

MINUTES OF THE SELECT COMMITTEE ON SCHOOL FINANCE

The meeting was called to order by Chairman Kathe Decker at 9:00 A.M. on February 2, 2006 in Room 313-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research
Art Griggs, Revisor of Statutes Office
Ann Deitcher, Committee Secretary

Conferees appearing before the committee:

Barb Hinton, Division of Post Audit
Kathie Sparks, Legislative Research
Pattie Wolters, USD 105, Rawlins County
Jerry Cullen, Supt. - USD 220 , Ashland
Steve Adams, Supt., - USD 425 & 433
Terry Holdren, Kansas Farm Bureau
Mark Tallman, KASB
Val DeFever, Schools for Quality Education

The Chair introduced Barb Hinton who offered additional information relating to the cost study enrollment weights. (Attachment 1).

Scott Frank of the Division of Post Audit answered questions of Committee members.

Kathie Sparks explained various parts of the Post Audit report. (Attachment 2). Questions and answers followed.

Pattie Wolters addressed the Committee on the need for low enrollment weighting funds. (Attachment 3). Ms Wolters answered questions asked by the Committee.

Speaking in support of funding of low enrollment weighting was Jerry Cullen. (Attachment 4). A brief question and answer session followed.

Next on the agenda was Steve Adams to offering testimony in favor of low enrollment weighting. (Attachment 5). Questions and answers followed.

Terry Holdren spoke to the Committee regarding his organization's support of both correlation and low enrollment weightings. (Attachment 6).

Mark Tallman testified on KASB's opinion in regard to the Legislative Post Audit report. (Attachment 7). Questions and answers followed.

Val DeFever addressed the Committee of the Schools for Quality Education's views on low enrollment weighting. (Attachment 8).

Mark Desetti of KNEA offered written testimony only regarding low enrollment weighting. (Attachment 9).

The meeting was adjourned at 10:30 a.m. The next meeting is scheduled for Tuesday, February 7, 2006.



MEMORANDUM

Legislative Division of Post Audit

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TO: House Select Committee on School Finance
FROM: Barbara J. Hinton, Legislative Post Auditor
DATE: February 1, 2006
SUBJECT: Additional information related to the cost study enrollment weights

Attached are several graphics we prepared to help Committee members better understand how enrollment weights were developed as part of the cost study. These include the following:

- Estimated costs and resulting low-enrollment weights for the input-based approach (class size 25). The graphics we showed in the report were for a class size of 20.
- Estimated costs and resulting low-enrollment weights for the outcomes-based approach (the cost study report hadn't included a graphic showing the estimated costs under this approach).
- A comparison of the low-enrollment weights for these two approaches with the current funding formula (the graphic we've shown in other presentations related to a class size of 20).

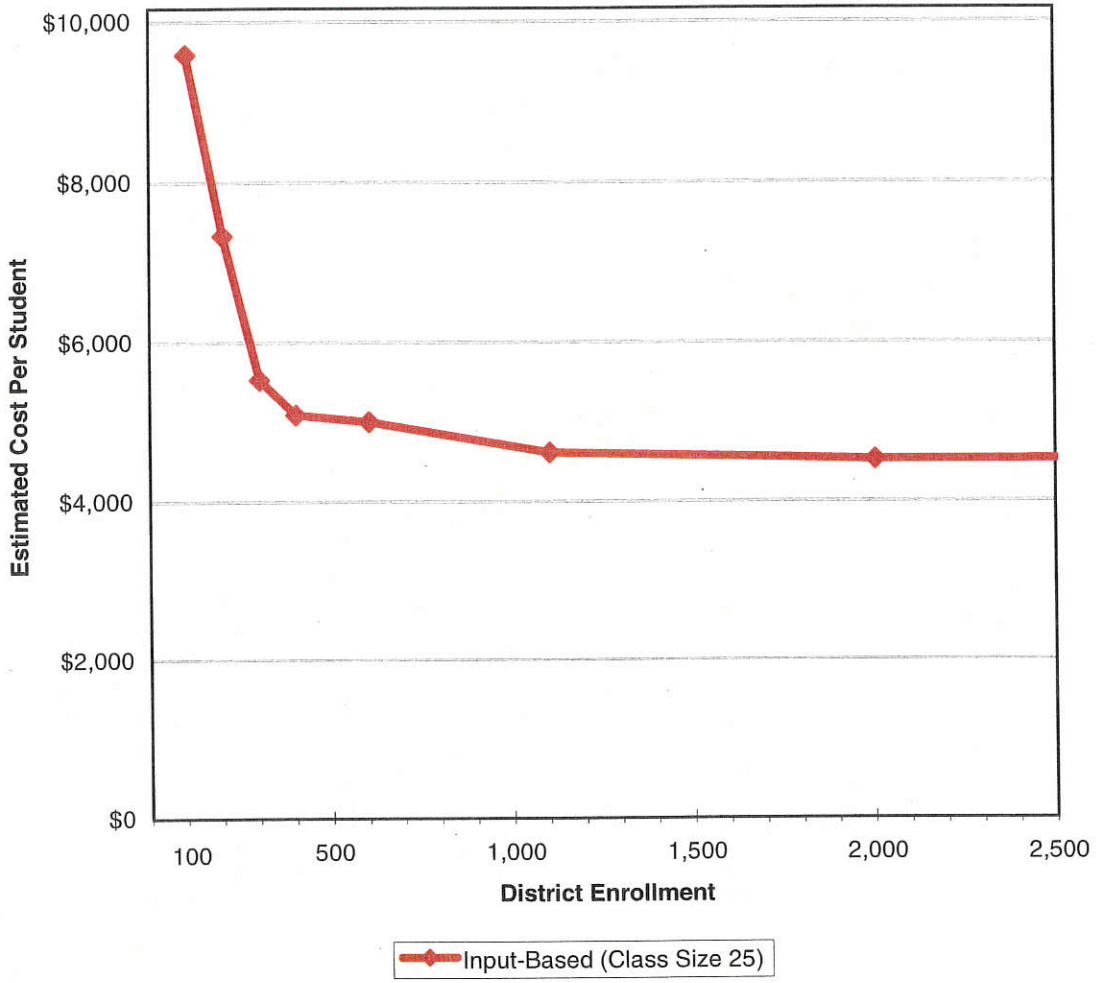
Two additional points I'd like to mention:

First, unlike the areas of Special Education and transportation, our calculation of enrollment weights was not based on an evaluation / modification of the existing formula. As shown on the attached graphics, that calculation is simply a function of how much higher the estimated costs for lower-enrollment and higher-enrollment districts are than the base.

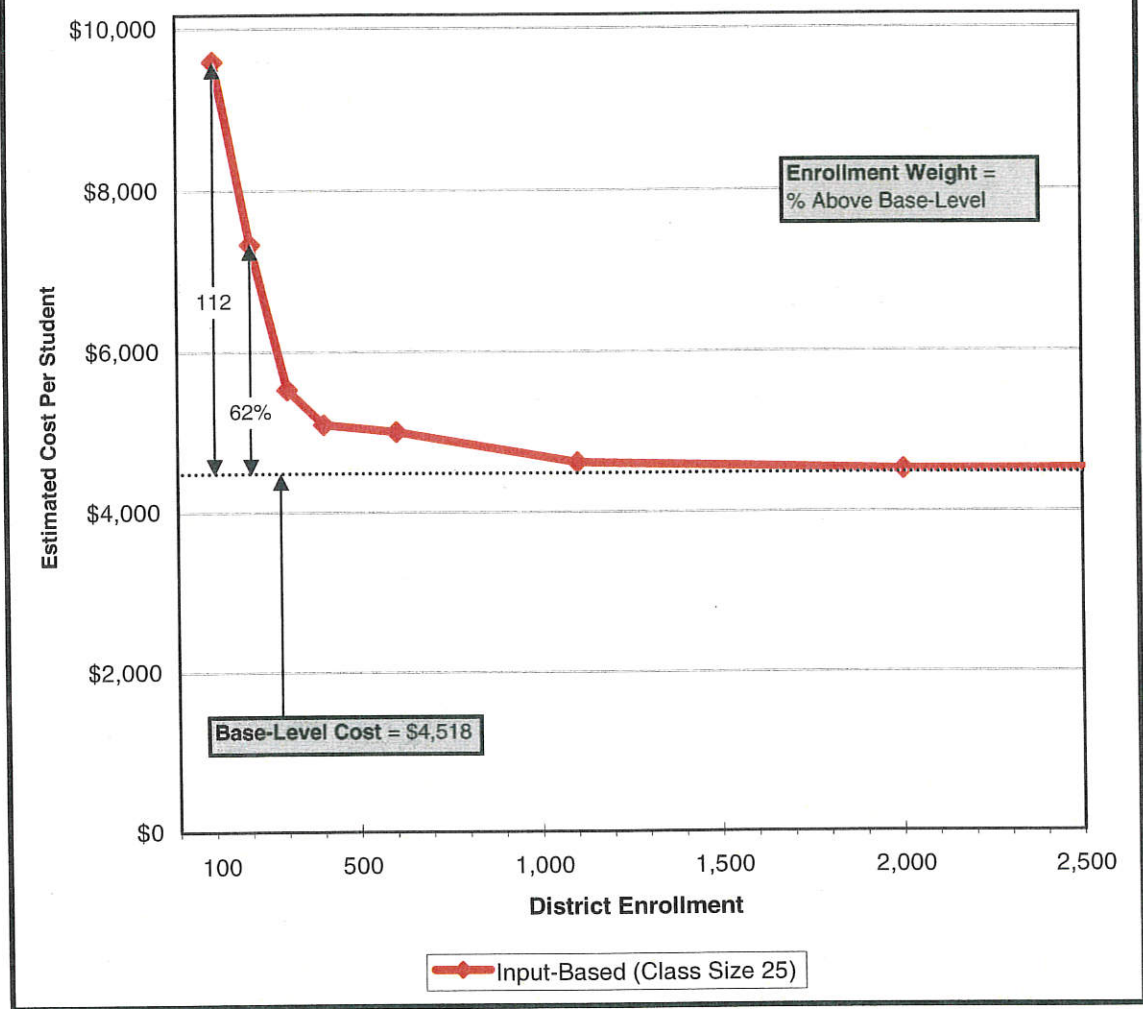
Second, it's our understanding that the current enrollment weights were based on districts' spending levels. The enrollment weights in the cost study are based on estimated costs (for providing what's mandated by State statute, or for achieving performance outcome levels adopted by the Board of Education).

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Attachment # 1-1

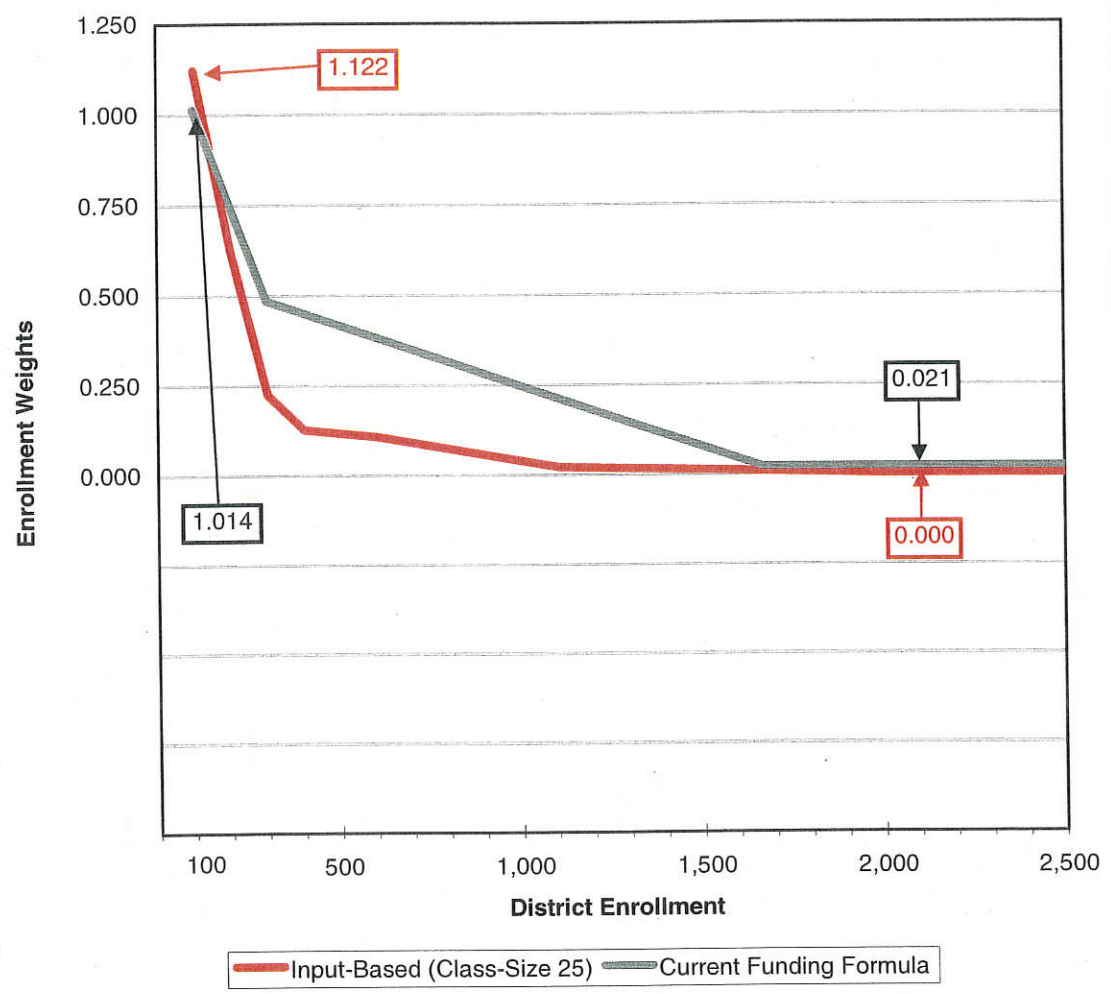
**Estimated Cost Per Student
INPUT-BASED (Class Size 25)
2006-07 School Year**



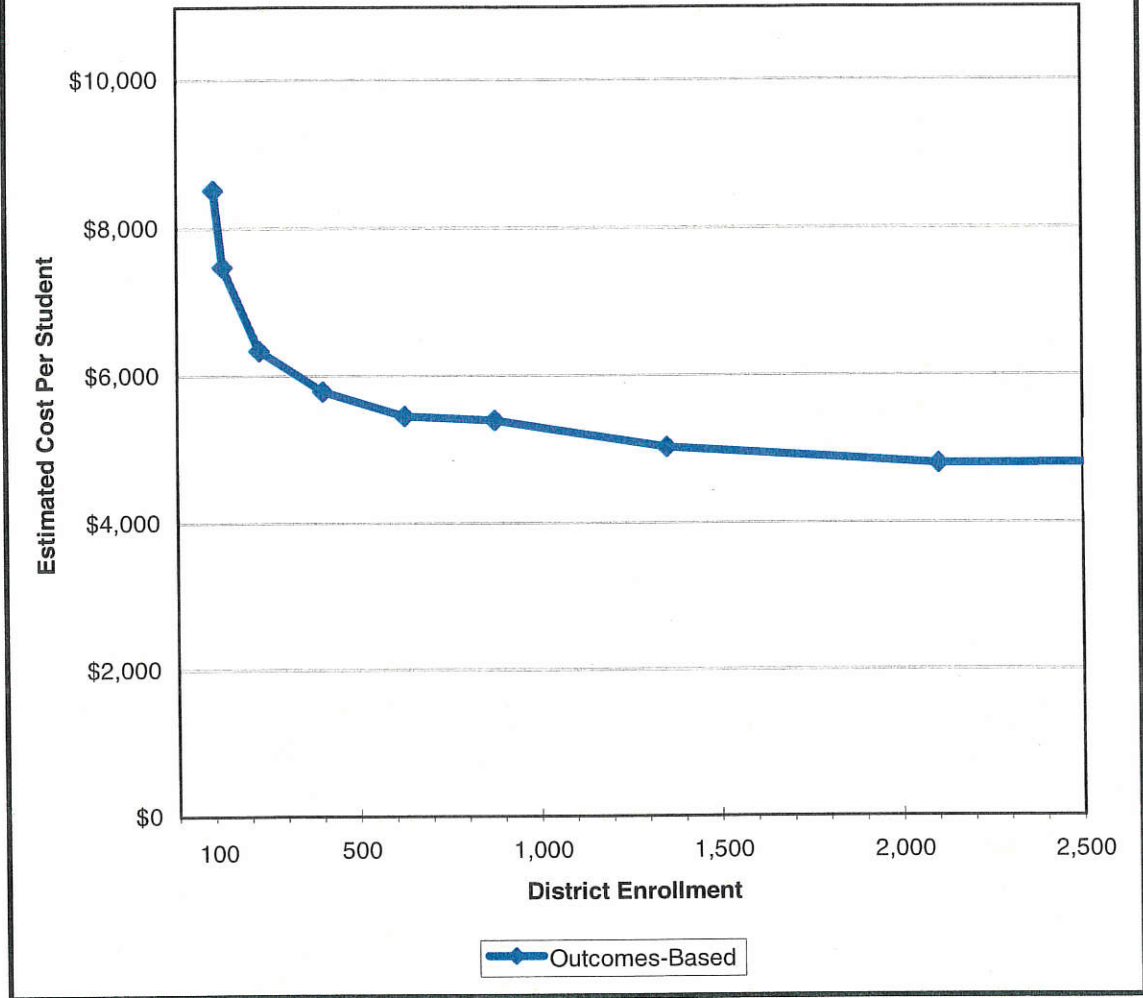
Calculating Enrollment Weights INPUT-BASED (Class Size 25)



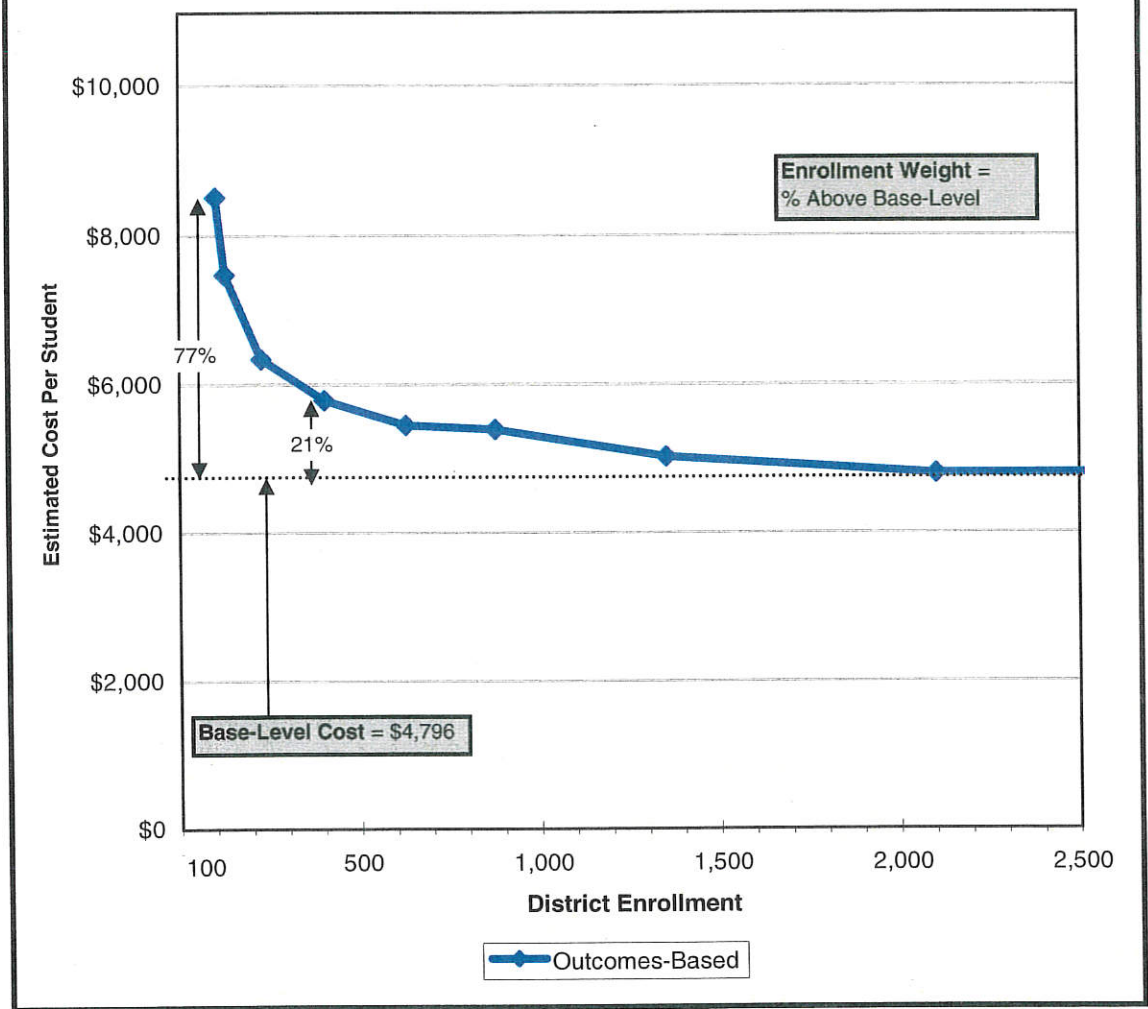
**Comparison of Enrollment Weights
INPUT-BASED (Class Size 25) and CURRENT FUNDING FORMULA**



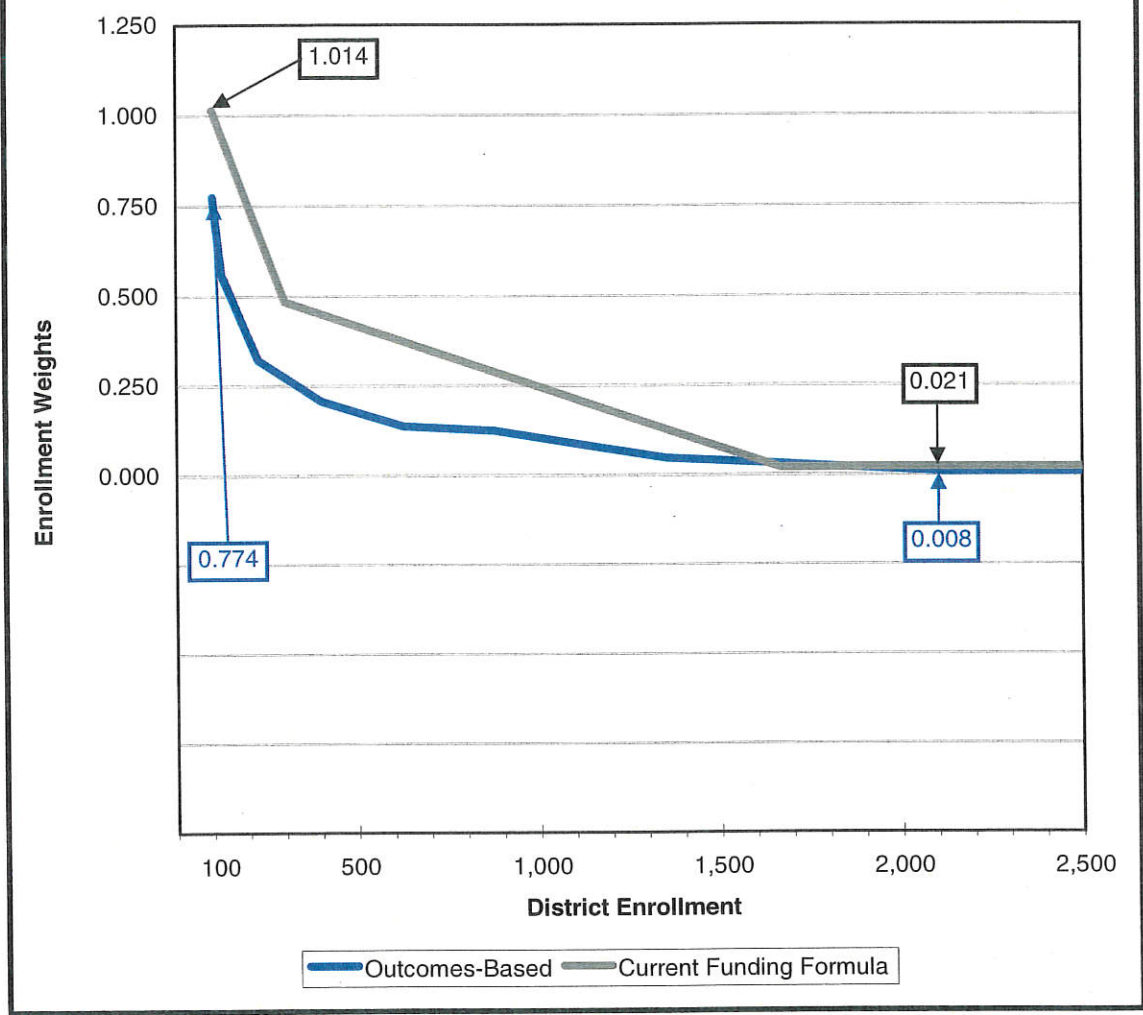
Estimated Cost Per Student
OUTCOMES-BASED
2006-07 School Year



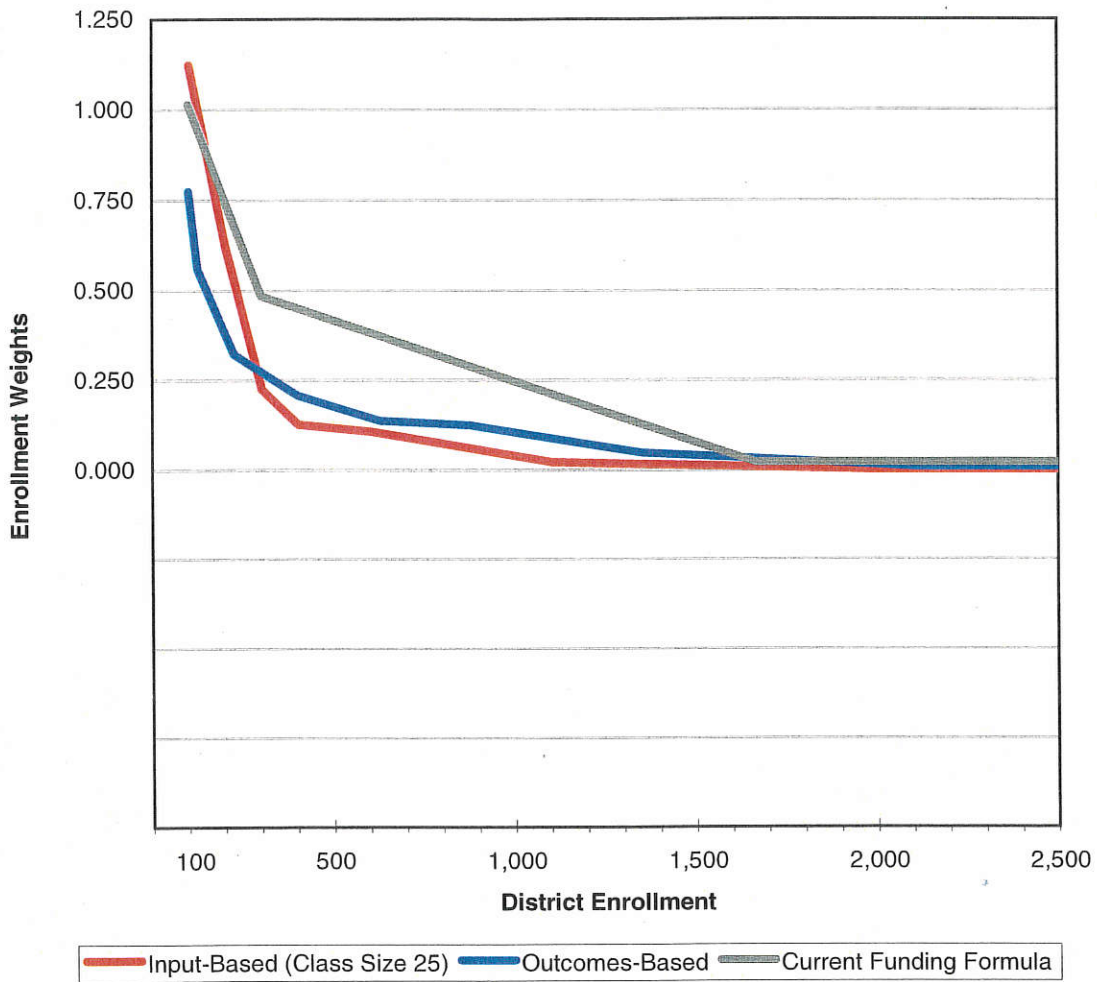
Calculating Enrollment Weights OUTCOMES-BASED



Comparison of Enrollment Weights
OUTCOMES-BASED and CURRENT FUNDING FORMULA



Comparison of Enrollment Weights
INPUT-BASED, OUTCOMES-BASED, and CURRENT FUNDING FORMULA



Low-Enrollment Weighting and Correlation Weighting

page 18 also has inputs and class size considerations for Low and Correlation weightings.

Current law 100 students and less factor	$1.014331 \times \$4,257 = \$4,318.$
LPA (outcomes) 100 students and less factor	$0.773 \times \$4,257 = \$3,291$
Current law 1,662 students and over	$.021450 \times \$4,257 = \91.31
LPA (outcomes) 1,700 students and over	$.008 \times \$4,257 = \34.06

The enrollment weights estimated with the cost function are lower than those in the current formula, especially for very small districts. Education research has shown that a district's size can significantly affect the cost of educating students. Specifically, smaller districts tend to cost more because they have smaller class sizes and therefore relatively more teachers, and few students over whom they can spread their fixed administrative costs. Page 36.

Page. C-30 explanation of difference between current law and LPA report:

1. The enrollment effects estimated in a cost function are likely to be lower than simple comparisons of per pupil spending by district size, because cost functions control for other factors affecting costs, such as student performance, poverty, teacher salaries and efficiency.
2. The cost function includes 10 enrollment categories compared to three enrollment categories in the present formula, which captures more accurately the sharp drop in costs between districts with 100 students to districts with 500 students.

Page 36 Graph

Rawlins County USD 105

Rawlins County USD 105 is the new district formed from the Atwood and Herndon Consolidation in 2003. Small School districts are located throughout the state of Kansas. It is important to note why a district is small. Population density dictates that our school is small. USD 105 is 740 square miles, or about 30 miles by 25 miles. We are located in the center of Rawlins Co. with schools 30 miles to the east, south, and west and Nebraska bordering on the north. In the last ten years, we have lost 245 students and now have 354 students in our district. We are not small by choice, we are small by necessity.

Cost cutting measures

Moved district office to elementary school and sold district office building.
Closed one school building (former Herndon School).
Cut administration in half. Our district now has a 7-12 Principal and a Superintendent/Elementary Principal.
16 fewer teaching positions in the last 5 years.

LOB and Consolidation Budget

The Atwood District prior to consolidation was at the maximum 25% LOB. USD 105 has the combined Atwood and Herndon Budgets for a period of four years. With these additional funds, we have been able to maintain 6 teaching positions that would otherwise have been cut, in addition to doing some capital improvements and technology upgrades. The LOB is at 19% this year. USD 105 will certainly be at 27% when we revert to the regular budget in the 2007-2008 school year, just to cover basic operating expenses.

Opportunity gap

It is recognized that there is an achievement gap for some students in Kansas, but we must also recognize that there is an opportunity gap that exists for many students in small rural schools. Our consolidation was driven by the need to provide opportunity for students. With cuts that have already been made to low enrollment weighting and further cuts recommended by the Post Audit report, USD 105 is now looking at losing our ability to provide those opportunities to our students. We would lose the 6 teaching positions mentioned above, as well as 2 or 3 more. Operating within the dollars of our regular state school budget we would probably first cut parts of positions equal to two teacher positions. Then each regular education position we cut would be cutting a department: Vocational Education, Industrial Arts, Technology/Business, Art, or Physical Education. At risk is also our AP Calc and AP English classes with only 3 -5 students in each class. Can a small school offer what a large district can? Obviously, no we can't, but we should be able to offer our students a selection of classes and excellence in the basics.

Select Comm. on School Finance

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Attachment # 3-1

Teacher Salary Costs

The Post Audit Study shows that small districts pay lower salaries than larger districts and therefore need less money to pay those salaries. I look at it differently. Small school Boards of Education have been more conservative when giving teacher salary raises. By giving smaller raises, we have been able to stretch our salary dollars and have one or maybe two more teachers.

Increasing cost we have to cover

Utilities and the fuel used in transportation are increasing. Transportation for a large-area, low density district is high. Living in the far Northwestern corner of Kansas means we travel a long way to many student school events and for meetings for teachers, administrators, and boards.

Economic Development aspect of Small Schools

The sale of the Herndon School Building to Cencast, an Oregon company whose mission is to be the recognized leader in the field of small detailed precision castings, was finalized in January. The company will be expanding their operation to the former Herndon School Building. They plan to have 10 jobs at the former school by the end of the year, with plans to add 5 additional jobs each year for the next 3 years. When they visited Rawlins County they inspected the schools from top to bottom. They were impressed with the achievement scores and our schools.

The Need for Low Enrollment Weighting Funds

Post Audit shows USD 105 total funding would be lower. It also moves much of the Low Enrollment Weighting Funds to At Risk Funding. Our Achievement Gap is smaller and our need for At Risk Funds probably won't be as great. We will not be able to use At Risk Funds to pay for Regular Education Teachers. Loosing our flexibility to use funds where they will best serve our student population could limit the opportunities our students have. We need Low Enrollment Weighting funds to maintain regular education teaching positions.

We can't eliminate another building or another administrator. We have consolidated and are 30 miles from each of the schools bordering us. Low Enrollment Weighting is what gives us the ability to maintain the opportunities we offer our students.



Pattie Wolters

USD 105 Board of Education President

House presentation
Jerry Cullen, Ashland USD 220
High School Reform

District Administrator Feb. 2006

No effective educational strategy has been as widely replicated as small schools. The Gates foundation has helped districts in every corner of the country launch more than 2,000 new small high schools. The foundation cites studies that show students in small high schools score higher on tests, pass more courses and go on to college more frequently.

West Clermont School District in Ohio, transformed two large high schools into a total of 10 theme-based small schools. Since the change, graduation rates increased, and student discipline incidents have fallen by almost 40%.

In the High School reform article, it also pointed out that breaking apart a bad traditional school into small schools was successful only if the other elements of a good school were present.

Effect of Post Audit

*Actual general fund money for salaries, supplies, and utilities for regular education students range from a cut of 3.58% to 17.65% depending on the plan used in low enrollment districts. Those schools that qualify for correlation weighting had an increase in general fund money of 3.2% to 19.47%. Transportation and Bilingual had some negative effect on the general fund budget but the drop in low enrollment weighting attributed for this major cut in funding for regular education students in low enrollment districts.

Quote from Post Audit Study Analysis pg.113

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Researchers currently know "very little about the relationship between the organization of resources and productivity and efficiency."

To determine low enrollment weighting on the input side of the study it relies on the staffing needs at each level. I would like to give you an idea of the teaching staff cuts needed to arrive at the current input based recommendations. In a low enrollment district, cuts in teaching staff would average 29% of the total teaching staff, while at the correlation weighted schools the average cut was 13.5%. In Ashland, a school district with 204 students, we would have one English teacher, and one science teacher, one social studies teacher, and one math teacher. Each one of these teachers would have six preparations per day with science and social studies teacher having dual certification. We would not be able to offer any technical writing, literature, reading, annual, forensics, physics, Applied Math, or College Algebra/Trig. We would have one physical education teacher K-12, one band/vocal K-12 (don't know if there is enough time in the day to do both) and one industrial arts teacher. That leaves us with 1.1 teachers left for business, computers, art, foreign language, and family and consumer science. In non-instructional staff, we were allotted one librarian, .5 computer technician, .5 counselor, 1 principal, 2 secretaries, .5 superintendent, 1 district level clerical, and .2 human resource. We would only have to cut about five teachers and a number of support personnel. When Low Enrollment and Correlation Weighting is determined with this kind of input, we end up with this massive cut in Low Enrollment Weighting and an increase in Correlation Weighting from .021 to .029 (18/23 students) or \$89 to \$142 per student which is a 37% increase. Many small schools had Low Enrollment weighting cut by 50% and some up to 70%.

In our brief to the Supreme Court, Schools For Quality Education also addressed the issue of the opportunity gap for students which exists between the large and small districts. Students in small schools currently can meet the Regents Recommended Curriculum but should have the opportunity for the wide variety of classes at many large schools. With this additional cut in Low Enrollment Weighting, the gap will continue to grow and we won't be able to meet all the requirements.

Small districts will continue to lose staff because of six preparations per day, which is impossible if we expect them to be creative, innovative, and well prepared. The average salary of teachers with 500 or less students is \$8,349 lower than schools with a student population over 500. With this additional drop in Low Enrollment Weighting, we will find it more difficult to find highly qualified and effective teachers because that salary gap will continue to increase. Low Enrollment Weighting was reduced for the 2005-06 school year in a range of \$326 to \$542 per student while correlation weighting schools had a decrease of only \$179.

Some of the efficiency-related variables in the post audit study, such as property value per student in a district, or assessed valuation per pupil favors large districts. In a breakdown of LOB state aid, which is based on assessed valuation per student, the 51 largest districts received an average of 37% state aid for over \$88 million while the smallest 51 districts received only 9% LOB state aid for \$600,000, and the total general fund for those 51 small districts was only \$73 million. These figures are based on 2003-04 data so the gap would be even greater today. In the post Audit Study it stated that the appropriate measure of aid is actually per pupil income divided by per pupil.

Regional Cost Index

The cost study stated we can't assume that districts pay teachers what the market commands, so we included variables in the teacher-wage model that accounts for efficiency. One of those variables was per student property value or assessed valuation per pupil which accounts for fiscal capacity. This is supposed to indicate that we have access to money; therefore we are inefficient. This is one more way to attack low enrollment weighting. The cost of Living index which is based on cost of housing in a region, and the Community Amenities which is based on the distance from Kansas City or Denver, have nothing to do with cost of education in Kansas. In defining working conditions the study again use a density factor with free lunch students which will always hurt small rural districts. If we want to look at factors that have an effect on low enrollment weighting consider that a teacher in my district will pay about \$350 per month for an apartment and my daughter who teaches in Kansas City pays about \$450 per month but the prices for any other item in our community will be much greater. Fuel in Ashland will generally be 15 to 20 cents more than in Dodge City or Wichita. Price of supplies is higher and we must always add transportation cost. To hire a technician we not only pay more to get them to come to Ashland but we will pay additional mileage charge. Every cost we have from salaries, utilities, supplies, transportation when divided by a small number of students will be much higher compared to a large district.

To arrive at a Teacher Salary Index the Post Audit Study **estimate** the salary for a full time teacher operating at average level of efficiency and from that they determine a statewide average **estimated** salary, then they divide the **estimated** salary in the district by the statewide **estimated** salary and multiply by 100. Then to determine a regional cost index they cut the salary index in half. When working with this estimated salary or regional cost index, one sees that low enrollment district again are penalized for paying low

salaries. I can assure you if we had the funds our teacher salaries would increase.

We have had to make cuts in every aspect of our district from classified to administrators to live within our budget. We have also condensed bus routes, installed an energy management system, cut activities personnel and gone to a four-day school week. Up to this point we have not cut any academic programs. With the recommendations from the post-audit study, Ashland USD 220 will have to cut programs, staff and it will be impossible to meet all the QPA requirements and offer a quality education.

Student performance was based only on reading assessment, math assessment and graduation rate, with reading and math assessments counting for six times more weight. Quote from Post Audit Study "For district that are exceeding outcomes, this approach will identify a level of spending that would be sufficient to allow them to meet outcomes". I also share with you that 83% of school districts with enrollment of 500 or less met or exceeded the standards so they will lose money because they have done a great job.

Testimony to House Education Select Committee
February 2, 2006

Madam Chairperson and Members of the Select Committee,

My name is Steve Adams. I am joint superintendent for Highland USD 425 and Midway USD 433 often referred to as Doniphan West. I am accompanied by Dennis Stones, superintendent of Sabetha USD 441 and Brian Harris of Nemaha Valley USD 442. Our purpose is to share the devastating effect that the funding formula suggested in the Legislative Post Audit Cost Study would have on rural schools and kids of northeast Kansas. The problem is that the formula reduces low enrollment weighting which is the weighting that equalizes educational opportunity for rural kids. In addition, existing general fund money is redistributed to at-risk, special education, and bilingual programs creating less dollars for general education programs. The formula also reduces transportation and vocational education allocations. There is not enough new money put into the formula to offset the redistribution and reductions in program funds and low enrollment weighting. If the Outcomes Model is applied, the following reductions in general education funding will occur:

Hiawatha USD 415	\$334,138
Sabetha USD 441	\$387,458
Nemaha Valley USD 442	\$343,729
Highland USD 425	\$211,726
Midway USD 433	\$200,321

(Attached are detailed reductions for each district)

The effect will be devastating to rural Kansas kids. The scope of general education programs in rural Kansas will be narrowed! Rural kids will become disadvantaged! In my own districts, general education programs would most likely have be cut to the point where our high school students will not have access to the Qualified Admissions and the Regents curriculums. Our schools would have to cut programs and staff to the point where state accreditation would be in jeopardy. Our students will become disadvantaged when they compete for continuing education and employment opportunities.

Please be aware that rural Kansas school districts are not wasteful. We work hard to maximize every dollar. As example, I serve two districts that share a superintendent. My boards of education closed two Jr./Sr. high schools and established a shared high school in Highland and a shared middle school at Midway. The districts share transportation program expense, a technology coordinator, librarian, several teachers, property, and contracted services. My boards of education work very hard to use existing funding in creative ways to maintain viable and competitive programs in a very efficient manner. The Outcomes Model suggest a combined cut of \$412, 047 to general education. That's devastating!

Please maintain low enrollment weighting and fully fund special education, at-risk, bilingual, vocational education, and transportation. Thank You.

Select Comm. on School Finance
Date 2-2-06
Attachment # 5-1

Hiawatha USD 415

Dear Patrons:

The funding of public schools is still in a dilemma, as the legislature listens to yet another study to determine whether schools are adequately funded. The Legislative Post Audit group has presented their findings to the legislature. They reported that public schools need a significant increase in order to meet all the state and federal laws. The amount of needed funds is similar in all the studies that have been commission by the legislature. However, the Post Audit Report was very damaging to rural schools. Most rural schools would receive less state aid while the large metropolitan schools would receive large amounts of new revenue.

The post audit report looked at four possible models. Three were output models that were based on teacher class sizes of 20, 18-23, and 25 students. The fourth model was an outcomes based model. Under the outcomes based model, Hiawatha USD 415 would receive \$260,387 in new revenue. However, we would have to increase the funding to the at-risk program by \$372,525 and special education by \$222,000 for a total of \$594,525. This would mean that we would have to make cuts of up to \$334,138 from regular education programs. The cut should be less since the new state revenue earmarked for special education now should replace some of the general fund money that goes to special education. If the legislature followed the legislative post audit report, it would destroy many rural school districts and would be very harmful to our school district.

The State Supreme Court is still involved with the lawsuit on school funding. When the legislature completes this session, the Supreme Court will once again look at school funding to make sure the legislature has complied with the court ruling. I hope the legislature will act early in the session so we can prepare for the coming school year.

I would encourage you to contact Senator Pyle and Representative Lukert and express your feelings regarding the funding of public schools. Senator Pyle can be reached in Topeka at 785-296-7379 and Representative Lukert at 785-296-7687.

**Impact of the Legislative Post Audit Study
School Finance – Outcomes Model
Sabetha USD 441**

First off I would like to thank you for the opportunity to address your committee this morning. I would like to discuss the ramifications of the legislative post audit report on rural schools of Kansas. Within this report I will attempt to show how the loss of low enrollment weighting will affect USD 441, how my district will lose budget authority for discretionary spending. (i.e. salaries, utilities, etc.), and discuss the lack of ability to recruit top of the line teachers.

I will compare Sabetha USD 441's current formula to the outcomes formula. It appears in general fund base we will receive an additional \$370,149.00 and lose \$573,442.00 in low enrollment if the outcomes formula is used. This is a net loss to our operating budget for non- mandated programs of \$203,293.00. We will lose \$19,503.00 in Vocational funds, \$41,096.00 in transportation funds, a regional cost adjustment of \$37,565.00. The loss in the mandated funds mentioned above will necessitate more money being transferred from the general fund to make up the difference. The cost of operating these programs will not go down. We have already cut bus routes to the bare minimum and vocational needs continue to climb.

USD 441 will receive an increase of \$243,672 in At-Risk funds, \$162,416 in Special Education and \$21,800 in Bilingual. Although this is great we are under strict guidelines on how the money can be spent. It cannot be used outside of the designated programs, thus losing discretionary funds that once could be spent for day-to-day operations of the district.

As in most rural districts, we too have made cuts in staff resulting in larger class sizes. We have been able to do this through attrition but now any cuts being made will require cutting programs. It doesn't make sense to me to cut a program because there is no money and start after school programs with the use of special funds. Try and explain that to the parents.

We could possibly pick up an additional \$179,345.00 in the LOB for a total net loss of \$122,112 from current discretionary funds. This will not allow for an increase in utility cost, increase in insurance benefits, bus fuel, supplies, technology, salary increases, etc. I suspect many other districts are in the same situation but with different amounts. These calculations do not take into consideration the projected drop in enrollment of approximately 15 students next year. If these 15 students were all in the same class we could probably cut another teacher, but they are not.

USD 441 is also determined to begin an all day kindergarten program to provide opportunities for children so as to not leave any children behind. I believe the large districts need more funds to help their At-Risk population, but I don't believe that rural school students should suffer because of it. By reducing the amount of discretionary money for our district it will hamper our ability to provide a solid education for the students of USD 441, including the proposal for all day kindergarten.

We continue to struggle to hire the best teachers because many young people coming out of college today want to move to the city where they have more leisure time activities available. Many times salaries are better and the teachers are being offered signing bonuses. If we could compete in salary and benefits we might be able to entice teachers to stay in the profession and in rural areas. An example of this is that I have been advertising for a high school English teacher since October and have as yet to find one.

In conclusion, I would just like to ask that you consider not taking the low enrollment factor away from rural schools. Believe in your local boards. Trust them to spend the funds appropriately according to the needs of their students.

**Impact of the Legislative Post Audit Study
School Finance – Outcomes Model**

U.S.D. 442, Nemaha Valley Schools, Seneca, KS would lose a total of \$156,645 without “hold harmless” or 4.3% of our general fund budget. However, this does not tell the real story. We would lose \$484,385 in low enrollment correlation, \$27,814 in vocational education even though we spend up to \$250,000 for vocational programs, and \$17,831 in transportation aid even though the current funding does not pay for the cost of our five bus routes. In addition, we are being penalized \$16,459 for the “Regional Cost Adjustment” even though we have to drive our one hour to major shopping areas and our teachers are being paid below the state average.

We would gain \$100,360 in at-risk money that would be well spent, \$6,039 for a bilingual program we do not have or knew we needed, and \$80,685 for special education that will flow directly into the special education cooperative funds.

The real story is that our discretionary general funding will dramatically decrease by \$343,729 without “hold harmless” or 9.4% of our general fund. Using “hold harmless” this type of funding will still decrease by \$170,624 or 4.7% of our general fund. This is after at-risk and special education increases are taken out as they will not help with general expenditures.

Under any one of the four research models we would lose money.

Effect of Legislative Post Audit Cost Study on Highland General Fund

Model	Difference	Deficiet
<u>Inputs-Based (20)</u>		
Base	+217,277	-183,996
Low Enrollment	-271,682	
At-Risk (+74,153)	-74,153	
Special Ed (+64,985)	-64,985	
Voc. Ed.	-7,674	
Transportation	-7,893	
Regional Cost Adjustment	+25,224	
Hold Harmless	0	
<u>Input-Based (18/23)</u>		
Base	+165,652	-209,559
Low Enrollment	-249,736	
At-Risk (+69,764)	-69,764	
Special Ed (64,985)	-64,985	
Voc. Ed.	-7,674	
Transportation	-7,893	
Regional Cost Adjustment	+24,841	
Hold Harmless	0	
<u>Inputs Based (25)</u>		
Base	+67,071	-104,185
Low Enrollment	-92,982	
At-Risk (+61,383)	-61,383	
Special Ed (+64,985)	-64,985	
Voc. Ed.	-7,674	
Transportation	-7,893	
Regional Cost Adjustment	+24,276	
Hold Harmless	+39,385	
<u>Outcomes Based</u>		
Base	+102,866	-211,726
Low Enrollment	-296,462	
At-Risk (+64,426)	-64,426	
Special Ed (+64,985)	-64,985	
Voc. Ed.	-7,674	
Transportation	-7,893	
Regional Cost Adjustment	+23,548	
Hold Harmless	+103,300	

Effect of Legislative Post Audit Cost Study on Midway General Fund

Model	Difference	Deficiet
<u>Inputs-Based (20)</u>		
Base	+174,985	-151,985
Low Enrollment	-200,966	
At-Risk (+75,772)	-151,985	
Special Ed (+54,154)	-54,154	
Voc. Ed.	-4,981	
Transportation	-12,478	
Regional Cost Adjustment	+21,947	
Hold Harmless	0	
<u>Input-Based (18/23)</u>		
Base	+133,000	-150,130
Low Enrollment	-162,100	
At-Risk (+71,286)	-71,286	
Special Ed (+54,154)	-54,154	
Voc. Ed.	-4,981	
Transportation	-12,478	
Regional Cost Adjustment	+21,869	
Hold Harmless	0	
<u>Inputs Based (25)</u>		
Base	+53,950	-145,195
Low Enrollment	-86,549	
At-Risk (+62,719)	-62,719	
Special Ed (+54,154)	-54,154	
Voc. Ed.	-4,981	
Transportation	-12,478	
Regional Cost Adjustment	+21,736	
Hold Harmless	0	
<u>Outcomes Based</u>		
Base	+82,590	-200,321
Low Enrollment	-292,577	
At-Risk (+65,830)	-65,830	
Special Ed (+54,154)	-54,154	
Voc. Ed.	-4,981	
Transportation	-12,478	
Regional Cost Adjustment	+19,823	
Hold Harmless	+127,286	

PUBLIC POLICY STATEMENT

HOUSE SELECT COMMITTEE ON SCHOOL FINANCE

Re: Correlation and Low Enrollment Weighting

February 2, 2006
Topeka, Kansas

Testimony provided by:
Terry D. Holdren
KFB Governmental Relations

Chairperson Decker, and members of the House Select Committee on School Finance, thank you for the opportunity to appear today. I am Terry Holdren and I serve as the Local Policy Director—Governmental Relations for Kansas Farm Bureau. As you know, KFB is the state's largest general farm organization representing more than 40,000 farm and ranch families across the state through our 105 county Farm Bureau Associations.

Our members have long supported a quality, and adequately funded system of education in Kansas. We realize that within Kansas vast differences exist in population distribution and economic realities. And, that those differences do not always produce students with similar needs or abilities. Likewise, the cost of providing education varies drastically across the state. For example, while housing and the general cost of living may be higher in Johnson County, the cost for teacher recruitment and the ability to recruit teachers in Johnson City also impacts the quality of education there.

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Our membership understands the diversity that Kansas schools must overcome. We support both correlation and low enrollment weightings as a mechanism by which resources can be provided to attempt to bridge the gap.

As you might expect, the recent study by the Division of Post Audit has left us with no small amount of concern. Suggested reductions in low enrollment weighting will have a dramatic impact on schools across rural Kansas, and will significantly impact the next generation of Kansans. Our member adopted policy, developed and discussed in all 105 counties of the state supports continuation of current funding levels for low enrollment and correlation weightings. If alternatives to the current formula are suggested, they should maintain equity among Kansas students so that all students continue to have opportunities to achieve.

Kansas Farm Bureau is committed to seeking solutions to our current funding crisis. Thank you for hearing our concerns today.

Kansas Farm Bureau represents grass roots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS



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Testimony on **Enrollment Weightings**
before the
Select Committee on School Finance

by

Mark Tallman, Assistant Executive Director/Advocacy
Kansas Association of School Boards

February 2, 2006

Madam Chair, Members of the Committee:

Thank you for the opportunity to comment on the issue of enrollment weightings. Tuesday, I provided a copy of the 2006 School Finance Resolution adopted by the KASB Delegate Assembly. In this and previous votes, KASB has taken the following positions on enrollment weightings.

First, we have always maintained there is clear evidence that low enrollment weighting is needed to compensate for the fact that small schools must spread operating costs over fewer students. All cost studies have confirmed that fact.

Second, we have agreed that the base budget per pupil established in 1992 was too low for larger districts. We supported the concept of correlation weighting not because small districts were over-funded, but because large districts were more clearly under-funded. Since 1992, the failure to provide adequate adjustments in the base has left all districts without adequate support from the state.

Third, our members have repeatedly opposed reductions in the level of state support provided to any district. We believe that all districts face rising costs, and should not have their base support reduced or frozen.

An immediate concern of many of our members is that the Legislative Post Audit Cost Studies suggest that state "foundation" support for many small schools would be reduced, particularly under the "outcomes" study. Most of the enrollment weighting reductions would fall on small school districts.

KASB strongly believes that the cost of achieving performance outcomes must be part of any valid cost study. However, the LPA study was an estimate of the cost of achieving outcomes at levels specified by the Kansas State Board of Education for 2006 and 2007. Most Kansas school districts have achieved student proficiency rates well above those standards.

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When the State Board adopted changes in the school accreditation system to comply with the federal No Child Left Behind Act, it set proficiency standards at a very low levels: approximately 50 percent or less. Essentially, the Board placed one starting point where the lowest performing subgroups were in 2002. However, those proficiency standards will steadily increase until 2014, when 100 percent of students are to be proficient.

Many have argued that 100 percent proficiency is impossible. We agree. But we think most Kansans would agree that current standards are NOT acceptable. For example, the 2006-07 standards allow between 30 and 35 percent of students to be "below proficient." We know schools can do better, because most already are. For example, in 2004-05, students statewide exceeded proficiency level for 2007-08 in 5th and 8th grade reading and 4th grade math – three years ahead of schedule. We believe this has been accomplished in part because school districts statewide had added \$570 million to state foundation aid through local option budgets. But it also results from the additional funding provided through low enrollment weighting. Many small districts have very high student proficiency results.

KASB believes it makes no sense to remove funding from districts that are achieving higher outcomes than currently required – especially when that funding will need to be restored in the future if proficiency standards continue to increase. The base amount determined by the cost study will have to increase each year as standards rise. The number of districts "losing" money under the outcomes study and the cost of "hold harmless" drops dramatically from FY 2007 to FY 2008, and is eliminated in FY 2009.

A second major problem is that the outcomes standards only measure reading and math scores. Many small districts show a higher "cost of education" under the input study. While we believe the Supreme Court has clearly said that outcomes requirements must be included in a valid study, it also acknowledged the importance of funding other state requirements. It doesn't make sense to fund schools at the "outcomes" level if that funding is inadequate to meet the state's "input" requirements. We believe suitable funding includes both inputs and outcomes, and must be based on the higher amount for each district.

Finally, KASB believes that the "model" district standards used by the LPA Study to measure inputs may work "on paper," but most districts, especially small ones, could not operate at anywhere close to current levels under any of the class size models. Even the 20 student class size approach assumes fewer teachers than the median of comparison districts, especially for districts of 1,100 students and below. This is true even for the largest districts: for example, the 15,000 student model would provide 6 percent fewer instructional staff under the 20 student class, and 24 percent fewer under the 25-student model.

We do not accept that the higher current staffing levels are simply "optional" personnel that could be eliminated without affecting the quality of education at any level. This is, in part, further demonstration of school districts' over-reliance on the Local Option Budget. If you assume the "most reasonable" inputs study results is based on the 20-student class size (which we suggest is still too large), the additional cost of base or foundation aid in FY 2007 is \$623.7 million for statutory requirements alone. The projected statewide LOB total this year is \$662 million. Most of the current LOB usage is for basic educational requirements that we believe should be funded directly by the state through the base and weightings.

Thank you for your consideration.



Schools for Quality Education

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Low Enrollment Weighting
February 2, 2006

Why would the legislature want to be sure our small schools are funded at a level that would insure their continued presence in rural Kansas? Just what are Kansans getting for their low enrollment dollars?

First we might consider current trends within our society to strive to find ways to avoid creating the setting in which Columbine occurred. To that end we are attempting to create schools within schools. This is to say, policy makers are pressing large schools to create smaller units within our large school settings where students form a "family" and students are connected to a cluster for teaching staff for a long period of time. This is the setting you inherently find in our small rural schools.

Our society has also embraced the idea that No Child Be Left Behind. This is to say that instruction be designed to be sure every child reach a level of proficiency in order to allow him/her to become a productive adult. Test scores are recognized as an appropriate measure of such accomplishment. Schools that succeed at helping children learn to this level are often recognized by the dept of education as schools that have attained the Standards of Excellence. If one goes to ksde.org and looks at the list of these schools he will find a long list of small rural schools.

As school districts strive to reach higher levels of individual student achievement reducing class sizes is more often than not a method sought to accomplish that outcome. The student teacher ratio is well recognized as a appropriate route to that end.

All of these goals are methods and outcomes found in our small rural schools. It seems amazing that these are the goals of our larger schools, yet those who are encourage school redesigns so as to reach higher levels of individual achievement are also inclined to consider reducing the funding that makes small schools so successful.

The recent Post Audit Cost Analysis Study has identified a correlation between dollars spent and the level of achievement attained. We would suggest that the small rural schools model is being sought by larger schools, at the same time efforts are continually being fielded to dismantle these same models in rural Kansas. It would seem to be a contradiction to those of us in rural Kansas who are well connected with our students and are achieving high achievement levels.

Respectfully submitted by
Val DeFever public relations
Schools for Quality Education

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Attachment # 8

"Rural is Quality"



**Mark Desetti, Testimony
House Select Committee
School Finance
February 2, 2006
Enrollment Weighting**

Madame Chair, members of the committee, thank you for the opportunity to submit testimony on the issue of low enrollment weighting and the Legislative Post Audit report.

The Legislative Post Audit study, in applying a class size model to their analysis, recommends a reduction in low-enrollment weighting. While this is somewhat offset by increases in the base and at-risk weighting, it results in decreased funding for many small school districts. The outcomes study has the same effect but partly due to the fact that it examined what schools need to meet this year's student outcome levels in reading and math. Many small schools already exceed this year's standard and so are "punished" for exceeding those standards.

The study recommends that the legislature consider adopting a "hold harmless" provision for schools that would lose funding if all the recommendations were adopted. Given that costs continue to rise – particularly in the areas of insurance, fuel, and utilities – we believe that a "hold harmless" provision is not "harmless."

This new century demands more of us than ever. We struggle in a global economy. We must prepare our young people to lead our state and nation in an economy we could hardly imagine even 20 or 30 years ago. Our nation cries out for multi-lingual people, for creative people, for dreamers and inventors. And we turn to our public schools to make this happen.

Kansas is already near the top on all measures of student achievement in our nation. We must maintain our standing but we must do more. We should not be content to be eighth or fifth or even second. Our goal must be to be first. Where schools are already beyond today's required level of achievement, we must encourage them; we cannot consider that they've got plenty for now and wait until the challenges of future levels becomes so great that they cry out for additional funding.

KNEA commends the Division of Legislative Post Audit for the comprehensive and unbiased study they have placed before the Legislature. We believe that this study confirms what we have long said; that our schools are suffering from inadequate funding within a fundamentally sound formula. To meet the challenges of the 21st century and provide every Kansas student with a quality public education, the Legislature must bear in mind that no child can be left behind. Under whatever solution this Legislature crafts, all boats must rise, all children must be served.

Ensuring that all schools – large and small – are able to maintain and improve the education program for students is essential for the good of those students, the health of their communities, and the economic well-being of our state.

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