



**KANSAS ASSOCIATION
OF SCHOOL BOARDS**

Serving Educational Leaders, Inspiring Student Success

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Testimony before the
House Committee on Education

on
HB 2203

by

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Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on **HB 2203**. We are appearing today as neutral. We have a number of questions and concerns about this bill that would have to be resolved before we could be supportive. However, KASB members do support steps to encourage cooperation and sharing or consolidating services, while respecting the authority of local school boards to balance those goals against local needs. KASB is also concerned about adding additional reporting and administrative mandates.

Based on these positions, we offer the following questions, concerns and comments about **HB 2203**:

Sections 1 and 2 - Definitions and authorization for agreements to consolidate services.

Section 1 contains definitions of terms in the bill, including definition of administrative services. Note, however, that many of these items are considered “administrative” costs under the Kansas (and federal) school accounting system.

Section 2 authorizes two or more school districts to enter into agreements for providing consolidation of administrative services as defined in section 1 for a term not exceeding five years (subsection a); specifies what must be included in such agreements, including what entity will provide the services, which services are being consolidated and the duties of participating boards (subsection b), and requires local boards to adopt a resolution stating such agreements are in the best interests of the district.

- KASB does not object to this section, but our legal staff does not believe it provides any authority beyond what is already allowed under state law.

Section 3 - Ranking districts for administrative expenditures by enrollment category.

Section 3 (a) and (b) requires the State Board of Education to determine the median amount of expenditures for each administrative function category required for financial accounting by the State Board, for each of six enrollment categories. Each district's expenditures will be ranked within that category.

- We would recommend that the median expenditure PER PUPIL should be determined, not the median expenditure.
- It is unclear what is meant by administrative function categories. We assume it refers only to *general administration, school administration, and other support services*. However, many costs in the bill's definition of "administrative services," are not included in those three administrative functions, and many costs within those functions, such as superintendents, principals and board of education functions are not included in the bill's definition of administrative services.
- As a result, there is a disconnect between what the bill authorizes districts to consolidate, and what the bill requires districts to study.
- The five enrollment categories in this section are overly broad and do not reflect the diversity of districts that have similar enrollments. When the Legislative Division of Post Audit prepared its 2009 statewide efficiency audit, it developed much more comprehensive categories of districts called peer groups that included enrollment, percent of bilingual students, average property assessment values, the number of students per square mile, and the percent of students eligible for the federal free lunch program. That audit looked at five peer groups, but those groups included less than half of the total districts in the state.

Section 3 - Required studies of districts ranking high in administrative costs.

Section 3 (c) requires every board of education to conduct a study, at least every five years, of administrative expenditures for which the districts rated above the median of its classification, on the potential benefits of consolidating those functions through agreements with educational service centers. The board must then report to the State Board if the district is participating in such agreements; if it intends to join such agreements and the benefits of doing so; and, if not, the reasons for not consolidating such services.

- By imposing a new requirement for a study of administrative costs, the bill creates new administrative costs, which will require internal expenditures of time and resources or arranging for external services that will likely have a cost.
- By requiring a study of all districts above the median, districts that may be very close to the median would be affected the same as districts substantially higher. It would make sense to focus on districts that are significant outliers. Mathematically, half of the districts in the state will *always* be above the median, no matter how much they do to consolidate services.

- The bill seems to require that all districts above the median expenditures in any category will have to complete such studies at some point within a five-year period; however, it does not provide for any scheduled “staggering” of such studies. In addition, whether or not a district is above the median could change from year to year, so it is not clear what would “trigger” such a requirement.

Section 4 - Annual reports to the Governor and Legislature.

Section 4 directs the State Board to file an annual report on agreements with education service centers, as well as reasons provided as to why districts do not consolidate such functions; and provide a list of service centers to each school district.

- KASB appreciates that this bill does NOT mandate specific actions by local boards, and appears to recognize there are legitimate reasons districts may choose not to participate in agreements for administrative services. Some of the concepts in this bill may assist districts in developing new strategies for more effective use of resources by consolidating or sharing certain services, and could help improve understanding of district choices for the Legislature and the public.
- Before requiring a new report, it should be clearly identified how this additional reporting will be used to improve state or school decision-making.

Conclusion:

Kansas districts are committed to operating both efficiently and effectively, as evidenced by the following:

- According to federal reports (which differ slightly from state reports), Kansas schools spent 62 percent of current spending on instruction, the 9th highest in the nation, up from 28th in 2005. Kansas schools spent 52.3 percent of total revenue on instruction, ranking 17th in the nation, up from 30th in 2005.
- Kansas schools ranked higher in the percent of spending instruction than in the total amount of spending. In 2012, Kansas ranked 27th in total revenue per pupil and 28th in current spending per pupil.
- States that spend more total dollars on instruction are more likely to have higher student achievement. However, there is almost no correlation between the percentage of school funding spent on instruction and achievement. In fact some of the highest achieving states rank among the lowest in the share of dollars going to instruction. This fact indicates that in effective school systems, all money is used to **support** student learning in the classroom, while in less effective systems, spending more on instruction doesn’t lead to better results.
- Kansas has found an appropriate balance between spending and student success. Many other states spend more than Kansas and have lower student outcomes. However, no states spend less than Kansas and has better outcomes. Kansas ranks in the top ten states on achievement, but spends at or below average per pupil, and has student poverty rates around the national average.

KASB believes that the cheapest option for school district operations is not always the most efficient or effective. School districts will continue to study ways to maximize their efficiency, whether this bill passes or not. If the committee wishes to advance this bill, we recommend resolving some of the questions we have raised.

Thank you for your consideration.