



Testimony before the
Senate Committee on Ways and Means
on
**SB 499 - Requiring school districts to strategically source specific spend categories
through the Department of Administration**

by

Mark Tallman, Associate Executive Director for Advocacy

March 14, 2016

Mr. Chair, Members of the Committee:

Thank you for the opportunity to comment on **SB 499**. Just as we said last Friday on **SB 505**, KASB views this bill and hearing as an opportunity to have an honest conversation about the issue. Like we said about reasonable limitations on unencumbered balances, KASB does not oppose the concept of strategic procurement by school districts to achieve greater efficiencies.

In fact, our organization was formed so school districts could act cooperatively to achieve better results than acting alone. KASB supported the creation of the interlocal agreement statutes that allow districts and other entities to establish joint programs and shared operations. We have supported legislation to give districts more management flexibility, while understanding that flexibility must be balanced with other interests.

However, we appear in opposition to **SB 499** for two major reasons.

- First, we do not believe the A&M recommendations actually called for “requiring” school districts to purchase through the state. A&M staff have stressed the importance of the state’s tradition of local control.
- Second, we think there are too many unanswered questions about the specifics of this bill to attempt to implement immediately. We are certainly prepared to help further study the benefits of increased sourcing with the state, how that could be accomplished, and how to balance the trade-offs that would occur.

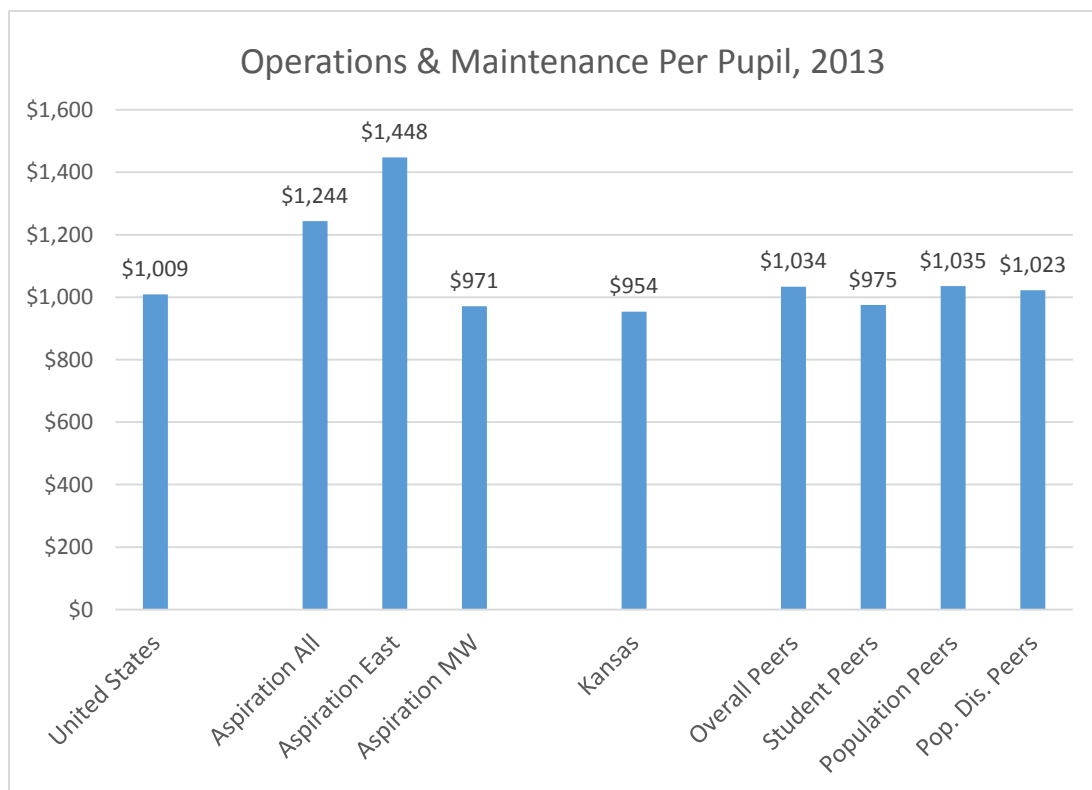
Before going on, I’d like share some information about the current state of Kansas school achievement and spending, particularly in the areas addressed by this bill. Kansas is different from many other states. Our state constitution gives local elected boards the authority to “maintain, develop and operate” public schools. We allow interlocal agreements and service centers to compete for services entrepreneurially, unlike some states. The first question is: how effectively and efficiently is this system working?

This fall, KASB was asked to present information on Kansas student success and school district efficiency to the Special Committee on K-12 Student Success. First, we identified 14 consistent national measures of student attainment and achievement. These include high school completion rates for all students and subgroups like low income, special education, etc.; performance on national reading and math tests for all students, low income students and non-low income students; and student preparation for college on the ACT and SAT tests.

We then examined how many states do better on a majority of those 14 indicators. We found only seven states perform better than Kansas on more than seven of the 14: Nebraska, New Hampshire, Indiana, Massachusetts, New Jersey, Vermont and Iowa. We called these “aspiration” states. Four states do better than Kansas on seven and worse on seven. All 11 of those states provide more total funding per pupil than Kansas. (In fact, Kansas provides almost \$800 less per pupil for public education than the U.S. average, ranking Kansas 27th in the nation in actual dollars and 25th if adjusted for state cost of living differences.)

Next, we wanted to see how Kansas compares not only to the national average, but to the states most like Kansas. We developed a method of identifying states that are closest to Kansas in student characteristics (percentage of low income, minority, disabled, etc.), closest to the Kansas in adult population (education levels, income, etc.), closest to Kansas in urban/rural distribution (population density, etc.) and an overall calculation of all of these factors. We called these “peer states.”

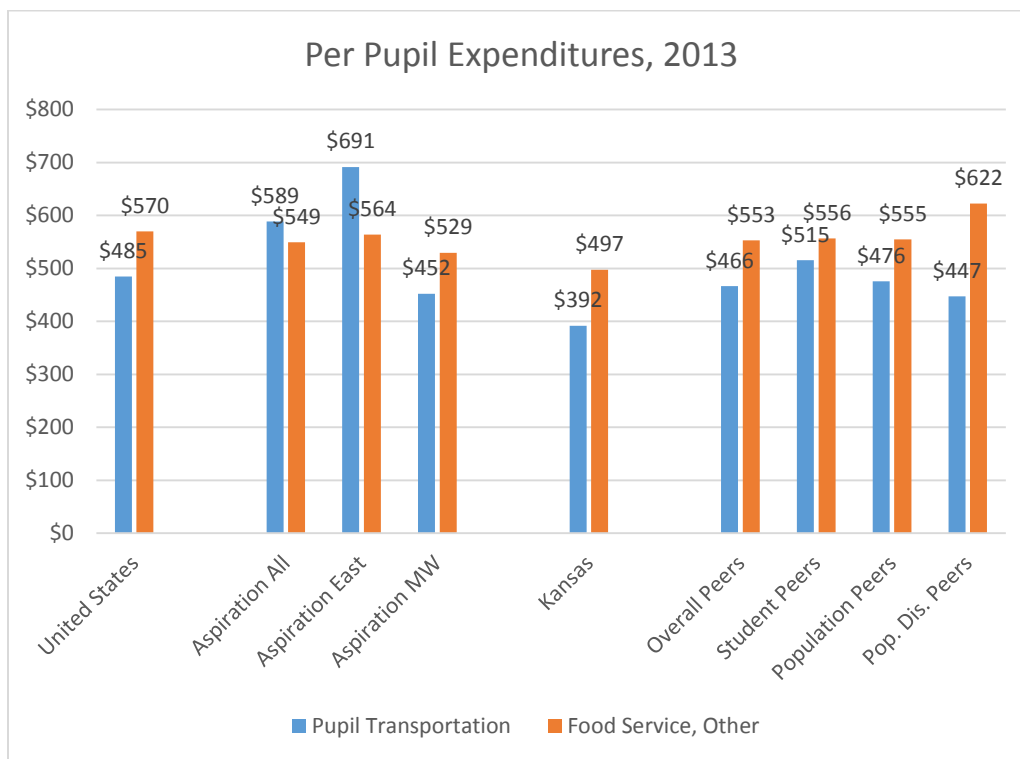
Since the A&M report calls for strategic sources in maintenance and operations, information technology, fuel and food, we can see how Kansas expenditures in these areas compare with the highest achievement states and the states most like Kansas. The National Center for Education Statistics provides information on state spending in major functional categories.



The chart above compares Kansas spending on the “operations and maintenance” function to the U.S. average, the seven aspiration states (further divided between those in eastern parts of the U.S. and those closest to Kansas in the Midwest), as well as overall state peers and the specific peer states for student, adult population and population distribution.

Note that Kansas already spends less per pupil than the top achievement states and all per groups, as well as the overall U.S. average.

The same is true of looking at student transportation and food service costs. (Note: there are other costs in these categories besides fuel and food purchases, such as salaries for bus drivers, cooks and other kitchen staff. We do not have specific breakdowns for these costs.)



In every case, Kansas spending per pupil is lower than the U.S. average, higher achieving state and peer states. Note also that every state with higher overall achievement spends more than Kansas from all sources. This tells us that Kansas is not only relatively low spending, it is also quite efficient because it has higher-than-average results while spending below average. (Note: the NCES report does not break out spending on food service. KASB calculated this amount by subtracting all other functional categories provided by NCES from total current spending per pupil. The only categories remaining are food service and small amounts for community services.)

It is not KASB’s position that school districts cannot be MORE efficient. We do believe these results show the current system that allows local decision-making and voluntary cooperation with MULTIPLE joint purchasing and collaborative programs – including sourcing with the state – is allowing school districts to deliver better educational results and has lower cost in these areas than most states, including those most like Kansas.

Therefore, we urge caution. We suggest that the concept of **SB 499** needs more study. We suggest that either formally or informally, the Legislature, Governor and State Board of Education should commission knowledgeable school district leaders and other stakeholders to address the following topics:

- Would mandatory participation in state procurement really be more efficient (in terms of not just price but also quality and service) than continuing to allow districts to make these decisions locally, regionally or through multiple options?
- Should districts be required to purchase selected items through the state even if they can find better deals or contracts on their own?
- Does this bill apply only to purchasing of good, wares and out-sourced services, or is it intended to apply to internal staffing for maintenance and technology?
- The A&M report talks about the cost of breaking existing contracts. This bill seems to require termination of existing contracts within one year. What would be the impact on costs and credit rating?
- Are there ways to encourage and expand school district participation in state procurement or other collaborative programs without new state requirements?
- If there is a general policy of state-sourced procurement, should there be an appeal or waiver process for local circumstances?
- What is the capacity of the Department of Administration to effectively combine purchasing for 286 individual school districts?

Thank you for your consideration.

Peer states:

In addition to states that do better than Kansas, we wanted to see how Kansas compares to states that are most like us in three areas that have an impact of student achievement and operating structure. The first is *student characteristics*: percentages of students in poverty, eligible for free/reduced price meals, receiving special education services, receiving English learning services, and majority (white)/minority make-up. The second is *adult population characteristics*: median household income, poverty, and percentage of adults 25 and older with high school completion, a four year college and an advantaged degree. The third is *population distribution*: how the state's population is distributed among urban and rural areas and population density.

Using standard deviation calculations, we determined which states are “most like” Kansas on these factors in each of the three areas, as well as identifying overall peers which are the most similar states in all of these areas: The groups of peer states are as follows:

- Student Peers: Arkansas, Illinois, Michigan, Missouri, Oregon, Rhode Island, Virginia, Washington, Wisconsin.
- Adult Population Peers: Alaska, Illinois, Iowa, Michigan, Missouri, Nebraska, Oregon, Pennsylvania, South Dakota, Utah, Washington, Vermont, Wisconsin.
- Population Distribution Peers: Alaska, Idaho, Indiana, Iowa, Minnesota, New Mexico, North Dakota, Oklahoma, Missouri, South Dakota, Wisconsin.
- Overall Peers: Alaska, Idaho, Iowa, Michigan, Missouri, Nebraska, Oregon, Pennsylvania, South Dakota, Washington, Wisconsin.