

**TESTIMONY IN SUPPORT OF HB2504**  
**KANSAS SCHOOL DISTRICT REALIGNMENT ACT OF 2016**

By  
Dr. Walt Chappell, President, Educational Management Consultants  
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1) **PASSAGE OF HB2504 WILL SAVE \$300 MILLION OR MORE PER YEAR BY ELIMINATING DUPLICATE ADMINISTRATIVE AND NON-INSTRUCTIONAL COSTS PLUS \$200 MILLION PER YEAR IN LOW-ENROLLMENT WEIGHTING**

Each year, over \$300 million could be saved in Kansas by realigning the current 286 school districts into administrative units of 1,500 students or more. **There are currently 222 school districts or 78% which have less than 1,500 students.**

**Number of Kansas USDs by Enrollment Categories in 2015-16**

| <b>&lt; 100</b> | <b>100-499</b> | <b>500-999</b> | <b>1,000-1,499</b> | <b>1,500-4,999</b> | <b>5,000-9,999</b> | <b>&gt; 10,000</b> | <b>Total</b> |
|-----------------|----------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------|
| 5               | 126            | 70             | 21                 | 43                 | 14                 | 7                  | 286          |

**These tiny districts are not financial able to pay their bills. They are a carryover from the days of the one-room school house. The current artificial district boundaries are so small that they do not have enough tax base to support themselves or provide an equal opportunity for their students to receive a quality education.**

**Under the old school finance formula and current Block Grant, school districts with 1,600 students are less still receive over \$200 million per year in “Low-Enrollment Weighting” welfare from the State Legislature. Without these state subsidies, most of these tiny districts would have to close their schools!! And, unless these small districts are realigned to become financially viable, many will default on the bonds they have sold and be unable to pay their teachers.**

So, in addition to saving \$300 million per year in state general fund expenditures, most of the additional \$200 million in low-enrollment weighting payments can be eliminated by reorganizing district boundaries. As a result, the tax base in each district will increase which will help equalize the educational opportunity for each Kansas student—no matter where they attend school.

Increasing the tax base will also help districts raise local dollars through their LOB while lowering the amount of property tax paid by each taxpayer. Most of the savings will come from the elimination of duplicate transportation, administrative, operational and personnel costs. (See the estimated savings in the documents attached to this written testimony which were developed by district superintendents Dr. Sharol Little (Manhattan), Dr. Gary Norris (Salina) and Mr. Ken Kennedy (Pratt) with additional financial analysis done by Dr. Morris Reeves (Dodge City).

2) **ARTICLE 6 (1) OF THE KANSAS CONSTITUTION GIVES THE LEGISLATURE THE SOLE RESPONSIBILITY AND AUTHORITY TO REORGANIZE SCHOOL DISTRICTS.** It states:

*“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.”*

In his May 11<sup>th</sup>, 2004 Montoy Order, Judge Bullock noted that Article 6 of the Kansas Constitution gives the *State Legislature broad powers to more efficiently organize K-12 school districts* to assure that each student gets a quality education without raising over-all funding.

**In Section VI: Elements of a Constitutional Funding Scheme** Judge Bullock wrote, “*Although there must be literally hundreds of ways the Legislature could constitutionally structure, organize, manage, and fund public education in Kansas, whatever plan is ultimately agreed upon must contain certain basic provisions in order to pass constitutional muster.*” Judge Bullock’s May 11th, 2004 Montoy Order, pg. 24 (See attached.)

“He further stated that, “*...it is for the Legislature to determine the number of school districts, the size of those districts, what size of schools are most desirable for a suitable education, and whether some educational services can be efficiently outsourced or regionalized.* This power rests solely with the legislative and executive branches of our government. *It is not only their prerogative but their constitutional duty to use this power.*” Judge Bullock’s May 11th, 2004 Montoy Order, pg. 25

3) **HB2504 WILL ESTABLISH MORE FINANCIALLY VIABLE SCHOOL DISTRICTS. IT IS NOT ABOUT CLOSING SCHOOLS OR SMALL KANSAS TOWNS.**

Instead, it is getting smart about how we use limited tax dollars by cutting millions of dollars of duplicate expenses. Rather than waste \$500 million or more each year, we must use these savings to teach our kids employable skills, increase teacher salaries and fund other vital government services without raising taxes.

The savings and efficiencies are achieved—just like in any effective and viable business or organization—by eliminating duplicated administrative and non-instructional expenses. Teachers and school district administrators can then stay focused on preparing students for college or career while costs go down!!

4) **HB2504 WILL IMPLEMENT A WELL THOUGHT OUT REORGANIZATION PLAN:**

This Kansas School District Reorganization Plan has had years of analysis and development by current and former Kansas Superintendents and educational consultants. It is based on sound organizational, economic and management principals with the following steps.

- A) First, new school district boundaries will be established by July 1, 2017.
- B) Once the new school district boundaries are established, school board members will be elected in each new District.
- C) After each new school board hires a Superintendent, they need to spend the next year optimizing the use of the attendance centers, teachers, non-instructional personnel and resources within their boundaries. They will also negotiate administrative and support services agreements with one or more existing Kansas Regional Education Service Centers.
- D) The implementation of these new local school district decisions plus transfer of assets and resources will take place by July 1, 2018 in time to open schools that Fall.

5) **WHY 1,500 STUDENTS PER LOCAL SCHOOL DISTRICT?**

- A) Large enough area to have a sustainable tax base.
- B) Enough students, teachers and instructional resources to adequately prepare each student for college or career. The existing small school districts cannot provide a balanced, comprehensive curriculum.
- C) Optimal division-of-labor between the new school districts, the (7) existing Regional Education Service Centers and student attendance centers.
- D) Increased productivity and reduced duplication at each administrative level.

**6) WHY PASS SCHOOL DISTRICT REORGANIZATION THIS LEGISLATIVE SESSION:**

- A) Realigning Kansas districts must take place before the Block-Grants expire. Passing HB2504 will eliminate duplicate administrative and non-instructional costs and free up funds which need to be spent in the classroom.
- B) The new school-based finance formula can then be developed and based on the built-in efficiencies of larger districts with most administrative functions being done by the 7 Regional Education Service Centers.
- C) There needs to be time for the newly aligned districts to be organized and ready to open to make sure that more tax dollars are spent in the classroom and to keep most Kansas schools financially viable.
- D) Districts of 1,500 students or more will help assure that each Kansas student has an **equal educational opportunity** to become college or career ready—regardless of where they live in Kansas.
- E) Greater equality and curriculum offerings between school districts will meet the Constitutional and Supreme Court requirements of “**suitable funding**” for “**an appropriate education**”.
- F) By eliminating massive amounts of non-instructional duplication and waste, school districts become **financially sustainable** and make optimal use of both local and state tax dollars.
- G) With optimal use of instructional and non-instructional resources, the **cost-per-pupil will significantly decrease** while focusing resources on quality instruction and academic achievement.
- H) **Small and tiny school districts are no longer financially viable.** Without passage of this bill, small attendance centers which are geographically isolated will be forced to close.
- I) The assessed value of property within each new school district boundary will be sufficient to help **equalize LOB funding across the State.**
- J) **Property taxes in most new school districts will go down plus the State General Fund will not waste \$300 per year in duplicated administrative and non-instructional costs needed to teach students. It is time to take strong, positive action for the future of all students in Kansas.**

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## **Kansas Superintendent's 2003 Rational for Regional Education Districts**

**From a January, 2003 report entitled Regionalization Concept For Reorganization of Kansas School Districts prepared by Dr. Sharol Little, Superintendent, Manhattan-Ogden U.S.D. 383 and Mr. Kenneth Kennedy, Superintendent, Pratt U.S.D. 382 with input from Dr. Morris L. Reeves, Retired Associate Superintendent for Business Services and Dr. Gary Norris, Superintendent, Salina U.S.D. 305**

Regional Education Districts (R.E.D.)'s will be of sufficient size to take advantage of cost savings and educational enhancements based upon organizational decisions made by their governing boards. This will occur as the decision-makers strive for the expansion of educational opportunities for the students they serve. With the continued decline in enrollment in many of our school districts it is obvious that without restructuring educational opportunities will degrade. This is critical in small school districts at the secondary level.

It is time for the citizens of Kansas to set aside the emotional aspects of school consolidation and school closures. The need is to focus upon what is best for the students and for the state as a whole from both the fiscal and educational view. The state can no longer afford to fund the education of some of the students at 2+ times the rate of the statewide average funding. The financial considerations coupled with the difficulty of small high schools to provide a comprehensive educational program are sufficient reason to seriously consider regionalization and consolidation of K-12 education in Kansas.

The argument that the proposed reorganization will not save money cannot be sustained when examined even in light of the current finance structure. For example the four districts in one Kansas County during the 2001-2002 school year reported budgets for their general fund and supplemental general fund (LOB) that show a composite per pupil expenditure of \$8,907 based upon their FTE enrollment. The smallest district reported a cost of \$13,164 per pupil while the largest reported costs of \$6,924. If these districts were consolidated in FY 02, the state would have saved \$810,757. Comparing these expenditures with other school districts of like size and circumstance you will find that other districts have found the means and methods of delivering educational services at a lower cost.

For example, the Scott County School District reported an FTE enrollment of 964.7 with costs of \$6,825 per pupil. Riley County with 606 reported FTE provided their services at a cost of \$7,041 per pupil. Stanton County Schools with 543 FTE came in with a low cost of \$6,976. These data suggest that with the proper reorganization over time the State would realize savings of \$1,500 to \$2,000 per student in these districts. See below for data on additional districts.

The more significant savings realized by these school districts are found in their ability to offer reasonably sized classes at the elementary level and to reduce the number of very small high schools in the area. At the secondary level it should be noted that the four districts in the sample reported on their 2002-2003 staffing reports that they had 28.7 certified staff at the senior high level and 28.6 at the elementary level, which would imply that if there was one high school in the county considerable savings could be realized.

Other cost savings will include reductions in the extracurricular, athletic, food service, maintenance, and operations budgets if fewer facilities are used. The reduction in the number of administrators and support staff for central offices along with fewer boards of education will save additional funds.

## **Kansas Superintendent's Cooperative Service Concept**

Many services could be provided in a cooperative method. This would reduce unnecessary duplication and result in both improved services and reduction in costs. Some services are best met when developed and delivered in the school or attendance center. Both cooperative services and locally provided services are listed.

### **Areas of Cooperative Services**

Test Coordination  
Curriculum Development  
Staff Inservice  
Special Education  
Title I  
English Language Learners  
Budget Preparation and Administration  
Transportation - Staff Commercial  
Transportation - Student  
Central Administration  
Food Service Programming  
Custodial Services  
Maintenance Support - Specialty Areas  
Payroll Processing  
Grant Application Preparation and Administration  
Charter and Diploma Completion School Operations  
Staffing for Areas of Limited Enrollment  
Equipment Sharing  
Technical Education Support  
State Reports  
Legislative Lobbying  
Vocational Program Administration and Reporting

### **Areas of Local Autonomy**

Instructional Delivery  
Sports and Activity Structure and Competition  
Community Events  
Staffing in all Areas where Assistance is not Needed  
Building Administration  
Day-to-Day Operations  
Parent Teacher Organizations  
Parent, Student, Teacher Conferences  
Building Budget Management  
Activity Fee Management  
Routine Building Maintenance

## **Financial Advantage to Reorganization**

It is estimated that with the proper reorganization of school districts and the sharing of services as outlined in the service concept section of this document, the state could realize a reduction in cost. This savings could be used by school districts in Kansas to enhance the educational opportunities for all Kansas students.

It is proposed the dollars saved could be used as follows:

- Meeting NCLB/QPA performance goals
- Increase teacher salaries to national average
- Provide quality affordable health care for employees
- Provide uniform and reasonable class sizes
- Enhance classroom supplies and materials
- Expand activity offerings
- Provide adequate maintenance and enhancement of facilities
- Provide for increased support from the Kansas State Dept. of Education to regional districts

## EXAMPLES OF KANSAS SCHOOL DISTRICT REORGANIZATION COST SAVINGS

| Item                                | Current | Proposed | Cost Each            | Savings            |
|-------------------------------------|---------|----------|----------------------|--------------------|
| Districts                           | 17      | 1        |                      | \$0                |
| School Boards                       | 17      | 1        | \$6,000              | \$96,000           |
| Superintendents                     | 17      | 1        | \$83,653             | \$1,338,448        |
| Deputy Superintendents              | 2       | 2        | \$75,000             | \$0                |
| Board Clerks                        | 17      | 1        | \$30,000             | \$480,000          |
| Asst. Board Clerks                  | 0       | 2        | \$25,000             | (\$50,000)         |
| Payrolls                            | 17      | 1        | \$4,000              | \$64,000           |
| Payroll Clerks/Secretaries          | 17      | 1        | \$30,000             | \$480,000          |
| Asst. Payroll Clerks                | 0       | 3        | \$25,000             | (\$75,000)         |
| Central Administration Offices      | 17      | 1        | \$25,000             | \$400,000          |
| * Elementary Attendance Centers     | 20      | 17       | \$190,000            | \$570,000          |
| Total Students                      | 7621    | 7621     |                      | \$0                |
| Total Area in Sq. Miles             | 6846    | 6846     |                      | \$0                |
| *** Total Instructors & Cert. Staff | 722     | 722      |                      | \$0                |
| Total Administrators                | 65      | 41       | \$60,000             | \$1,440,000        |
| 3A & 4A High Schools                | 4       | 4        |                      | \$0                |
| ** 1A & 2A High Schools             | 13      | 9        | \$250,000            | \$1,000,000        |
|                                     |         |          |                      |                    |
|                                     |         |          | <b>Total Savings</b> | <b>\$5,743,448</b> |

\* Savings estimate, avg of Hardtner, KS and Scott Co. -- Hutchinson News, April 7, 03

\*\* Savings estimate from Supt. Jones at Mullinville -- Hutchinson News, Jan., 8, 03

\*\*\* May change with school reconfiguration

Not reflected are potential savings from other duplicated services such as food service and transportation.

## Northeast Regional Area Cost Analysis

### FY 2001-2002 ANALYSIS OF PROPOSED NORTHEAST REGIONAL EDUCATIONAL DISTRICT

| USD<br>No. | District Name             | FTE             | Low<br>Enrollment |                  | FY 2001-2002<br>Funding | If Funded at or<br>Above 1725<br>FTE Rate |
|------------|---------------------------|-----------------|-------------------|------------------|-------------------------|---|
|            |                           |                 | Weighting         | Adjusted FTE     |                         |   |
| 329        | Mill Creek                | 534.0           | 0.493412          | 797.48           | \$3,086,255             | \$2,197,211                               |
| 378        | Riley                     | 606.0           | 0.467405          | 889.25           | \$3,441,388             | \$2,493,464                               |
| 384        | Blue Valley               | 267.5           | 0.670934          | 446.97           | \$1,729,793             | \$1,100,663                               |
| 323        | Rock Creek                | 755.0           | 0.413584          | 1,067.26         | \$4,130,280             | \$3,106,543                               |
| 320        | Wamego                    | 1,348.0         | 0.199387          | 1,616.77         | \$6,256,914             | \$5,546,517                               |
| 321        | Kaw Valley                | 1,089.0         | 0.292939          | 1,408.01         | \$5,449,001             | \$4,480,828                               |
| 322        | Onaga-Havensville         | 367.5           | 0.553733          | 571.00           | \$2,209,758             | \$1,512,125                               |
| 379        | Caly Center               | 1,607.0         | 0.105835          | 1,777.08         | \$6,877,287             | \$6,612,205                               |
| 383        | Manhattan-Ogden-Wheaton   | 5,242.5         | 0.063211          | 5,573.88         | \$21,570,930            | \$21,570,930                              |
|            | <b>Northeast RED Area</b> | <b>11,816.5</b> | <b>0.063211</b>   | <b>12,563.43</b> | <b>\$54,751,606</b>     | <b>\$48,620,485</b>                       |

Note: If consolidated under current funding the State would save each year: **\$6,131,121 Savings**

Source: Kansas Department of Education S066 Headcount report as of **9/20/01**

## South Central Regional Area Cost Analysis

### FY 2001-2002 ANALYSIS OF PROPOSED SOUTH CENTRAL REGIONAL EDUCATIONAL DISTRICT

| USD<br>No.                    | District Name       | FTE            | Low<br>Enrollment<br>Weighting |  | Adjusted<br>FTE | FY 2001-2002<br>Funding | If Funded at or<br>Above 1725<br>FTE Rate |
|-------------------------------|---------------------|----------------|--------------------------------|--|-----------------|-------------------------|---|
|                               |                     |                | Factor                         |  |                 |                         |   |
| 301                           | Kinsley-Offerle     | 315.0          | 0.572516                       |  | 495.3           | \$1,916,976             | \$1,296,107                               |
| 351                           | Macksville          | 287.0          | 0.614571                       |  | 463.4           | \$1,793,288             | \$1,180,898                               |
| 502                           | Lewis               | 173.5          | 0.935841                       |  | 335.9           | \$1,299,811             | \$ 713,888                                |
| 350                           | St. John-Hudson     | 437.5          | 0.528447                       |  | 668.7           | \$2,587,852             | \$1,800,149                               |
| 349                           | Stafford            | 331.0          | 0.566737                       |  | 518.6           | \$2,006,943             | \$1,361,941                               |
| 254                           | Barber County North | 629.5          | 0.459095                       |  | 918.5           | \$3,554,596             | \$2,590,157                               |
| 255                           | South Barber        | 319.5          | 0.571071                       |  | 502.0           | \$1,942,574             | \$1,314,623                               |
| 511                           | Attica              | 114.5          | 1.102110                       |  | 240.7           | \$ 931,476              | \$ 471,125                                |
| 361                           | Anthony-Harper      | 1,023.0        | 0.316781                       |  | 1347.1          | \$5,213,149             | \$4,209,263                               |
| 331                           | Kingman-Norwich     | 1,214.0        | 0.247790                       |  | 1514.8          | \$5,862,342             | \$4,995,157                               |
| 300                           | Comanche County     | 306.0          | 0.575768                       |  | 482.2           | \$1,866,056             | \$1,259,076                               |
| 332                           | Cunningham          | 298.0          | 0.583570                       |  | 471.9           | \$1,826,268             | \$1,226,159                               |
| 438                           | Skyline             | 392.0          | 0.544702                       |  | 605.5           | \$2,343,375             | \$1,612,934                               |
| 474                           | Haviland            | 178.5          | 0.921748                       |  | 343.0           | \$1,327,534             | \$ 734,461                                |
| 422                           | Greensburg          | 321.5          | 0.570347                       |  | 504.9           | \$1,953,834             | \$1,322,852                               |
| 424                           | Mullinville         | 88.0           | 1.141565                       |  | 188.5           | \$ 729,331              | \$ 362,087                                |
| 382                           | Pratt               | 1,160.0        | 0.267294                       |  | 1470.1          | \$5,689,136             | \$4,772,967                               |
| <b>South Central RED Area</b> |                     | <b>7,588.5</b> | <b>0.063211</b>                |  | <b>8068.2</b>   | <b>\$42,844,541</b>     | <b>\$31,223,844</b>                       |

Note: If consolidated under current funding the State would save each year: **\$11,620,697 Savings**

Source: Kansas Department of Education S066 Headcount report as of 9/20/01