



Testimony to Senate Ways & Means Committee
SB 515 School Funding Equalization
March 23, 2016
Dave Trabert, President

Chairman Masterson and members of the Committee,

We appreciate this opportunity to present neutral testimony on SB 515. We're pleased to see the Legislature proactively responding to the Supreme Court ruling on equity in a manner that doesn't increase total funding; our testimony is neutral only because this is but one method of satisfying equity without spending additional money.

As noted in the attached article we published, the Court reaffirmed that constitutional infirmities "can be cured in a variety of ways—at the choice of the legislature" with the proviso that any adjusted funding must also meet a separate test of adequacy – i.e., whether districts are receiving 'enough.' We believe SB 71 introduced last year would be another appropriate response to the Court, whether as written – which would reduce LOB equity by \$3.3 million – or some modification that would spend the same amount.

The Court noted that spending less than would be provided by fully funding the old equity formula could create an 'adequacy' issue, but we believe there is ample evidence that SB 515 or SB 71 would still provide more than adequate funding.

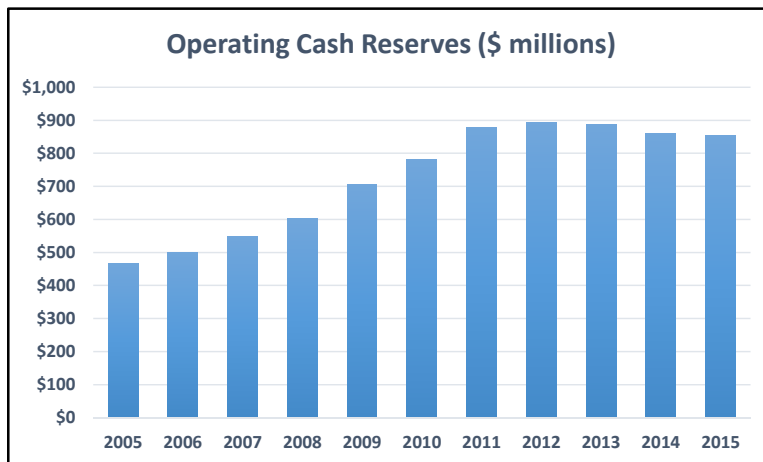
First of all, the Court upheld what we have constantly maintained – education is about outcomes rather than money. They specifically said "*...total spending is not the touchstone for determining adequacy.*"¹

Instead, the Court says adequacy "*...is met when the public education financing system provided by the legislature for grades K-12—through structure and implementation—is reasonably calculated to have all Kansas public education students meet or exceed the standards set out in Rose and presently codified in K.S.A. 2013 Supp. 72-1127. This test necessarily rejects a legislature's failure to consider actual costs as the litmus test for adjudging compliance with the mandates of Article 6. For example, even if a legislature had not considered actual costs, a constitutionally adequate education nevertheless could have been provided —albeit perhaps accidentally or for worthy non-cost-based reasons.*"²

Since school districts admit that they can neither define nor measure the Rose capacities, they have no legal basis for claiming to lack adequate funding to achieve the Rose capacities. This fact alone could be sufficient grounds for dismissal of schools' claims, but there is more.

Schools and their taxpayer-funded lawyers base their adequacy claims on *Montoy*, which relied on the findings of an Augenblick & Myers cost study recommending specific funding levels. However, the *Gannon* Supreme Court rejected the lower court’s reliance on that, saying “.... *actual costs from studies are more akin to estimates than the certainties the panel suggested.*”³

In distancing itself from the A&M cost study, the Court also said, “.... *the strength of these initial statements was later diluted by our primary focus on cost estimates—a focus that evolved in the Montoy litigation because of how the issues were presented to us by the district court and due to the remedial nature of some of our decisions.*”⁴ The A&M cost study was presented as rock-solid evidence in *Montoy* but later, then-KPI scholar Caleb Stegall (now Supreme Court Justice Stegall) discovered that A&M had deviated from its own methodology so as to produce deliberately inflated numbers.⁵



We further know that the funding provided under *Montoy*, which is the basis for school claims of inadequate funding, is more than schools actually need because they haven’t needed to spend it all. The \$385 million increase in districts’ operating cash reserves over the last ten years comes from state and local funding that wasn’t spent – and that’s in addition to the \$468 million accumulated through 2005.

Refuting KASB school funding claims

Last week the Kansas Association of School Boards (KASB) raised several adequacy issues in testimony on the House effort to resolve equity in HB 2731 and SB 512, so we offer the following thoughts in anticipation that the same claims will be made here today.

KASB implied that school funding is not adequate because it hasn’t kept up with the change in personal income growth, but that is a claim of entitlement, not adequacy. The Constitution does not say that adequacy is a percentage of personal income or any particular dollar amount. Indeed, if personal income declined for an extended period of time, it is unlikely that the Court or school districts would find a commensurate reduction in school funding to be acceptable and adequate.

As a matter of fact, school districts sued taxpayers for more money in November 2010 after Governor Parkinson reduced funding as a result of a recession. Personal income declined but schools didn’t accept that as an excuse to reduce funding.

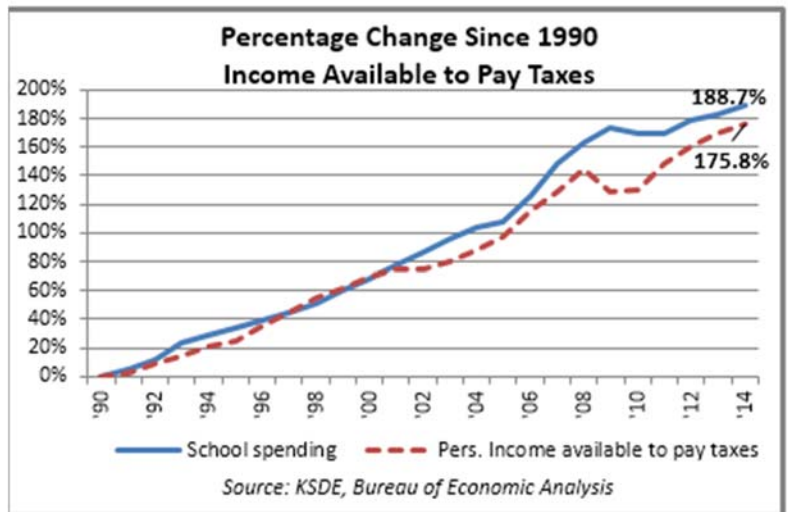
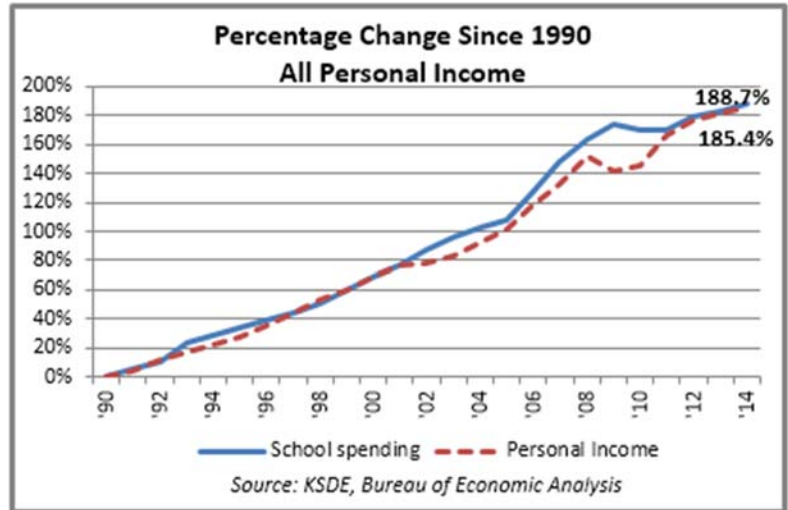
That said, school funding continues to run ahead of personal income growth, whether measured in its entirety or against the personal income components that are available to pay taxes.

School funding (adjusted upward for KPERs prior to 2005) increased by 188.7 percent between 1990 and 2014 (the last year for which annual Personal Income data is available) while Personal Income increased 185.4 percent.

However, Personal Income includes components that are not available to pay taxes, such as employer payments to retirement plans, health insurance and payroll taxes. Measuring school funding against Wages & Salaries, Proprietors' Income, Dividends, Interest, Rent less employee-paid payroll taxes shows an even wider gap from school funding.

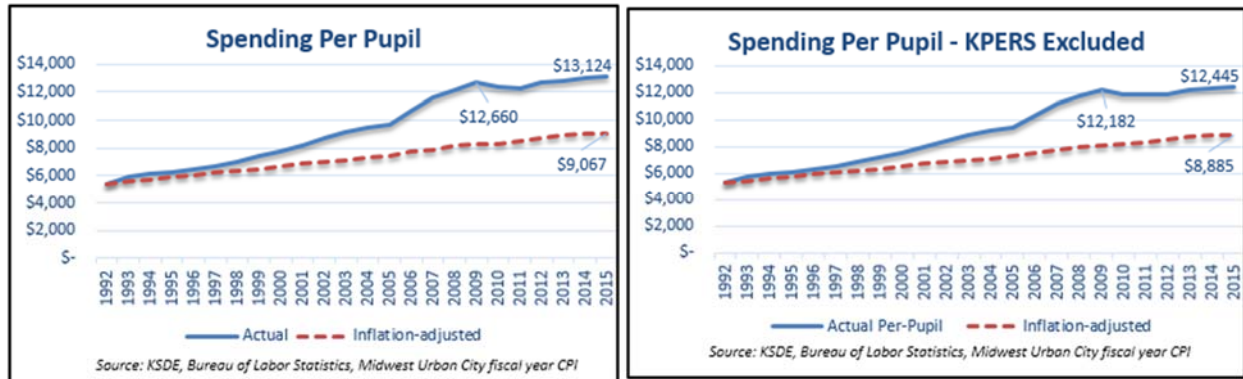
Personal income available to pay taxes increased 175.8 percent, or about 13 percentage points less than school funding.

Not that that matters from an adequacy viewpoint, but to demonstrate that the KASB claim simply doesn't stand up to scrutiny.



Inflation, on the other hand, is a legitimate consideration and here we see that per-pupil funding has far outpaced inflation over the course of the old school funding system. Had funding been increased for inflation since 1992, funding would have been \$1.88 billion less in 2015.

School funding also set another new record in 2015, at \$13,224 per pupil. Even with every dollar of KPERs removed, funding still would have set a record last year, and if non-KPERs funding had been increased for inflation each year, it would have been \$1.64 billion less.



Additional articles are attached that refute KASB claims on the correlation between spending and achievement and the levels of student achievement in Kansas. As for KASB's claim that no state spends less and achieves more, an honest review of the data shows that at least Texas and Florida spend considerably less but get slightly better results on the National Assessment of Educational Progress. Florida leads wins half of the eight measurements, Texas wins three and Kansas wins one. Florida has the highest composite score, Texas comes in second and Kansas is slightly behind Texas.

We'd be happy to work through the remainder of their claims at your convenience, as shown in the attached articles.

Kansas Spends More, Achieves Less on NAEP			
NAEP Grade, Subject and Demos	Kansas	Texas	Florida
4th Grade Reading Score 2015			
Low Income students	208.0	208.3	220.2
Not Low Income students	238.2	234.8	238.5
8th Grade Reading Score 2015			
Low Income students	255.6	251.8	256.6
Not Low Income students	277.5	272.2	274.5
4th Grade Math Score 2015			
Low Income students	230.9	235.1	235.2
Not Low Income students	253.1	259.9	254.3
8th Grade Math Score 2015			
Low Income students	271.8	273.7	265.5
Not Low Income students	294.8	296.0	291.7
Composite - all scores	2029.9	2031.7	2036.5
2013 Per-Pupil Spending (headcount)	\$ 11,496	\$ 10,313	\$ 9,420

Source: Census, NAEP

Conclusion

The equity issue must be resolved and we encourage the Legislature to do so without spending additional money, as the Court does not require more funding to satisfy equity and a large body of evidence shows that more money is not needed.

¹ Gannon v. State of Kansas, page 77 at <http://www.kscourts.org/Cases-and-Opinions/opinions/SupCt/2014/20140307/109335.pdf>

² Ibid, page 76.

³ Ibid

⁴ Ibid, page 75.

⁵ Caleb Stegall, "Analysis of Montoy vs. State of Kansas" <https://kansaspolicy.org/volume-ii-analysis-of-montoy-vs-state-of-kansas/>

Nationwide Report on Education Provides Evidence that Kansas Students Perform Poorly in a Nation of Mediocre Achievement

January 18, 2016



Education Week has released its 20th annual edition of [Quality Counts](#), a report card that provides an overall letter grade for each state's education system. Kansas earned a C, with an [overall score](#) of 73.9 – slightly lower than the national average of 74.4 (also a C).

Quality Counts employs three indicators to establish an overall grade. Kansas earned a B- in the category called Chance for Success, defined as providing “a cradle-to-career perspective on the role that education plays in promoting positive outcomes throughout a person's life.” For the [School Finance](#) indicator, Kansas earned a C. Unfortunately, Kansas' worst indicator is in [K-12 Achievement](#), a category in which the state earned a D.

K- 12 Achievement

The achievement category is an amalgamation of 18 outcome measures that include (1) NAEP scores, (2) graduation rates and (3) performance in high school advanced placement classes. The report uses detailed NAEP data, including proficiency rates, achievement gains, poverty gaps and excellence achievement. It is of note that Quality Counts does NOT consider a score in the “Basic” category an achievement, which is the same way KPI

reports NAEP data. Here are a few lowlights regarding Kansas and the NAEP achievement gap data in the report:

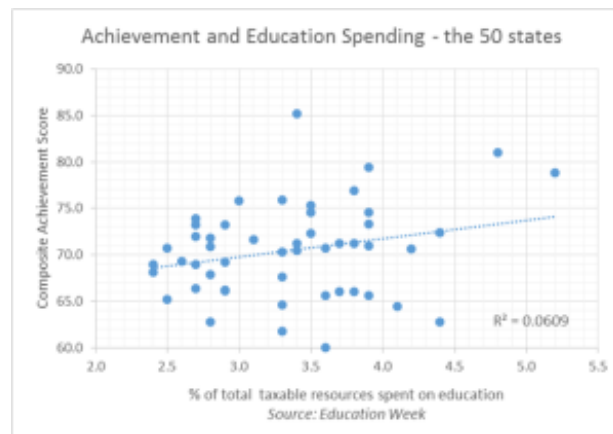
- Only Oregon, Washington and the District of Columbia had a larger increase in the 4th grade achievement gap than the Kansas gap increase of 6.8%.
- While 31 states actually reduced the achievement gap in either 4th grade, 8th grade or both, Kansas had an increase in the achievement gap in both grades.
- Overall, the nation decreased the achievement gap by 0.4% for 4th graders and 0.6% for 8th graders.
- But the most alarming stat is the revelation that Kansas is the ONLY state in which NAEP math scores for both 4th and 8th graders are lower in 2015 than they were in 2003.

Ouch.

And for those who want to blame it on some bogus claim that it all has to do with spending, consider this: data used by Quality Counts ranks Kansas 15th in spending and 41st in achievement.

Achievement & Spending

It is often argued, especially by education establishment groups in Kansas, that there is a high correlation between spending on education and achievement. That supposition is not supported by the data used in Quality Counts. The scatter-plot below is a graphic display of combining the composite achievement score with the percentage of total taxable resources states spend on education. The scatter-plot of the 50 states shows a virtual flat trend line, indicating almost no correlation between the two. The R² value, which is a numeric representation of how close each plotted point is to the trend line, of 0.06 falls far short of even being considered a “weak” correlation. Furthermore, the single outlier on the graph, Vermont (the only state that spends more than 5% of its total taxable resources on education), drives most of the incline of the trend line. If Vermont is removed, the R² value is 0.02. Another interesting note is that the highest achieving state (Massachusetts) spends a lower percentage of their taxable resources than the lowest achieving state (Mississippi).



The results of this report strengthens two fundamental propositions of Kansas Policy Institute regarding education: (1) that Kansas is doing about average in a nation that under-performs and (2) there is no correlation between spending and achievement.

No correlation between spending and achievement

November 16,
2015

The Kansas Association of School Boards produced a [report](#) recently which some are saying proves that spending more money leads to better outcomes, but even KASB says that is a misinterpretation. I asked Mark Tallman of KASB if that was the case and he replied, *"I specially [sic] said to the group of legislators we invited to lunch that we do NOT claim this report 'proves' spending 'causes' outcomes changes."*

Mr. Tallman went on to explain that *"...the data indicates that higher spending over time is more often than not a 'predictor' of higher NAEP scores, and usually has a positive correlation with higher results. We do not say that correlation proves causation."*

Our review of the data says otherwise, as does that of many other respected school funding experts including [Dr. Eric Hanushek](#) of the Hoover Institution at Stanford University, who says, *"...the outcomes observed over the past half century – no matter how massaged – do not suggest that just throwing money at schools is likely to be a policy that solves the significant U.S. schooling problems seen in the levels and distribution of outcomes. We really cannot get around the necessity of focusing on how money is spent on schools."*

Bi-variate analysis

The KASB report takes only two variables into account – spending and achievement. It's called a bivariate analysis (two variables), which doesn't allow for meaningful conclusions. Dr. Benjamin Scafidi, Director of the Education Economics Center at Kennesaw State University, says, *"...they do not control for the many other factors that impact student achievement. Social scientists do not put much stock into bivariate relationships like the KASB [example] below."* Dr. Scafidi's remarks were directed at the 2013 KASB report that also only looked at changes in spending and achievement.

One such factor ignored by KASB is the impact of Common Core. When Kansas' NAEP scores dipped in 2013, the Kansas Department of Education told legislators that they couldn't identify a particular reason but did note that the transition from previous teaching methods to Common Core may have been a factor. They again honed in on the transition to Common Core to explain the 2015 NAEP decline to legislators this month. KSDE did not blame funding in 2013 or 2015.

Data refutes notion that spending predicts outcomes

This table lists 8 bi-annual changes in proficiency measurements for each of the last 6 NAEP reports, for a total of 48 total changes; proficiency levels for Low Income students and those who are Not Low Income are shown for two subjects (Reading and Math) for two grade levels (4th and 8th Grades). In the majority of comparative instances, changes in inflation-adjusted (real) spending did not correspond to changes in proficiency levels. That is,

1. In 31 of the 48 comparative instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED).
2. In 9 of the 48 comparative instances, the increase in proficiency levels was less than the increase in real spending (YELLOW).
3. In 8 of the 48 comparative instances, the increase in proficiency levels was greater than or equal to the increase in real spending (GREEN)

Kansas Spending Per-Pupil and NAEP Percent Proficient										
School Year	\$ Per Pupil	Inflation Index	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2003	\$ 8,894	176.81	18	42	22	42	24	53	19	41
2005	\$ 9,707	185.14	20	42	21	43	30	59	19	43
2007	\$11,558	195.10	21	46	20	44	34	63	23	50
2009	\$12,660	204.26	22	47	19	43	32	60	24	51
2011	\$12,283	211.10	23	50	22	46	33	63	24	54
2013	\$12,781	220.93	22	54	22	48	33	63	24	54
2015	\$13,124	224.61	20	54	22	47	27	58	19	46
Percent Change in Each Category										
School Year	\$ Per Pupil	\$ PP Net Inflation	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2005	9%	4%	11%	0%	-5%	2%	25%	11%	0%	5%
2007	19%	14%	5%	10%	-5%	2%	13%	7%	21%	16%
2009	10%	5%	5%	2%	-5%	-2%	-6%	-5%	4%	2%
2011	-3%	-6%	5%	6%	16%	7%	3%	5%	0%	6%
2013	4%	-1%	-4%	8%	0%	4%	0%	0%	0%	0%
2015	3%	1%	-9%	0%	0%	-2%	-18%	-8%	-21%	-15%
Source: KSDE, National Assessment of Educational Progress (NAEP); BLS, Midwest Urban Cities fiscal year. Low and Not Low refer to student income levels based on eligibility for school lunch programs; Low Income + Not Low Income = All Students.										

We performed the same analysis on changes in the national averages, although spending is only available through 2013, so there are only 40 comparative instances. Once again, spending is not a predictor of outcome changes; indeed, in 20 of those 40 instances, real spending increased while proficiency levels declined or failed to increase, or real spending declined while proficiency levels increased or failed to decline (RED). Most notably, real spending declined in 2011 and 2013, but proficiency levels increased in all 8 measurements both years!

United States Spending Per-Pupil and NAEP Percent Proficient										
School Year	\$ Per Pupil	Inflation Index	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2003	\$ 9,522	182.09	15	42	16	40	15	45	11	37
2005	\$10,376	191.70	16	42	15	39	19	50	13	39
2007	\$11,557	204.11	17	44	15	40	22	53	15	42
2009	\$12,539	214.65	17	45	16	42	22	54	17	45
2011	\$12,351	221.06	18	48	18	45	24	57	19	47
2013	\$12,346	231.37	20	51	20	48	26	60	20	49
Percent Change in Each Category										
School Year	\$ Per Pupil	\$ PP Net Inflation	4th Reading		8th Reading		4th Math		8th Math	
			Low	Not Low	Low	Not Low	Low	Not Low	Low	Not Low
2005	9%	4%	7%	0%	-6%	-3%	27%	11%	18%	5%
2007	11%	5%	6%	5%	0%	3%	16%	6%	15%	8%
2009	8%	3%	0%	2%	7%	5%	0%	2%	13%	7%
2011	-1%	-4%	6%	7%	13%	7%	9%	6%	12%	4%
2013	0%	-5%	11%	6%	11%	7%	8%	5%	5%	4%
Source: Census, NAEP; BLS, fiscal year. Low and Not Low refer to student income levels based on eligibility for school lunch programs; Low Income + Not Low Income = All Students.										

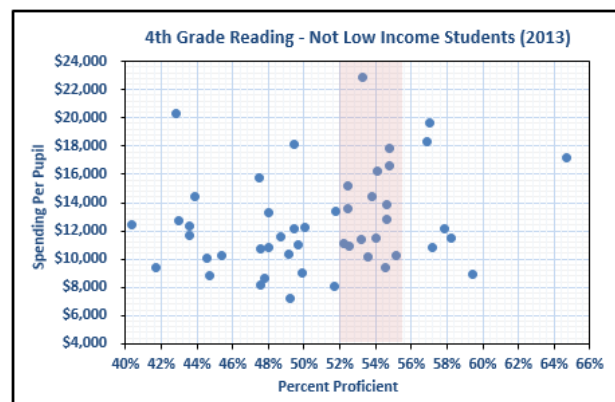
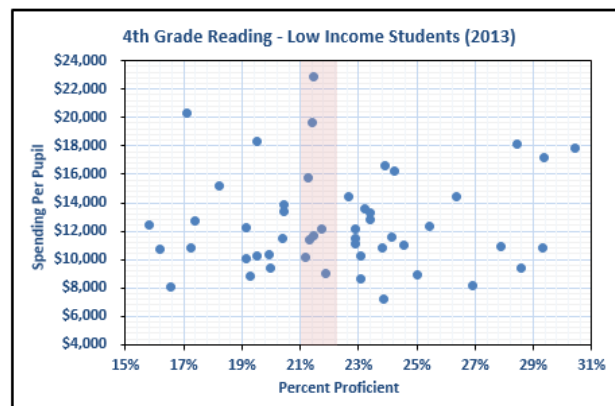
Our analysis is very straightforward; the changes in spending and every measurement of proficiency are examined separately. KASB based their findings on 8-year averages rather than individual years, which masks fluctuations by allowing gains to offset losses; the results are further skewed depending upon the starting point and length of the average. KASB also combines proficiency levels for 4th Grade Reading and Math as well as 8th grade Reading and Math by averaging those four disparate percentages into a single number, which again hides information. That methodology could present the appearance of improvement (especially by careful selection of the 8-year starting point) even though one or more grade levels and/or subjects could be in decline (which indeed happened). Such manipulation may allow KASB to justify more spending but it disregards the importance of understanding the true

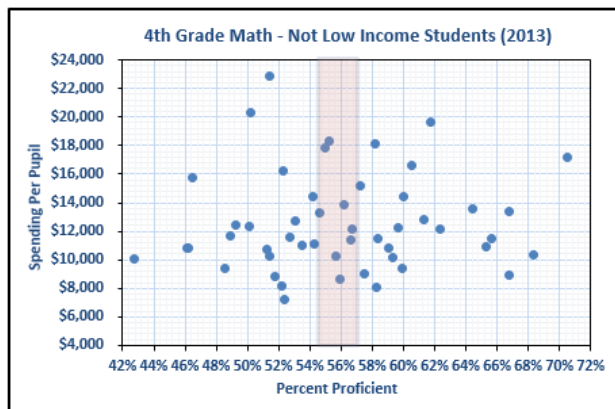
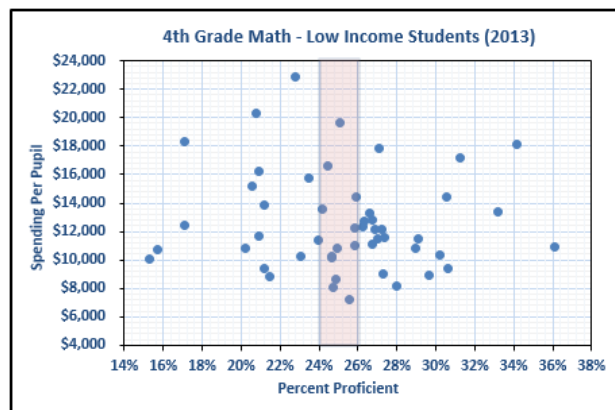
causes of student achievement.

It should be noted our explanation of their methodology is based on our reading of their report; KASB has not responded to requests for their underlying calculations.

KASB also claims that “higher spending states are more likely to have higher results” but once again, the data is contradictory. If spending more money was a “predictor” of higher outcomes, the points on these scatter plots of spending and proficiency levels would be grouped along a line of increasing slope but they are ‘all over the map’.

New York schools spent the most at \$22,902 per-pupil and had 4th Grade Reading proficiency levels of 21% and 53%, respectively, for Low Income and Not Low Income students. North Carolina schools however, spent just \$8,879 per-pupil yet had proficiency levels of 25% and 59%, respectively. There are many other examples all across the proficiency ranges of grade levels, subject and student income groups where states achieved the same or relatively the same outcomes while spending significantly disparate amounts.





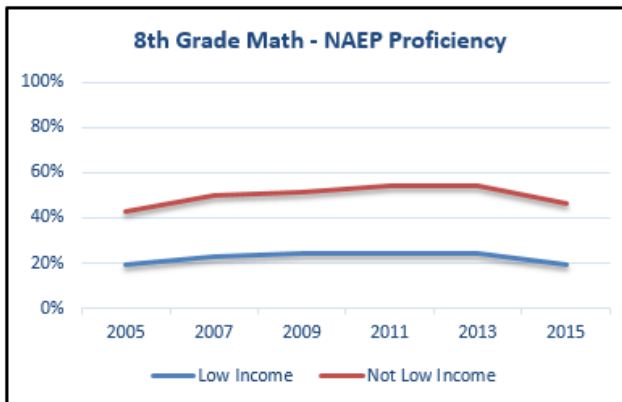
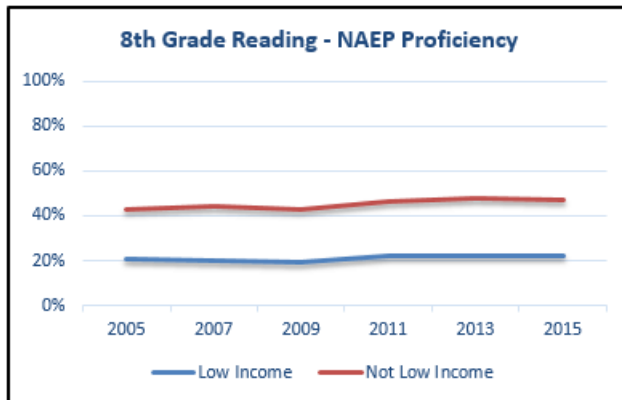
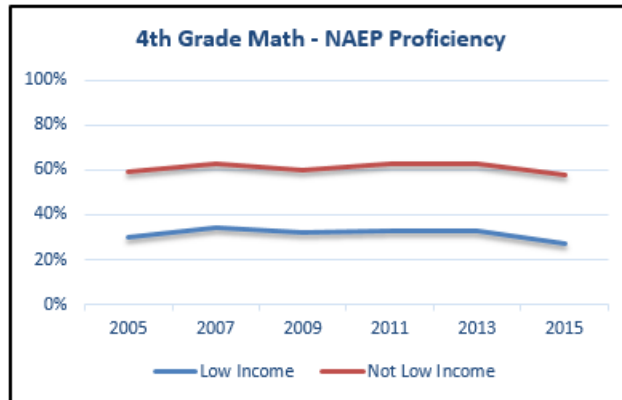
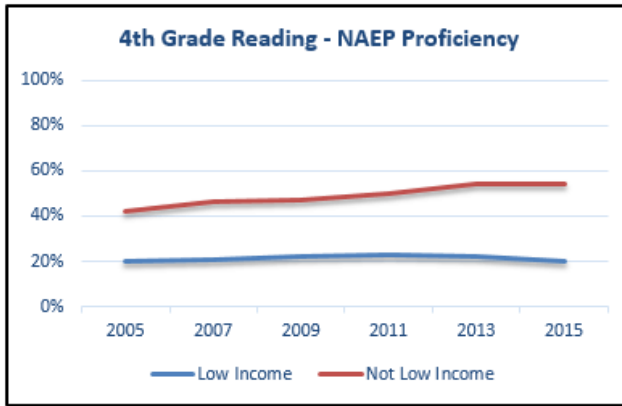
Higher spending would absolutely be a predictor of higher tax bills for citizens but there is no correlation between spending and achievement in the data.

Spending more money may create more opportunity to improve outcomes but only if the extra money is well-spent. As Dr. Hanushek notes, [“It’s absolutely true that if you spend money well, it has an effect,” he said. “But just putting money into schools and assuming it will be spent well isn’t necessarily correct and there is substantial evidence that it will not happen.”](#) And as has been documented [time](#) and [time](#) again over the years, there is certainly is evidence of money not being well spent in Kansas.

Achievement matters, not national rankings

KASB makes much of the fact that national rankings on NAEP declined (“Kansas has fallen from a national leader to merely an above average performer”) and they use that emotional appeal to push for more money. But actual achievement should be the focus instead of national rankings, especially in a nation that doesn’t perform very well. For example, Indiana is ranked #1 for 4th Grade Low Income students in Reading – at just 36% Proficient!

Kansas may have had higher national rankings in the past but look at these proficiency levels and decide for yourself: was achievement in any grade or subject ever at acceptable levels?



After nearly a \$2 billion funding increase over the last ten years, only a quarter or less of low income students and only about half of the rest are Proficient on NAEP Reading and Math exams. A “C” or a “D” may be one of the highest grades in the class but not scoring as badly as one’s classmates is no indication of acceptable outcomes. Attempting to justify pouring more money into the same system that produced these outcomes is simply about getting more money for the system; it most certainly is not student-focused.

The definition of insanity is doing the same thing over and over and expecting different results. We have tried dramatically higher real (inflation-adjusted) spending in Kansas public schools (43.5% per-pupil over the last 25 years) and in public schools around the nation. For Kansas, those increases in spending into the current education system have yielded the results just above. It is time for Kansas policymakers to call a new play. Our students deserve no less.

Post Script: We thank education economists Dr. Erick Hanushek and Dr. Benjamin Scafidi for their review and input on this analysis. For a teacher’s perspective on this subject, see David Dorsey’s thoughts on the [Topeka Capital-Journal Blog](#).