

Approved: 1-31-95
Date

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairman Rochelle Chronister at 3:30 p.m. on January 19, 1995 in Room 519-S of the Capitol.

All members were present except: Representative Gary Hayzlett (excused)

Committee staff present: Ben Barrett, Legislative Research Department
Avis Swartzman, Revisor of Statutes
Lois Thompson, Committee Secretary

Conferees appearing before the committee: Dan Neuenswander, Supt., USD #250, Pittsburg

Others attending: See attached list

Chairman Rochelle Chronister introduced Dan Neuenswander, Superintendent, Pittsburg USD #250 who presented the research report completed by Van Mueller and Terry Schultz, both of the University of Minnesota on the low enrollment weighting component of the Kansas School Financing Plan. This study was commissioned by a group of former "fourth enrollment" schools because of their concern for what they believe to be inequitable funding for some students in Kansas.

Superintendent Dan Neuenswander reviewed the methodology used in the research, findings, and recommendations. The recommendations were: 1) Kansas policy makers should use secondary school size as the unit for determining low enrollment aid since increased costs are directly related to school size in secondary schools. 2) A "ceiling" should be established at "less than three sections" or 300 high school students since this reflects actual relationships between size and cost. A district with 300 students in a 9-12 high school will have approximately 900 to 1000 students, K thru 12. 3) A ceiling should be placed on low enrollment aid which would be equal to twice the base per pupil budget and a linear scale should be developed for high schools with the smallest enrollment up to schools with 300 students. 4) A commitment should be made to "adequacy" as well as equal opportunity and accountability. (The best potential for accountability in Kansas is the Quality Performance Accreditation system.) 5) A commitment should be made to phase in any changes in funding over a three to four year period. (Attachment 1)

The floor was opened to questions by the committee.

Superintendent Neuenswander's closing remarks in response to a question from a committee member stated his personal recommendation. "I think that the legislature in 1992 did a marvelous thing; it got a lot of things 'set right.' . . . as we know in total quality management that most things depend upon continuous improvement and school finance is no different. There is one thing that needs to be improved and that is equity for some schools. I would not recommend changing the linear transition again. I would not recommend taking one nickel from the smaller school districts in the state. I would recommend moving those districts up. I think this could be done very easily statutorily."

The meeting adjourned at 4:37 p.m.

The next meeting of the committee will be January 23, 1995.

**PRESENTATION TO
SENATE EDUCATION COMMITTEE
AND
HOUSE EDUCATION COMMITTEE**

JANUARY 19, 1995

TOPIC:

**REVIEW OF RESEARCH ON LOW ENROLLMENT WEIGHTING
VAN D. MUELLER AND TERRY H. SCHULTZ**

BY:

**DAN NEUENSWANDER
SUPERINTENDENT OF SCHOOLS
PITTSBURG, KANSAS**

*House Education
Attachment !
1-19-95*

Comments

I want to express my appreciation to you for inviting me to briefly review the school size research completed by Van Mueller and Terry Schultz, both of the University of Minnesota. Their distance from Kansas certainly qualifies them as experts on the subject.

As you know, this study was commissioned by a group of former "fourth enrollment" schools because of their concern for what they believe to be inequitable funding for some students in Kansas.

Included in your handout is a copy of the comments I will make as well as a few of the most critical portions of the 178-page study, including:

- Context of the research
- Assumption and purpose of the research
- Definition of terms
- Statement about the weighting model
- North Central Association standards for both elementary and secondary schools
- Summary
- Policy recommendations, and
- Information about the authors.

I will take the liberty of making a few editorial comments, even to the point of omitting one segment of the study that I believe to be not pertinent to the subject of equitable funding.

I do not profess to be an authority either on the subject or on this particular study, but I will be glad to answer questions following my comments. There are others in the audience who can answer more directly and will have more information on many questions.

My comments will include a brief review of:

- Methodology
- Findings
- Recommendations

Methodology

1. One of the difficulties in studying comparative educational costs is the wide diversity of programs offered from school to school. In an effort to find a program standard upon which to base this study of comparative school costs, the researchers used North Central Associations standards. The NCA standards used are on pages 7-11 in the information you received.

Using any "standard" presents some problems, and there are at least two obvious limitations in using the NCA standard.

1. The NCA program standards are less comprehensive than many schools use. However, using the NCA standards does provide a comparative cost analysis which establishes a "pattern" of costs, and this pattern can arguably be applied to additional programs selected by schools.

2. In small schools it is not always possible to find teachers with the right multiple certification to allow for maximum efficiency.
2. The researchers used an average teacher salary of \$32,000 and a principal salary of \$52,000 to establish comparative cost. While the salaries may be high or low, this does recognize that the major cost for schools is personnel.
3. The researchers made a conscious effort to study the cost of delivering a NCA standard program at two different levels, grades K-6 and 9-12. The research looked at:
 - Differences in the cost of delivering services between K-6 and 9-12
 - Differences in the cost of delivering services for varying school sizes within K-6 and within 9-12.

This points out another limitation of the study; i.e., no provisions were made for comparative costs of grades 7 and 8. Depending on the district's grade level organization, grade 7 and 8 costs might more nearly reflect either the elementary costs or the secondary costs.

4. The researchers divided school sizes by "sections" which are multiple equivalents of 25-30 students per grade level. They reviewed the staffing and instructional resources necessary to provide the NCA required program for 1, 2, 3 and 4 section schools.
5. The researchers included a subject which is only indirectly related to the study of comparative costs of differing school sizes. They looked at the issue of schools that are necessarily small due to geographic isolation as opposed to those that are "small by choice". They set a ten (10) mile limit as the distance standard for high schools with less than 100 students. If the high school has less than 100 students and is within 10 miles of another high school, particularly if the other high school was in the same district, they declared this high school to be "small by choice".

My prepared comments today will not include further discussion on this part of the study because it is not directly related to today's discussion, relative costs of varying sized districts.

6. The Mueller and Schultz study also includes an exhaustive and excellent review of research related to:
 - School size effects on students achievement, participation in extracurricular activities, dropout rate and student-teacher relationships.
 - Equal opportunity for students.
 - Funding practice in other states and Canada.
 - Rural schools and rural culture.

Findings

1. Using the North Central Staffing and Expenditure standards for elementary schools (K-6), there is as much variance within groups of one, two or three section schools as there was between one or two section schools as a group and three or four section schools as a group.

This indicates that variance in staffing costs at the elementary level is not necessarily related to size of school.

2. Using the North Central Staffing and Expenditure standards for high schools (9-12), there is a significant increase in base costs for one section schools over two section schools. It also costs less to offer the basic program in three section schools than the same program in two section schools even though the difference is less pronounced. The cost to provide the basic program for schools larger than three sections tends to level out.

This indicates that high schools with less than three sections per grade (approximately 75 students per grade or 300 students in grades 9-12) must either reduce the quality of the program or increase the per pupil expenditure. Therefore, diseconomies of scale require that low enrollment weighting be provided for small high schools because of resulting increased costs for providing educational programs.

3. A review of actual school expenditures shows that small school districts spend less per pupil than the low enrollment weighting formula allows at the elementary level and that they allocate a disproportionate amount of low enrollment funding and for high school programs. This actual expenditure review supports findings one and two which are based on a more theoretical model.

Recommendations

The researchers recommend that:

1. Kansas policy makers should use secondary school size as the unit for determining low enrollment aid since increased costs are directly related to school size in secondary schools.
2. A "ceiling" should be established at "less than three sections" or 300 high school students since this reflects actual relationships between size and cost. A district with 300 students in a 9-12 high school will have approximately 900 to 1000 students, K-12.
3. A ceiling should be placed on low enrollment aid which would be equal to twice the base per pupil budget and a linear scale should be developed for high schools with the smallest enrollment up to schools with 300 students.
4. A commitment should be made to "adequacy" as well as equal opportunity and accountability. (The best potential for accountability in Kansas is the Quality Performance Accreditation system.)
5. A commitment should be made to phase in any changes in funding over a three to four year period.

Policy Research on the Low Enrollment Weighting Component of Kansas School Financing

Context of the Research

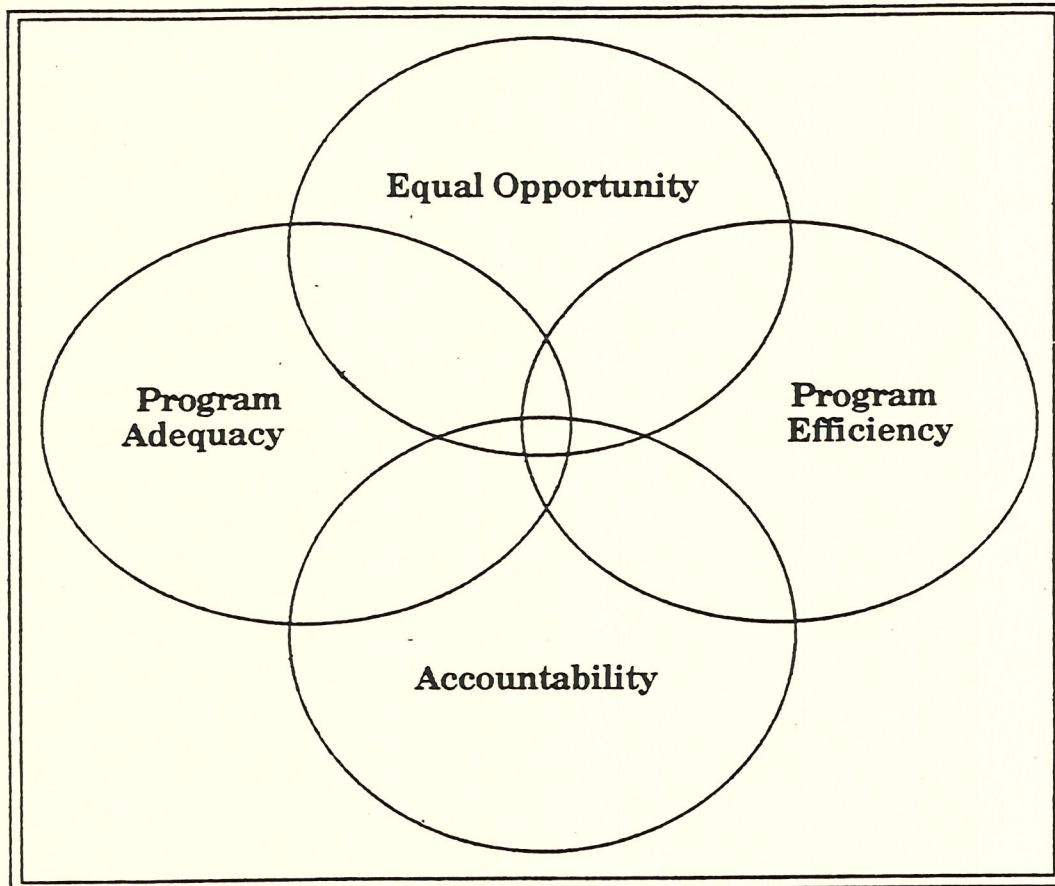
In December, 1993, Judge Maria Luckert declared the school funding formula in the State of Kansas "irrational". Despite the Supreme Court's recent action overturning the lower court's decision, the funding formula in Kansas remains inequitable and inefficient. This funding, based on a linear scale, provides phantom student units for education in rural and small school districts. Districts with fewer than 1,900 are funded with a .95 proration enrollment weighting factor, providing them with estimated enrollment (FTE) and estimated weighted enrollment. One consequence of this formula is the provision of very low pupil teacher ratios in "small" school districts, providing opportunities not available in larger districts. Because the current funding formula is linked to spending rather than to program costs, inefficiencies also result. This combination of inequity and inefficiency constitutes poor public policy.

Geographical isolation creates necessarily small schools, and for these schools, low enrollment weighting is essential to insure provision of adequate instructional programs. However, Kansas' school funding formula does not discriminate between districts that are small because of geographical isolation and districts that remain small by choice. Since the cost of providing education in Kansas accounts for a large proportion of the state's budget, efforts to improve pupil and taxpayer equity must, for reasons of economy, look beyond the existing policy allocating phantom units to districts with fewer than 1900 students which are currently considered "low enrollment" districts in Kansas.

The lower court's decision found the concept of low enrollment weighting to be permissible, but ruled that extending this weighting to schools with up to 1,900 students was excessive. After this judicial decision was announced, efforts to examine alternative funding procedures based upon factors considered "rational" were initiated. Criteria guiding the development of rational school funding programs are presented in Figure 1. Information from several sources was utilized to develop alternative funding formulas for Kansas:

Figure 1

School Finance: Rational Considerations for Policymakers



Rational Educational Funding Policies Reflect Commitment to:

Equal Opportunity: Funding provides access to adequate instructional programs for *all* students, regardless of school/district size and location

Program Adequacy: Funding guarantees all qualified schools are funded at the level required to provide adequate instructional programs, with "adequacy" determined through application of widely accepted standards

Accountability: Funding is based upon the costs of providing instructional programs for;

School/districts in different geographic areas
Students with differing instructional needs

Efficiency: Funding encourages instructional delivery systems that are cost effective, reflecting economies of scale

- Current school funding research (See Appendices D-H)
- Information about school funding in other states and Canadian provinces (See Appendix I)
- Existing data about Kansas districts and schools

Assumptions and Purposes of the Research

Development of alternative school funding models for the State of Kansas was guided by the principles of equity, adequacy and efficiency. The following goals were considered to be essential:

- Funding formulas must be *rational*. That is, their development must reflect objective criteria linked to effective public policy for funding educational programs. Since the current funding formula in Kansas has been judged "irrational" alternative formulas must *not* be based solely upon historical precedent.
- Funding must provide equity through an *adequate instructional program* available for all pupils, regardless of district/school size. Program adequacy must be determined based upon a widely accepted standard.
- Funding must accommodate *economies of scale*, which result in increased costs of providing educational programs for students in schools that are necessarily small because of geographic isolation.
- Funding must be *efficient*, with low enrollment support provided only to those districts meeting criteria establishing them as necessarily small because of geographic isolation factors. Providing additional revenues to districts not meeting these criteria who remain small by choice is neither rational or efficient.
- The unit of measurement (district or school) for determining low enrollment aid must reflect the level at which issues related to size actually affect economies of scale and ability to offer adequate programs.
- Funding formulas must reflect "best practice" identified through examination of current research and funding policies in other states.
- Alternative funding formulas must be tested hypothetically and through application of data from selected, representative districts in Kansas, to insure the implications of implementation are well understood.

Definition of Terms

Program Adequacy	Extent to which instructional program provides access to educational programs judged to be comprehensive in depth and breadth according to a widely-recognized external standard.
North Central Association	Establishes program standards for universities, colleges and schools to promote ongoing internal and external evaluation leading to improved instruction. NCA services are provided in 18 states, including Kansas.
Effective	Ideas and activities involved in education that best facilitate the regular and systematic development of the learner (Good, 1973).
Efficiency	Ability to achieve desired results with economy of time, effort, and fiscal resources in relation to the amount of work accomplished (Good, 1973). "There are two ways in which efficiencies can be achieved: (a) holding the quality/output constant while lowering the cost; or (b) holding the cost constant while raising the quality/output. Value measurements of a school or school district's efficiency are greatly complicated by the absence of tangible outputs and standard definitions of quality in the world of education" (Nachitagal & Haas, 1988, p. 9-10).
Economy of Scale	Relationship between size of organization and cost of providing services.
Production Function	Relationship between factors of production and output. In schools, this suggests that access to standardized, consistent instructional programs is necessary to produce consistent outputs, or learning.
Low Enrollment Weighting	Recognizes and compensates for higher fixed and operating costs per pupil which are necessary to provide an adequate educational program in low enrollment districts.
Unit of Measurement	Particular category used to determine funding. Kansas' current school funding program allocates low-enrollment aid using the district as the unit of measurement. Recommendations from this research suggest that high schools should be the unit of measurement for determination of low-enrollment aid.

Geographical Isolation/ Necessarily Small	Isolation that is due to factors beyond the control of local decision-makers. Districts may be small because of low population density, physiographic features that impede pupil transportation, or other factors that limit reorganization options (Bass, 1980).
Rural	Any area that is not urban is considered rural. The United States Bureau of Census defines an urban area as either (a) an area consisting of a central city and surrounding densely settled area with a combined population of 50,000 or more; or (b) a community of 2,500 or more people (U.S. Department of Commerce, 1990).
Section(s)	Multiple equivalents of 25-30 students per grade level. Used to determine staffing and instructional resources required to offer particular instructional programs.

Creating and Testing Low-Enrollment Weighting Models

Design Considerations

The goals of "adequacy" and "efficiency" guided the development of alternative school funding models for Kansas;

- **Funding adequacy** refers to support for provision of instructional programs for *all* students conforming to established standards
- **Funding efficiency** refers to established standards for qualification of "necessarily small schools", differentiating between those which are small by choice, and those which are small by necessity because of factors related to geographic isolation

Rational school funding policies establish **ceilings** for low enrollment weighting, providing additional funding to those schools which are too small to support a minimum program. They also establish **floors**, or standards which differentiate between schools that are necessarily small or small by choice, providing low enrollment funding to those schools which qualify as necessarily small because of factors related to geographic isolation.

To develop a rational formula, current educational funding research was examined, approaches used in other states and in Canadian provinces were reviewed, and instructional program standards were studied (See Appendix I). Using this background information, criteria for adequacy and efficiency were identified.

Rationale

School finance research and existing funding policies document the importance of providing supplemental school aid to districts and schools with low enrollment as a means of insuring equity and access to quality instructional programs for all students, regardless of the size and location of their school. These funding programs are based upon understanding that economies of scale result in higher fixed and operating costs for comparable programs in small schools. Policy makers who support programs such as low-enrollment weighting recognize that without supplemental funds, small schools will be unable to offer comprehensive programs, resulting in limited opportunities for the students they serve. Such programs are considered "inadequate" and therefore unacceptable.

Several issues require resolution when developing low-enrollment weighting model for school funding;

- What is meant by "program adequacy?"
- Is there is difference in ability to offer comprehensive programs in small districts between elementary and secondary schools?
- At what enrollment level is the size of school sufficient to allow program adequacy without supplemental aid?
- What is the most appropriate unit of measurement - district or school?

For this research, "program adequacy" was determined according to standards established by the North Central Association (NCA). These and similar standards are used in states and schools throughout the nation and are widely recognized as indicators of instructional quality, systematic internal and external evaluation, and ongoing efforts toward school improvement. The Standards are summarized in Exhibits 1 and 2 and are listed as program components in Tables 1, 2, and 3.

To determine the relationship between school size and the cost of offering instructional programs meeting North Central standards, hypothetical school models were developed for one, two, three, and four section elementary and high schools, with "section" referring to the number of classrooms per grade level. These hypothetical models are shown in Tables 1, 2, and 3.

Exhibit 1

North Central Association Standards for Elementary Schools

Summary of Standards Guiding Kansas School Finance Policy Recommendations

- **Pupil/Professional Staff Ratio:** Ratio of pupils to teachers and other professional staff members shall not exceed 20 to 1. Enrollment in kindergarten class shall not exceed 25.

- **Administrative Staffing:**

<u>Enrollment</u>	<u>Administrative Staffing Required</u>
Fewer than 251	At least half-time principal
251 to 599	Full-time principal (more than one school, maximum of 450 students)
600 to 800	Full-time principal plus at least half-time assistant principal

- **Pupil Personnel Services:** School shall provide for guidance services, provided by guidance counselor or other specially trained personnel.

- **Media Services:**

<u>Enrollment</u>	<u>Media Staffing Required:</u>
Fewer than 400	1/2 time specialist, or 1/5 time specialist and full-time aide
400 to 999	1 full-time or 1/2 time specialist and full-time aide

Exhibit 2

North Central Association Standards
for High Schools:
Summary of Standards
Guiding Kansas School Finance Policy Recommendations

Staffing

- **Student/Professional Staff Ratio:** Ratio of students to teachers and other professional staff members shall not exceed 25 to 1.
- **Administrative Staffing:**

<u>Enrollment</u>	<u>Principal</u>	<u>Assistant Principal</u>
Fewer than 250	.5 FTE	
250 to 500	1.0 FTE	
501 to 1000	1.0 FTE	.5 FTE

- **Pupil Personnel Services:** Qualified guidance counselors must be provided at a ratio of 1 for each 450 students, with not less than a half-time counselor.
- **Media Services:**

<u>Enrollment</u>	<u>Qualified Specialists Required</u>
Fewer than 300	At least half-time specialist
300 to 499	At least full-time specialist or half-time specialist and full-time aide

Curriculum and Instruction

- **Program of Studies:** School shall offer and teach at least 38 Carnegie units or their equivalent each year in grades 9 through 12 in the following areas:

<u>Subject (s)</u>	<u>Carnegie Units</u>
Language Arts	4 units
Science	4 units
Mathematics	4 units
Social Studies	4 units
Foreign Languages	At least 2 units of 1 foreign language
Fine Arts	At least 1 unit in art and 1 unit in music
Practical Arts	4 units in subjects such as business, industrial or vocational courses, homemaking, agriculture
Health and Physical Education	1 unit

SOURCE: North Central Association of Colleges and Schools. NCA Policies and Standards for Schools - 1992-94.

Table 1

Elementary Staffing and Expenditure Requirements for Uniform, Comprehensive Program*

	One Section School (175 students)			Two Section School (350 students)			Three Section School (525 students)			Four Section School (700 students)		
	FTE**	Average Salary***	Total Salary	FTE	Average Salary	Total Salary	FTE	Average Salary	Total Salary	FTE	Average Salary	Total Salary
Regular Classroom Teachers	6	\$32,000		12	\$32,000		18	\$32,000		24	\$32,000	
Instructional Specialists: Music, Art, Physical Ed.	1.5			3			4.5			6		
Special Education	1.5			3			4.5			6		
Kindergarten	.5			1			1.5			2		
Media	.5			1			1			1		
Counselor	.5		\$336,000	1		\$672,000	1		\$976,000	1		\$1,280,000
Principal	.5	\$52,000	26,000	1	\$52,000	52,000	1	\$52,000	52,000	1	\$52,000	52,000
TOTAL PROFESSIONAL STAFF/SALARIES	11.0		\$362,000	22.0		\$724,000	31.5		\$1,028,000	41.0		\$1,332,000
Professional Staff/ Student Ratio	1:15.9			1:15.9			1:16.7			1:17.1		
Professional Staff Salaries/ Student ***			\$ 2,069			\$ 2,069			\$ 1,958			\$ 1,903

1-13

* "Uniform Comprehensive Program" is defined as meeting current North Central Accreditation (NCA) standards
 ** FTE = Full-Time-Equivalent
 *** Based on average salaries for teachers and principals in Kansas

71-1

Table 2

High School Regular Classroom Teacher Requirements for Uniform, Comprehensive Program*

Subject Area	One Section School		Two Section School		Three Section School		Four Section School	
	FTE**	Number of Sections	FTE	Number of Sections	FTE	Number of Sections	FTE	Number of Sections
Language Arts	.67	4	1.17	7	1.83	11	2.17	13
Science	.67	4	1.0	6	1.33	8	1.67	10
Mathematics	.67	4	1.0	6	1.33	8	1.67	10
Social Studies	.67	4	1.17	7	1.83	11	2.17	13
Foreign Language	.33	2	.33	2	.5	3	.67	4
Fine Arts								
Art	.17	1	.33	2	.5	3	.67	4
Music	.17	1	.33	2	.5	3	.67	4
Practical Arts	.67	4	1.0	6	1.33	8	1.67	10
Business								
Industrial Arts								
Home Economics								
Vocational								
Agriculture								
Health/Phys. Ed.	.17	1	.33	2	.5	3	.67	4
Elective or Discretionary	2.17	13	0	0	0	0	0	0
SUB-TOTAL	6.36	38	6.67	40	9.67	58	12.03	72
Study Hall Section	1.17	7	1.17	7	1.17	7	1.17	7
TOTAL	7.53	45	7.84	47	10.84	65	13.2	79

* "Uniform Comprehensive Program" is defined as meeting current North Central Association (NCA) standards
 ** FTE = Full-Time-Equivalent

Table 3

High School Staffing and Expenditure Requirements for Uniform, Comprehensive Program*

	One Section School			Two Section School			Three Section School			Four Section School		
	FTE**	Average Salary	Total Salary	FTE	Average Salary	Total Salary	FTE	Average Salary	Total Salary	FTE	Average Salary	Total Salary
Regular Classroom Teachers												
Language Arts	.67	\$32,000		1.17	\$32,000		1.83	\$32,000		2.17	\$32,000	
Science	.67			1.0			1.33			1.67		
Mathematics	.67			1.0			1.33			1.67		
Social Studies	.67			1.17			1.83			2.17		
Foreign Language	.33			.33			.5			.67		
Fine Arts												
Art	.17			.33			.5			.67		
Music	.17			.33			.5			.67		
Practical Arts	.67			1.0			1.33			1.67		
Business												
Industrial Arts												
Home Economics												
Vocational												
Agriculture												
Health/Phys. Ed.	.17			.33			.5			.67		
Study Hall	1.17			1.17			1.17			1.17		
Elective or												
Discretionary	2.17			0			0			0		
Media Generalist	.5			.5			.5			1.0		
Counselor	.5		\$272,960	.5		\$282,560	1.0		\$393,600	1.0		\$502,400
Principal	.5	\$52,000	26,000	.5	\$52,000	26,000	1.0	\$52,000	52,000	1.0	\$52,000	52,000
TOTAL PROFESSIONAL STAFF/SALARIES	9.03		\$298,960	9.33		\$308,560	13.3		\$445,600	16.2		\$554,400
PROFESSIONAL STAFF/STUDENT RATIO	1:11.1			1:21.4			1:22.6			1:24.7		
PROFESSIONAL STAFF SALARIES/STUDENT			\$ 2,990			\$ 1,543			\$ 1,485			\$ 1,386

* "Uniform Comprehensive Program" is defined as meeting current North Central Association (NCA) standards
 ** FTE = Full-Time-Equivalent
 *** Based on average teacher's and principal's salary in Kansas

1-15

Summary

Summary of Design Concepts

This report offers compelling information for policy makers who make difficult decisions about the nature of support provided for educational programs. The proposed formula provides accountability through equal access to adequate instructional programs. Linking funding to instruction, rather than to spending provides a guaranteed minimum program.

Outcomes of the current funding formula in Kansas suggest that inefficiencies are encouraged when funding programs allow districts capable of offering adequate programs to staff at levels far beyond those considered necessary by credible professional associations such as NCA. This analysis also suggests that standards should be established differentiating between schools that are necessarily small because of factors related to geographical isolation, and schools that remain small by choice. Economies of scale have a significant impact on the cost of educational programs in small schools, and where factors of geographical isolation require this inefficiency, state support should be provided. Policy makers must decide, however, whether to continue to support programs that are small by choice, not necessity.

Proposed Funding Formula: Similarities to and Differences from Current Practice

The recommended low enrollment weighting model is similar to existing practice in Kansas, which provides supplemental funding to small school districts. It differs from the current formula by using high schools (9-12) rather than school districts as the unit of measurement, and recommends that both floors and ceilings be established for low enrollment funding. The current formula is driven by spending considerations. In contrast, the proposed alternative formula is driven by program considerations, and by the development of criteria for qualification as a "necessarily small" school. This alternative formula will provide funding to schools which are small because of geographic isolation rather than small by choice.

Summary of Recommendations

Examination of the implications of Kansas' LEA program revealed clear themes which should guide policy makers as they consider funding reforms. These

Exhibit 4:

Policy Recommendations for LEA Reform

The Kansas Legislature should:

- Commit to the timely opportunity to provide adequacy, efficiency and accountability in school funding, through provision of a comprehensive LEA model which addresses both **program adequacy and efficiency**.
- Commit to a **program-based definition of LEA** need and to an **excess cost model** providing LEA support based solely on 9-12 enrollment.
- Commit to a **ceiling** (program adequacy) for qualification for LEA based on three-section high school (grades 9-12 = 300 students) and school district of 975 FTE students.
- Commit to a **floor** (efficiency) for eligibility for LEA based on one high school per district, a single-section 9-12 enrollment of 100 or greater, and a distance to the nearest high school of greater than ten miles.
- Commit to a system of **transition** funding for districts with enrollments greater than 975 and less than 1900 and for districts that are small by choice (less than one section in grades 9-12 (100 students), with another high school closer than ten miles). This transition should phase out LEA over four years at an annual rate of \$300 per student, or 25% of current LEA per pupil, whichever is the lesser.
- Commit to an interim level of support for LEA for all eligible districts based on an adjustable linear scale model with per student funding in grades 9-12 ranging up to \$3600 per student, or at a level equal to the current state support.
- Acknowledge the continued existence of the six small school districts with two high schools and apply the same eligibility standards to the high schools in these districts.

are summarized in Exhibit 4. First, the State should adopt funding procedures including program based definitions of LEA need, providing this support to insure program adequacy in small high schools. The formula should specify a floor and ceiling, providing production and efficiency functions. High schools that are small due to geographic isolation should be differentiated from those which are small by choice, with LEA funding provided only to those meeting qualification as "necessarily small." Finally, policy makers should develop transitional plans to phase in these restrictions on LEA, providing decreasing interim aid to districts that do not qualify under the new formula.

The funding formula recommended for implementation in Kansas is based upon rational factors. It reflects current research related to funding K-12 educational programs, analysis of factors affecting schools in Kansas, and provides accountability through its focus on opportunity to learn through equal access to quality instructional programs. By guaranteeing Kansas' students access to such programs, defined according to a well-established standard, and by limiting support to schools legitimately incurring excess costs due to economies of scale, Kansas policy makers will fulfill their obligation to constituents and future citizens, by providing access to educational opportunities that respect geographical realities and are cost effective.

About the Authors

Van D. Mueller has been a professor of Educational Policy and Administration at the University of Minnesota since 1964, serving as department head from 1972-1981. His areas of specialization and research focus include school finance and citizen involvement in education policymaking. He has K-12 teaching and administrative experience in Michigan and the Michigan Department of Public Instruction.

Van has served as an expert witness for plaintiffs in school finance equity cases in Minnesota, North Dakota, Missouri, South Dakota, Wyoming and Kansas.

He is actively involved in national and international educational organizations, including the American Educational Finance Association (past president, yearbook editor), National Parent-Teacher Association (past national treasurer and vice-president), and Institute for Educational Leadership (Minnesota Site Coordinator). He is on the Editorial Board of the *Journal of Educational Finance*.

Van is a graduate of Central Michigan and the University of Michigan, with his doctorate earned in educational administration from the Michigan State University. In 1980, he was honored with MSU's Distinguished Alumni Award.

Van can be reached at (612) 624-7093.

Terry H. Schultz is on the faculty of the University of Minnesota's Educational Policy and Administration program, specializing in educational leadership, politics, and finance. She has also organized and taught in liberal arts college graduate programs in education in the Minneapolis-St. Paul area.

Working in the public schools for 20 years, she was a special education teacher in the Minneapolis Public Schools, and served as a middle school principal, high school principal and assistant superintendent in several suburban districts. She continues to be actively involved in professional development activities for educational leaders in Minnesota school districts.

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