



Testimony to Senate Education Committee
SB 294 Education Finance Act of 2015
March 24, 2015
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Chairman Abrams and members of the Committee,

We appreciate this opportunity to provide testimony on SB 294. It's apparent that a lot of effort went into the development of the bill and there are some elements that we believe should be part of a new school funding formula; basing what has been called At Risk funding (now Poverty) on Census Bureau data and the creation of a bond project review board are two such examples. However, there are many elements of the bill that we see as problematic and therefore appear as an opponent of SB 294.

A partial list of our concerns and questions include:

Section 3 – a new definition of enrollment is created that is not based solely on current enrollment; there is also no mention of full time equivalent (FTE) enrollment, which would indicate that funding would be provided equally for full time and part time students.

Section 4 – Enrollment aid is set at \$3,820 per student enrolled. In addition to there being no specification for funding be based on FTE enrolled, there is no known basis for the per-pupil amount. The courts have been consistently critical of the Legislature for not having conducted research to determine funding levels; absent underlying research, the dollar amount specified in Section 4 appears to be unrelated to any determination of adequacy.

Section 5 – Sparsity aid appears to be distributed to every school district. If sparsity (essentially, students-per-square-mile) is to be considered for additional funding, it seems that some determination should be made to eliminate aid to districts for which sparsity is not a significant issue. All of Wyandotte County, for example, encompasses only 156 square miles and has 3 school districts.

Section 6 – Poverty aid is set at \$6,600 per student, an amount which appears to be unrelated to any determination of adequacy. The current equivalent of Poverty aid – At Risk – is \$1,757 per student (45.6% of \$3,852 in Base State Aid per Pupil). We are also concerned at the lack of accountability for Poverty aid to ensure that the funds are actually used to provide direct, unique services to the individual students generating the Poverty aid.

Section 7 – Success aid is set at an arbitrary amount of \$5,600 per student who is deemed to be ‘successful’ by virtue of, within two years after graduating from high school, having:

- (1) Enrolled in a third consecutive semester at a postsecondary educational institution or private or out-of-state postsecondary educational institution;
- (2) obtained an industry-recognized credential;
- (3) entered basic training in one of the branches of the United States military;
- (4) been employed, including self-employment, with an annual income that is not less than 250% of the federal poverty level established under the most recent poverty income guidelines published by the United States department of health and human services; or
- (5) been employed not less than 30 hours per week and had an individual education program as a child with a disability at the time such student graduated from high school.

Each of the above could signify varying degrees of accomplishment and their being labeled as ‘success’ factors is undoubtedly well-intentioned but they are not necessarily indicative of any particular level of actual learning. The Kansas Board of Regents data shows that about a third of Kansas high school graduates who enroll in postsecondary education in Kansas sign up for remedial training. While perhaps shocking, it should not be surprising considering results of state assessments and ACT scores.

Only 65% of 11th grade students who are not low income – and just 36% of those who are low income – could read grade-appropriate material with full comprehension on the 2013 state assessment. Math achievement was even lower. Only 31% of the 2014 high graduating class scored well enough on the ACT exam to be considered college-ready in English, Reading, Math and Science. Unpacking the ACT scores reveals similar achievement gaps to those found on state assessments. The state average of college-readiness on the ACT was 31%, but it was 36% for White students, just 14% for Hispanic students and only 7% for African American students.

2013 State Assessment - 11th Grade		
Student Group	Reading	Math
Low Income	36%	28%
Not Low Income	65%	55%
White	60%	51%
Hispanic	34%	26%
African American	26%	20%

Source: KSDE. Reads grade-appropriate material with full comprehension; usually accurate on all grade-level math tasks. Both measurements represent Exceeds Standard or better.

Districts can collect a nice bonus for each student eventually deemed to be successful by the formula but there is no accountability for not closing achievement gaps. If incentives are to be included, there should also be ‘safety valves’ so that students attending low-performing districts have other opportunities.

Any incentive provided should be based on easily obtained, independently-verifiable information. Most importantly, it should be measured throughout each student’s time in school so that any shortcomings can be addressed. Waiting for two years past graduation to determine success is too late for the student.

Section 10 – Districts are authorized to adopt a local portion levy budget but there appears to be no limit on the amount that may be assessed to local taxpayers. There also appears to be no requirement of voter approval of the local portion levy budget.

Section 11 – Since there appears to be no limitation on a district’s local portion levy budget, there would also be no limitation or predictability of the obligation to provide local portion equalization state aid. Also, the necessity and impact of including the mean federal adjusted gross income per filed income tax return and the average appraised value of single family residences in the calculation of equalization aid is unclear.

Section 12 – The formula to determine eligibility for equalization aid in Section 11 says any district whose equalization percentage factor is a positive number is eligible to receive local effort equalization state aid. Section 12 says any district whose equalization percentage factor is a negative number shall “...levy an ad valorem tax upon the taxable tangible property of the school district in an amount that shall not exceed an amount equal to the local portion levy budget of the school district multiplied by the absolute value of the equalization percentage factor of such school district.” This additional tax would be remitted to the state and credited to the school finance fund, but the need for this tax is unclear.

Further, the impact of SB 294 is only known for 6 districts. No one knows how the other 280 districts would fare under this proposal or what the tax impact would be on citizens.

You’ll note a reference to “unrelated to any determination of adequacy” statement multiple times in my testimony. Kansas courts have criticized the legislature for not basing its funding on research-driven decisions and we fear that without explicitly meeting this test the cycle of school finance litigation will continue under the proposal before the committee.

We are also deeply concerned that there is no apparent effort to address inefficient operation and management of school districts. Every Legislative Post Audit study on school efficiency has found districts to be inefficient operators, and many LPA recommendations have been ignored by local school boards. The K-12 Commission on Student Achievement and Efficiency also heard testimony from district administrators the Kansas Association of School Boards indicating that districts could operate more efficiently but choose not to do so for a variety of reasons.

Regardless of the rationale, spending more than is necessary to provide services is a conscious choice to divert money from Instruction; such choices also result in unnecessary taxation of citizens and/or the diversion of resources from other state agencies. The Legislature is responsible for providing adequate funding of schools but that does not and should not mean that districts should be given more funding than is necessary.

There are some elements of SB 294 that may fit well into a new school funding formula but, as written, we do not believe it to be a formula that is in students’ or taxpayers’ best interests.