperative operation and administration of educational programs under the general supervision of the state board of education, but such agreements shall be subject to limitation, change, or termination by the legislature.

§ 6. Finance. (a) The legislature may levy a permanent tax for the use and benefit of state institutions of higher education and apportion among and appropriate the same to the several institutions, which levy, apportionment and appropriation shall continue until changed by statute. Further appropriation and other provision for finance of institutions of higher education may be made by the legislature.

(b) The legislature shall make suitable provision for finance of the educational interests of the state. No tuition shall be charged for attendance at any public school to pupils required by law to attend such school, except such fees or supplemental charges as may be authorized by law. The legislature may authorize the state board of regents to establish tuition, fees and charges at institutions under its supervision.

(c) No religious sect or sects shall control any part of the public educational funds.

§ 7. Savings clause. (a) All laws in force at the time of the adoption of this amendment and consistent therewith shall remain in full force and effect until amended or repealed by the legislature. All laws inconsistent with this amendment, unless sooner repealed or amended to conform with this amendment, shall remain in full force and effect until July 1, 1969.

(b) Notwithstanding any other provision of the constitution to the contrary, no state superintendent of public instruction or county superintendent of public instruction shall be elected after January 1, 1967.

(c) The state perpetual school fund or any part thereof may be managed and invested as provided by law or all or any part thereof may be appropriated, both as to principal and income, to the support of the public schools supervised by the state board of education.

Rose Standards or Capacities

(1) Sufficient oral and written communication skills to enable students to function in a complex and rapidly changing civilization;

(2) Sufficient knowledge of economic, social, and political systems to enable the student to make informed choices;

(3) Sufficient understanding of governmental processes to enable the student to understand the issues that affect his or her community, state, and nation;

(4) Sufficient self-knowledge and knowledge of his or her mental and physical wellness;

(5) Sufficient grounding in the arts to enable each student to appreciate his or her cultural and historical heritage;

(6) Sufficient training or preparation for advanced training in either academic or vocational fields so as to enable each child to choose and pursue life work intelligently; and

(7) Sufficient levels of academic or vocational skills to enable public school students to compete favorably with their counterparts in surrounding states, in academics or in the job market.

[*Note:* The legislation also stated:

Nothing in this section shall be construed as relieving the state or school districts from other duties and requirements imposed by state or federal law including, but not limited to, at-risk programs for pupils needing intervention, programs concerning special education and related services and bilingual education.]

COMMITTEE ACTIVITIES

The LCC initially approved three meeting days and later approved two additional days. The Committee met all five days, with the first meeting on October 23, 2015, and the last on January 5, 2016.

Following is a brief description of the information and testimony presented in each of the meeting dates.

October 23, 2015

School district expenditures and personnel.

Randy Watson, Commissioner, Kansas Department of Education presented a review of school district expenditures and personnel, including:

- Eleven school years (2005-06 through 2015-16) of classroom expenditure data by district. Classroom expenditures included costs in the following categories:
 - Instruction - Activities dealing directly with the interaction between teachers and students;
 - Student Support Services - Activities directly supporting students, including: social work, guidance, health, psychological, speech pathology, and audiology; and
 - Instructional Support Services - Activities related to improving instruction, such as library, media instruction-related technology, and academic student assessment services
- Two school years (2014-15 and 2015-16) of non-classroom expenditures;
- Superintendent and principal salaries;
- Numbers of certified and non-certified staff in school districts, as well as staff to student ratios;
- Expenditures for athletic-related items, such as supplemental salaries for educators working as coaches and assistant coaches, costs to maintain facilities, and transportation; and

- Expenditures for textbooks.

Historical information presented included information for at-risk students counts, as well as bilingual students. Committee members spent time discussing the use of free lunch eligibility as a proxy for determining at-risk funding compared to the use of poverty as a determiner of such funding.

Expenditures for preschool programs also were discussed. (KSA 72-67,115 states school districts may offer and teach preschool programs.)

Information related to special education expenditures was discussed, including the fact that school districts serving as special education cooperatives have higher expenditures per pupil because the special education expenditures from several districts are represented in the hosting district's expenditures. To gain a clearer picture of actual expenditures per pupil for each district, the Department of Education provided information with each district's special education costs shown in the originating district, rather than in the sponsoring district.

Bond and interest information. Revisor of Statutes staff reviewed Kansas statutes related to capital improvement state aid, sometimes referred to as bond and interest state aid. Department of Education staff provided information on outstanding bonds by school district, as well as 2014-15 school year's bond and interest total expenditures, bond and interest state aid, bond and interest state aid percentage rates, and local revenue for bond and interest payments. Information related to the cost per square foot for recently-completed school district construction projects also was reviewed.

Kansas Public Employees Retirement System (KPERs). KPERs' Executive Director, Alan Conroy, addressed the Committee on the history of the KPERs School Group, as well as the current status of KPERs unfunded liability, particularly related to the school employees share of that liability.

November 10, 2015

The Committee began with a review of information requested at the October 23 meeting.

Student assessments, standards, and outcomes. Kansas Department of Education Deputy Commissioner, Brad Neuenswander, presented information on student assessments and Kansas students' results on NAEP, ACT, and SAT tests. In addition, a review of standards, curriculum, and accreditation was undertaken.

KSA 72-6439 requiring the State Board of Education to establish curriculum standards and statewide assessments reflecting high academic standards in core areas of mathematics, science, reading, writing, and social studies was outlined.

Testing of Kansas students was discussed at length. Department of Education staff described the history of state assessments and the purchase of assessment services *via* the Center for Educational Testing and Evaluation (CETE) at the University of Kansas. A new test aligned with current College and Career Ready Standards was administered in the spring of 2015.

The most recent National Assessment of Educational Progress (NAEP) test results were discussed. The annual state assessment and the NAEP test are the only required tests for Kansas students. While 99 percent of Kansas students take the annual state assessment, approximately 3,000 Kansas students take a NAEP test every other year. In addition, approximately 75 percent of Kansas students take the ACT. Neither the ACT nor the SAT is administered on a statewide basis, and typically students must cover the cost of these exams. Other testing and assessments are done during a school year to assess a student's progress.

In summary, the Deputy Commissioner told the Committee that Kansas student drop-out rates and remediation rates at Kansas colleges and universities are over 50 percent, an unacceptably high percentage. The College and Career Ready Standards and accompanying assessments are designed to raise the bar on student academic success.

Review of school district audits. Committee members reviewed efficiency audits of school districts conducted by the Legislative Division of Post Audit (LPA).

At a subsequent meeting, the Legislative Post Auditor, Scott Frank, presented information indicating school districts had implemented 25 percent of the LPA efficiency recommendations. If all recommendations were implemented, approximate savings could be \$7.8 million, so the actual savings are approximately \$2.0 million. Mr. Frank told members while past implementation of recommendations were skewed toward those of lower impact not affecting students or community members, lately more higher impact recommendations have been implemented, such as closing a school building.

December 9, 2015

The Committee began with a review of information requested at the November 10 meeting.

Educational standards. Revisor of Statutes staff reviewed the constitutional standards for school finance, including the *Rose* capacities listed above, and the status of the ongoing *Gannon* litigation.

Standards, curriculum, lesson plans, and assessments. The Deputy Commissioner explained that standards are established at the state level, and, by statute, local districts determine their own curriculum. He differentiated the two saying standards are what students should know at each grade level, while curriculum is how students are taught. Lesson plans are teachers' daily guide for student instruction. With that explanation, Deputy Commissioner Neuenswander reviewed the process the state follows for developing standards and referenced the state law requiring the State Board to provide for statewide assessments compatible with those standards.

The State contract with CETE costs \$5.8 million, with less than \$1.0 million of that amount paid with state funding. The remainder is paid with federal funds. The average cost per student for Kansas assessments in math, English language arts, science, and history is \$17. Surrounding states costs per student are: Colorado - \$33; Nebraska - \$33; Oklahoma - \$32; and Missouri - \$31.

Information presented on the most recent NAEP state rankings showed Kansas' Grade 4 Mathematics ranking dropping from 11th in 2013 to 25th in 2015. A similar drop from 12th in 8th Grade Math in 2013 to 22nd in 2015 occurred. NAEP 4th Grade reading results saw Kansas dip from 23rd to 35th; and 8th grade reading saw an increase in the ranking from 29th to 28th.

Review of 2006 LPA K-12 Education Cost Study. The Post Auditor provided a summary of the process LPA used in 2006 to conduct its cost study, as well as key results. LPA found a strong association between the amounts districts spent and the outcomes they achieved. A 1.00 percent increase in performance was associated with a 0.83 percent increase in spending per student, and all else equal, districts with better outcomes spent more. He noted the results were statistically significant with a p value of less than 0.01.

He concluded with a reminder that the intent of the cost study was to help the Legislature decide appropriate funding levels, rather than to dictate a specific funding level. He also recognized the study is ten years old, and an updated study would likely produce similar, but not identical results.

Funding, Outcomes, and Efficiencies. Representatives of the Kansas Association of School Boards (KASB) and Kansas Policy Institute (KPI) presented information to the Committee on the relationship between funding and outcomes, as well as opportunities for efficiencies in Kansas' school finance system.

The KASB representative presented the result of its analysis comparing overall success of students in states performing better than Kansas ("aspiration states") and in states most like Kansas ("peer states"). Compared to the peer states, the two states ranking higher than Kansas provided more funding per pupil. Nearly half (four) of those peer states ranking below Kansas spent more, and (five) spent less. Based on this information, the analysis concluded Kansas is both a higher achieving state and a highly efficient state based on results for dollars spent. All of the aspiration states spent more per pupil than Kansas, but also tend to have lower rates of childhood poverty and eligibility for free and reduced lunch.

The testimony of the KPI representative critiqued the results of the LPA cost study, saying correlation is not the same as causation. Many factors aside from funding levels contribute to outcomes, including teacher effectiveness, how money is spent, and differences in curriculum. Further, the representative noted the LPA cost study concedes that it did not “examine the most cost-effective way for Kansas school districts to be organized and operated.” The KPI representative also stated cost study relied on data that misrepresented student performance on NAEP. To conclude, the KPI representative provided graphics showing funding and test scores over time to demonstrate that increased spending has not led to increased test scores and again emphasized that how money is spent ultimately is more important than how much is appropriated.

On the issue of efficiencies, the KASB representative reiterated his earlier assertion that districts already have found significant efficiencies as they are achieving better results, spending more on instruction and keeping class sizes small, and spending less in many support areas. The representative also stated data suggests more adults per student, whether teachers, administrators, or other support staff, are more likely to improve student outcomes than reducing positions by consolidating districts, closing schools, or combining programs. He concluded saying few choices will result in savings without some type of trade-off and urged a balance between the Legislature’s duty to provide suitable funding and that of local boards to “maintain, develop, and operate” local public schools.

The representative of KPI defined efficiency as providing the same or better quality service at the best possible price and offered information on spending differences, staffing variances, and efficiency opportunities. Because districts under local control can divert dollars in ways that remove funds from classroom instruction, KPI thinks it is important that the new funding mechanism contain some form of accountability to assure money is being spent both effectively and efficiently with a focus on student needs.

Public Testimony. The meeting concluded with oral and written testimony from private citizens and school district representatives.

December 16, 2015

Public testimony. The Committee again received oral and written testimony from the public, including testimony from representatives of Game On for Kansas Schools, KASB, Kansas Parent Teachers’ Association, KPI, Kansas Superintendents Association, and United School Administrators, as well as several school districts and a number of private citizens. Representative Trimmer also provided testimony.

January 5, 2016

The Committee met briefly to discuss a draft report and recommendations proposed by Committee members. The Committee moved to table the draft and resume discussion of the Committee’s recommendations to be held at a future meeting date.

Where To Find Meeting Minutes

All the Committee’s meeting minutes, including all attachments to the minutes, can be found on the Kansas Legislature’s website and by locating the 2015 Session Year and the Special Committee on K-12 Student Success.

CONCLUSIONS AND RECOMMENDATIONS

General

A new school funding mechanism should:

- Focus on each individual student;
- Include accountability and reporting measures to ensure aid is being distributed according to the needs of each individual student; and
- Provide for multi-year funding to provide budget stability to the State and USDs.

Accountability and Assessments

State Level

- The current state assessment testing approach should be reevaluated and revised as necessary to avoid “teaching to the test,” inconsistent standards of proficiency, untimely return of test results, and cumbersome technology requirements.
- The State should provide funding for each student to take the ACT exam.
- The State should encourage other measures of outcome achievement, such as the Work Keys exam.
- An exam aligned with the *Rose* capacities should be developed by an objective third party with no connection to the State Department of Education or the Federal Department of Education.

District Level

School districts should:

- Arrange for all students to take the ACT exam;
- Administer a recognized third-party assessment that provides immediate, usable feedback for teachers and students;
- Track, report, and improve graduation and remediation rates; and
- Track, report, and improve dropout rates for all grade levels.

At-risk Funding

- At-risk funding should be based directly upon a student’s ability to learn, rather than the poverty level of the student.
- Alternately, any poverty measure for at-risk funding should be based upon information provided by the Kansas Department of Revenue and the Kansas Department of Labor and should be available for audit. All applications by

parents or guardians for a school district to receive at-risk funding should be available for audit.

- All at-risk funding should be used for no purpose other than one which is demonstrably intended to reduce achievement gaps of at-risk students. All expenditures of at-risk funding should be limited to programs which have a measurable effect on reducing achievement gaps of at-risk students. The State Department of Education should provide an annual report summarizing these expenditures and their measurable effects.

Bonding by Local School Districts

- The Legislature should repeal the current statute for state aid for the payment of principal and interest on bonds for capital improvements.
- A new state aid statute for bond and interest payments should be created to specifically define and limit what projects may be funded with state aid for capital improvement.
- The new state aid statute should be limited to a specific dollar amount each fiscal year to avoid unforeseen demands on the State General Fund.
- A State building architect and project manager should be used in any new building project to reduce the costs associated with the project.
- A special committee of the legislature should be created to oversee and approve any bond issue before the issuance is placed on a ballot before local voters.

Accounting

- A simpler budget document should be developed that shows major expenditure categories and is published by each USD on its website and is available at each

local school board meeting in the form of a balance sheet.

- A single, central accounting interface should be developed and be used by all school districts to allow the financial information of the school districts to be retrieved and evaluated in a single system for all local school districts in the state.
- An independent financial audit should be conducted annually of each school district and the report of the audit should be published with other school district budget documents. The audit should:
 - Certify that the school district is correctly following the State Accounting manual;
 - Certify that the published budget documents accurately reflect the finances of the school district;
 - Provide an inventory of all assets of the school district; and
 - Provide a separate listing of all unused equipment, supplies, and property of the school district.

Efficient Use of Taxpayer Money

A new school funding mechanism should:

- Be based upon an efficient use of taxpayer money and should reward school districts who provide necessary services and commodities at the best possible price; and
- Require that functions such as transportation, accounting, information technology, food service, building and grounds maintenance, payroll, human resource services, and purchasing are coordinated between districts and/or provided through regional service centers or a statewide purchasing office.

Standards

The State Board of Education should use school district compliance with the *Rose* capacities as criteria for accreditation.

Other

The appropriate standing committees of the Kansas Legislature should form special sub-committees to examine and report on each of the following topics:

- Teacher pay;
- At-risk funding;
- Special education;
- Bond and interest state aid eligibility;
- The cost-benefit ratio of the receipt of federal funds;
- The relationship between school districts and interlocals, cooperatives, and service centers;
- The current and future implications of school district staffing levels on KPERS;
- Establishing the *Rose* capacities as the definition of a suitable education;
- Amending KSA 72-1127 to include personal finance as a mandatory area of instruction;
- Analyzing SEC regulations concerning GASB and GAAP to ensure all school districts are in compliance; and
- Investigating all extracurricular and co-curricular activities on the basis of efficiency and efficacy to deliver a suitable education to the students.

Other Considerations

At the final meeting of the Committee, a Committee member offered the following recommendations, which the Committee agreed to add to the Report.

- Eliminate the current September 20th student count and move to a process of determining student average daily attendance for the school year;
- Calculate State funding on the prior year district's average attendance numbers and valuations so both state and district can budget more efficiently, eliminating the need for an additional appropriation following the April consensus process; and
- Treat the eight mill capital outlay levy the same as the 20 mill levy in regarding to tax increment financing projects.

2015 SPECIAL COMMITTEE ON K-12 STUDENT SUCCESS

**MINORITY
REPORT**

Submitted by:

**Senator Anthony Hensley
Representative Ed Trimmer
Representative Valdenia Winn**

JANUARY 19, 2016

After the enactment of 2015 House Substitute for Senate Bill No. 7, we believe there is a need to begin work on developing a permanent school finance formula. The majority party members of The Special Committee on K-12 Student Success failed to do that.

We also believe the Special Committee should have reviewed the school finance formulas in other states, particularly surrounding states and states with similar demographics as Kansas. One state's formula that would have proven useful to review is Pennsylvania's *Basic Education Funding Commission Report and Recommendations* - dated June 18, 2015. This Commission was created by the Pennsylvania General Assembly in 2014 and involved public hearings held across the state and solicited testimony from educators, business leaders, parents, and other education stakeholders. The Special Committee did not conduct such hearings.

Moving forward, the process of developing a permanent school finance formula should be as open and transparent as possible, which was NOT the process followed in the creation of 2015 House Substitute for Senate Bill No. 7.

The Special Committee also failed to review the history of our state's school finance formula, including judicial decisions. We believe that such a review would have resulted in the following conclusions reached by both the plaintiffs and the District Court in the *Gannon* case:

First, there is simply no need to wholly rewrite a new formula. The SDFQPA had existed since 1992. During its existence, the Supreme Court thoroughly evaluated the formula at least six times: in *U.S.D. 229*, in *Montoy I*, in *Montoy II*, in *Montoy IV*, in *Montoy V*, and again when this Court issued its first decision in *Gannon*. These decisions all resulted in the careful vetting and fine-tuning of the formula; a formula that, when fully funded, would arguably provide Kansas students with a suitable education in a manner that this Court suggested was constitutional. Plaintiffs' *Gannon v. State of Kansas* brief, January 12, 2016, page 36

First, we would say that the School District and Quality Performance Act, K.S.A. 72 - 6405 *et seq.*, as it currently stands, has not been shown to, itself, be unconstitutional at this point and on this record. All the problems raised by Plaintiffs in our view have not been shown to flow from the Act, but from a failure by the State to follow the Act's tenets and fully fund it as it directs. The unconstitutionality attendant here is due to underfunding, not the Act itself or, at least, not yet." District Court's January 2013 Opinion, pages 242-243

Finally, the Special Committee did not choose to review several important factors in consideration of a new formula including but not be limited to:

- Multi-Year Funding
- Enrollment
- Differential for size of school districts (the median size school district in Kansas is 550 students)
- Transportation tied to cost and density
- Differential for poverty and non-English speaking students
- Wealth as related to a district's tax base
- Cost-of-living increases
- Hold harmless provision so that no USD loses funds during implementation phase
- Differential related to career and technical education, *i.e.* differences in costs for differing types of career fields
- Special education costs

We wholeheartedly concur with the "fundamental requirements" of a new formula the United School Administrators/ Kansas School Superintendents Association school finance task force recommended in testimony to the Special Committee:

- Every student in Kansas' public schools will have an equal opportunity to be

college and career ready, as defined by the Rose Standards;

- Some students will require greater supports to meet standards;
- Any formula must meet constitutional requirements for equity and adequacy;
- The formula should recognize local control and provide funding of educational services; and,
- The Legislature and school districts need budgeting predictability.

In addition, we strongly urge the House and Senate education committees to give consideration to the following other recommendations:

Honoring Local Control

The people of Kansas have long supported the concept of “local control” under which local citizens make the decisions that impact their communities. Nowhere is this concept more sacred than in the governance of our public schools. Decisions are best made by the policy makers closest to the voters.

In the name of “efficiency” or perhaps “lowering costs” there are many who recommend the consolidation of all services. Yet such recommendation is contradictory to the tradition of local control. The state should encourage such agreements among districts but the decision to participate must be made by local elected school boards considering the needs of their local community.

The state can assist school districts in making good decisions by providing stability in the funding mechanism, so that schools can plan for future years confident that the resources necessary will be available. This would also assist in making decisions about consolidation of services as districts would know what funding was available to them going forward.

Further, the state should refrain from imposing any unfunded mandates on school districts. Employee compensation, staffing, and

curriculum decisions should be left solely to the local school board in partnership with employees, parents and patrons, particularly local business people.

We strongly oppose the Majority Report recommendation for a special committee of the Legislature to oversee and approve bond issues of local school districts prior to being placed on a ballot before local voters. This recommendation is not only contrary to “local control,” it is an insult to the intelligence of every local elected school board member and local school district voter in Kansas. We, along with other Kansas legislators who believe in the power of the people through the democratic process, put our trust in local policy makers and voters to think for themselves and to make decisions and take actions that are in the best interests of the children, parents and taxpayers in their local community.

Supporting Individual Student Needs

Any proposed changes to school funding in Kansas must take into consideration the individual needs of students. At-risk funding should be available to reduce the achievement gaps of at-risk students. Kansas and a number of other states use poverty as a proxy for at-risk status because research shows a strong correlation between poverty and low achievement in school. The Legislature has debated many times whether this should be based on poverty or actual student performance and has failed each time to find a better way to provide this funding. We believe at-risk funding should continue to be based on poverty.

We also continue to support the conclusion reached by Legislative Post Audit in its 2006 K-12 Education Cost Study, page 40. LPA found “a strong association between the amount districts spent and outcomes they achieved. In the cost function results, a 1.0% increase in district performance outcomes was associated with a 0.83% increase in spending – almost a one-to-one relationship.”

Special education funding is largely governed by federal law. The state’s obligation is to meet maintenance of effort requirements, and to ensure

that total resources are sufficient to meet the needs and services detailed in the child's Individualized Education Plan.

Kansas has an increasing population of English Language Learners (ELL) in our schools. These students present significant challenges to schools and any funding formula must take these challenges into consideration. Additional personnel with specialized training in modifying instruction for ELL students as well as classroom support through staff development and materials are needed.

The needs of Gifted and Talented Students also must be accounted for. Currently, these students receive funding through the state's special education program. But we know that their needs are also addressed in highly specialized, low enrollment classes including Advanced Placement and Dual Credit opportunities. The importance of these low-enrollment classes cannot be overlooked in the name of efficiency.

Career and Technical Education programs have widely varying costs generally related to the needed equipment or limitations on class size for safety purposes. The job market demands that we provide the resources necessary to provide these programs for our students.

Responding to Student, School, and District Needs

Any proposed changes to school funding in Kansas must take into consideration the ability to respond to changing conditions. Enrollment fluctuates. There is a mistaken notion that all new students arriving in a school or school district can easily be absorbed into existing classes. This is not always the case. Increases in student populations require additional resources.

Declining enrollment must also be taken into consideration. The 1992 formula adjustments took this into consideration when designed to adjust funding decreases based on a rolling average. All students in Kansas deserve access to a robust curriculum. In order to provide such opportunities, efficiencies of scale must be considered. School districts that are very small by necessity must have access to resources to

support necessarily small class sizes as well as distance learning opportunities that require significant investments in technology.

Changes in student demographics also have consequences for school districts. Such changes happen when new businesses move into communities bringing ELL students or when businesses close putting families in stress and poverty. Such demographic changes bring new or increasing challenges to our schools and must be taken into account.

The difference and disparity in wealth as related to a district's tax base must also be taken into account. For example, for the 2015-16 school year, one mill of property tax in USD 499 Galena raises \$17,338, or \$24 per student, while one mill in USD 244 Burlington raises \$449,704, or \$550 per student.

Subject Matters Not Included in Special Committee's Charge

Finally, there are subject matters in the Majority Report that were not included in the charge of the Special ,and therefore, should not be included in the report.

Merit pay for teachers is a matter for collective bargaining, best left to the local school board in negotiation with its employees. While a school finance formula should provide adequate resources in order to pay teachers well, the state should not interfere in local control regarding teacher pay.

The recommendation in the Majority Report for a financial literacy curriculum requirement is clearly outside the charge of the Special Committee. Moreover, it was never part of Committee discussions.

Finally, any consideration of KPERS was outside the scope of the Special Committee.

While teachers are part of the KPERS system, this is a separate issue from school finance. The Legislature has an obligation to fund KPERS regardless of the various components in a school finance formula.