

**Senate Education Committee**

**Testimony on SB 294 – Creating the Education Finance Act of 2015**

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On behalf of USA|Kansas and our member associations, thank you for the opportunity to comment on provisions of SB 294. While the pilot would include only those districts in the Coalition of Innovative Schools, this proposal does create an opportunity for *all of us* to engage in a discussion about student performance and how best to fund public education.

When discussing school finance and costs, it seems appropriate to begin with the end in mind. USA|Kansas believes the discussion of education funding and resources must begin with a discussion of what it means to be a well-educated student in Kansas.

Senator Abrams has often suggested that a well-educated student is one that has the skills and opportunities to earn a middle-class wage in Kansas. In this way, education empowers students to break the cycle of poverty and helps grow the Kansas economy.

There was very little time to solicit feedback from our members and evaluate how this would impact districts programs and services for students. Our testimony includes questions about how some provisions in SB 294 would be implemented and, possibly, expanded in future years.

**Success State Aid (Section 7)**

Once we define what it means to be a well-educated student in Kansas, we must determine how best to measure that. How will we know when we meet that target? SB 294 attempts to address these questions by establishing a success state aid factor that would, *if resources were available*, recognize progress made by districts. Much like the career and technical education incentive program established in SB 155, this bill would measure success in one of the following ways:

- Enrollment in a postsecondary program;
- Completion of a technical certificate program;
- Enrollment in military basic training;
- Self-employment with a demonstrated annual income that is at least 250 percent above the poverty level; or
- Employment (at least 30 hours a week) upon graduation for students with an individual education program (IEP).

Most of our districts would agree that these are admirable goals and that we are currently working

to accomplish them. However, *as concerns related to student data privacy continue to grow, administrators have questions about the accessibility and use of individual student data to demonstrate success.*

K-12 education does not use social security numbers to track students, making it hard to track those students with direct entry into the workforce (which relies heavily on social security numbers). And, while schools can work with the Kansas Board of Regents regarding enrollment in post-secondary education, not all universities are part of the National Clearinghouse. Since the plan is built, in large part, around demonstration of success, we believe the student data portions of this bill require additional consideration and study.

USA|Kansas would also recommend that the committee consider whether a success index should be based on a three-year average to account for any anomalies or variations that may arise in a district.

### **Recognizing the unique needs of students (Sections 6 & 7)**

USA|Kansas has a long-standing policy supporting the school funding formula with a base and weightings. To the extent that it was truly complex, it was because it was designed to meet the educational needs of a vast array of students. SB 294 includes provisions for poverty and rural communities, not through weightings, but through indices and multipliers. We do note that there are no provisions for English Language Learners.

SB 294 accounts for poverty based on data from the U.S. Census Bureau. Over time, there has been a lot of discussion about what best measures poverty in school districts – is it free and reduced lunch count or census data? While we have advocated a position on free and reduced lunch, *the inclusion of poverty aid in SB 294 is a clear acknowledgement that additional resources are necessary to provide programs and support services to those students with the greatest need.*

And finally, many of our districts are working with students in temporary living conditions. Whether these students are in the foster care system, homeless or part of a mobile military family, we question how these students will be served, accounted for and tracked for purposes of the success index.

### **Accounting provisions (Section 43)**

This section of SB 249 relates to the implementation of accounting standards and reporting requirements for schools. Specifically, it would require districts to comply with Generally Accepted Accounting Principles (GAAP) requirements and eliminate waivers for school districts. GAAP is a complex and specialized accounting practice; most school districts in Kansas do not have individuals skilled in this area.

Kansas school districts currently utilize uniform accounting practices as outlined in the Kansas Accounting Handbook for Unified School Districts prepared by KSDE. We believe this process or “system” presents useful and timely information on school district budgets in accordance with Kansas’ education funding statutes.

Secretary of Administration, Jim Clark, testified recently to the House Education Committee that he sees no advantage in changing to this type of accounting system and that it would be costly to

do so. He believes all relevant data can be gleaned from the current system.

***We believe that resources – both human and monetary – should be directed toward the classroom and those programs that support student learning.***

### **Bond and Interest (Sections 22 & 44); Capital Outlay (Section 21)**

SB 249 makes significant modifications to bond and interest state aid and appears to eliminate capital outlay.

The bill would establish a school district bond project review board and limit state aid to instructional facilities. The review board would be responsible for reviewing applications prior to a bond election and making a determination about what, if any, state aid would be provided.

School districts are committed to ensuring safe and modern facilities that are conducive to student learning. That means not only building new facilities, but also maintaining aging facilities.

Administrators would encourage further discussion before making changes of this magnitude. If state aid were greatly reduced, eliminated or a district project was deemed ineligible, many of our districts would struggle to pass a bond issue.

Finally, as you deliberate on SB 294, we encourage you to consider the following questions:

- If this is intended to be a pilot program, should districts be allowed to volunteer instead of having just the districts in the Coalition of Innovative Schools participate? What if an Innovative District doesn't want to pilot this school finance formula? Would they be allowed to stay in the Coalition?
- There is no specific mention of career and technical education (CTE) in the bill. Does this mean that CTE will not be funded or that it is part of the enrollment state aid? This is a major concern, as districts have been working to grow their career and technical education programs and expand career pathways. It also seems odd that funding would not be allocated given the significance of completing a certificate program or obtaining work in the success index measurement.
- How will we know if this pilot program is successful? The scope of the studies conducted by Legislative Post Audit is limited to studying how funds received by districts are expended. Will success be raising the success index? Will it be spending less money while increasing the success index? Since the success index is measured 24 months after graduation, the real impact of changes to the school funding formula may not be immediately visible and may not account for other policy changes the Innovative Districts have implemented.
- How will the issues we've raised and those issues that develop during the course of the pilot program be addressed? And, as we look towards the future, how will we determine whether this pilot is scalable?

Thank you for the opportunity to appear before you and I would be happy to respond to any questions at the appropriate time.