MINUTES OF THE HOUSE EDUCATION COMMITTEE

The meeting was called to order by Chairman Clay Aurand at 9:05 A.M. on January 31, 2008 in Room 313-S of the Capitol.

All members were present except:
 Owen Donohoe- excused
 Benjamin Hodge- absent

Committee staff present:
 Theresa Kiernan, Office of Revisor of Statutes
 Dianne Rosell, Office of Revisor of Statutes
 Dale Dennis, Kansas State Department of Education
 Martha Dorsey, Kansas Legislative Research Department
 Sharon Wenger, Kansas Legislative Research Department
 Janet Henning, Committee Assistant

Conferees appearing before the committee:
 Scott Frank, Legislative Post Audit
 Mark Tallman, Kansas Association of School Boards
 Mark Desetti, Kansas National Education Association
 Cheryl Semmel, USA Kansas
 Gary Price, Superintendent, USD 250 (written testimony)
 Bill Reardon, Kansas City, Kansas Public Schools

Chairman Aurand announced to Committee members of the change of meeting room for the week of February 4th only. The House Education Committee will meet in the Docking State Office Building, Room 783 at 9:15 AM.

HB 2605: School finance; high density at-risk formula; linear transition Calculation

Scott Frank, Legislative Post Audit, spoke to Committee members regarding estimating base-level costs for regular education using an outcomes-based approach. This outcomes-based approach was designed to identify the estimated costs of meeting the performance outcomes standards adopted by the State Board of Education. For districts that are not meeting these outcomes, this approach will identify a level of spending that should give them the opportunity to achieve those outcomes, provided they spend their money effectively. For districts that are exceeding outcomes, the approach will identify a level of spending that would be sufficient to allow them to meet outcomes. (Attachment 1)

Mark Tallman, Assistant Executive Director/Advocacy, Kansas Association of School Boards, spoke to Committee members and stated the KASB appears as a proponent of HB2605, but with an important qualification. The KASB supports the concept of a "linear transition" for the high density at-risk weighting, because the KASB believes that districts experiencing a loss in budget authority should have that loss phased-out or cushioned by some mechanism. Requiring a district to lose all of its high density weighting as a result of a small change in the enrollment of students eligible for at-risk funding would require a significant reduction in services for at-risk children.

However, the KASB opposes the provision in this bill that, in effect, funds the linear transition by reducing aid to the districts with the highest percentage of low income children. The school finance resolution adopted this year by KASB expressly supports additional at-risk funding. The KASB has taken that position based on the clear evidence that increased at-risk funding has dramatically increased achievement for all students. (Attachment 2)

Mark Desetti, Kansas National Education Association, urged the Committee to consider amending **HB 2605** with a hold harmless provision before passing the bill out favorably. (Attachment 3)

Cheryl Semmel, Executive Director, USA Kansas, told Committee members that **HB 2605** is intended to modify K.S.A. 72-6455 and replace the 40 percent and 50 percent benchmarks for determining at-risk funding

MINUTES OF THE House Education Committee at 9:05 A.M. on January 31, 2008 in Room 313-S of the Capitol.

with a linear transition that increases funding as the percentage of students eligible for free meals increases. USA Kansas supports implementing a linear transition formula for high-density at-risk students, while at the same time expressing concerns about the technical aspects of **HB 2605.** (Attachment 4)

Gary Price, Superintendent, USD 250, gave written testimony in support of the concepts of **HB 2605.** (Attachment 5)

Bill Reardon, Kansas City, Kansas Public Schools, spoke to Committee members in opposition of **HB 2605** and requested the Committee alter the bill to provide state funding or to allow the legislation to once again die until the State will cover the cost of this change in the school finance formula.. (Attachment 6)

A question and answer session followed the presentations.

The Chairman closed the hearing on **HB 2605.**

The meeting adjourned at 10:30 AM. The next meeting is scheduled for February 4, 2008 in the Docking State Office Building, Room 783 at 9:15 AM.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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1.2: ESTIMATING BASE-LEVEL COSTS FOR REGULAR EDUCATION USING AN <u>OUTCOMES-BASED</u> APPROACH

This outcomes-based approach was designed to identify the estimated costs of meeting the performance outcomes standards adopted by the State Board of Education. For districts that are not meeting these outcomes, this approach will identify a level of spending that should give them the opportunity to achieve those outcomes, provided they spend their money effectively. For districts that are exceeding outcomes, the approach will identify a level of spending that would be sufficient to allow them to meet outcomes.
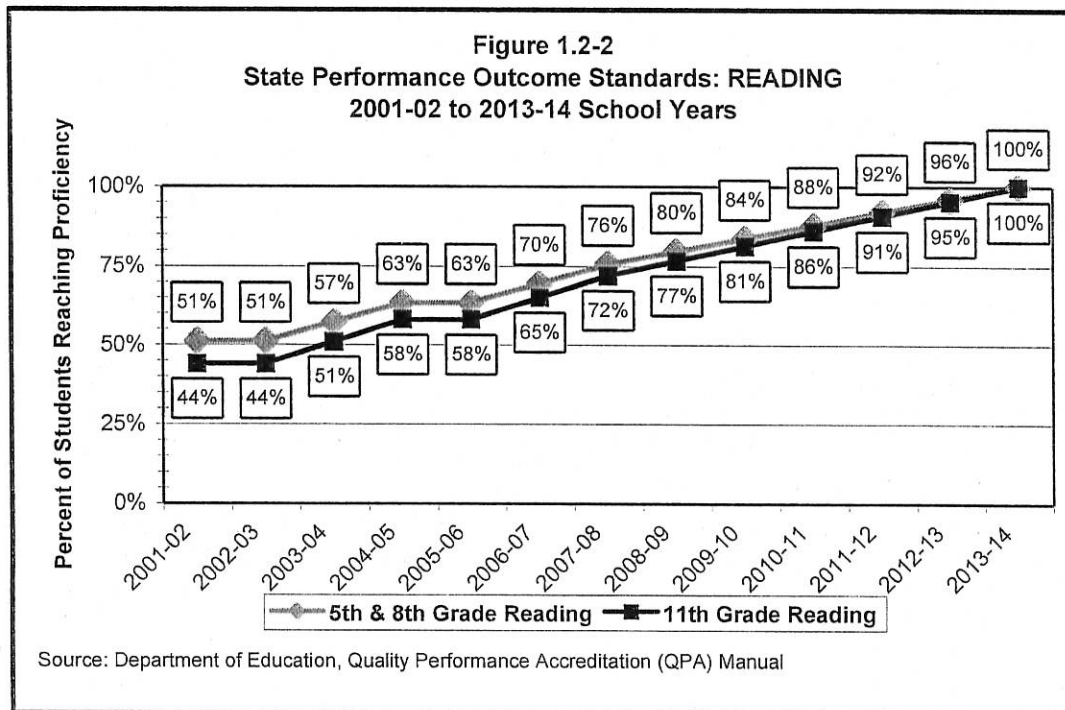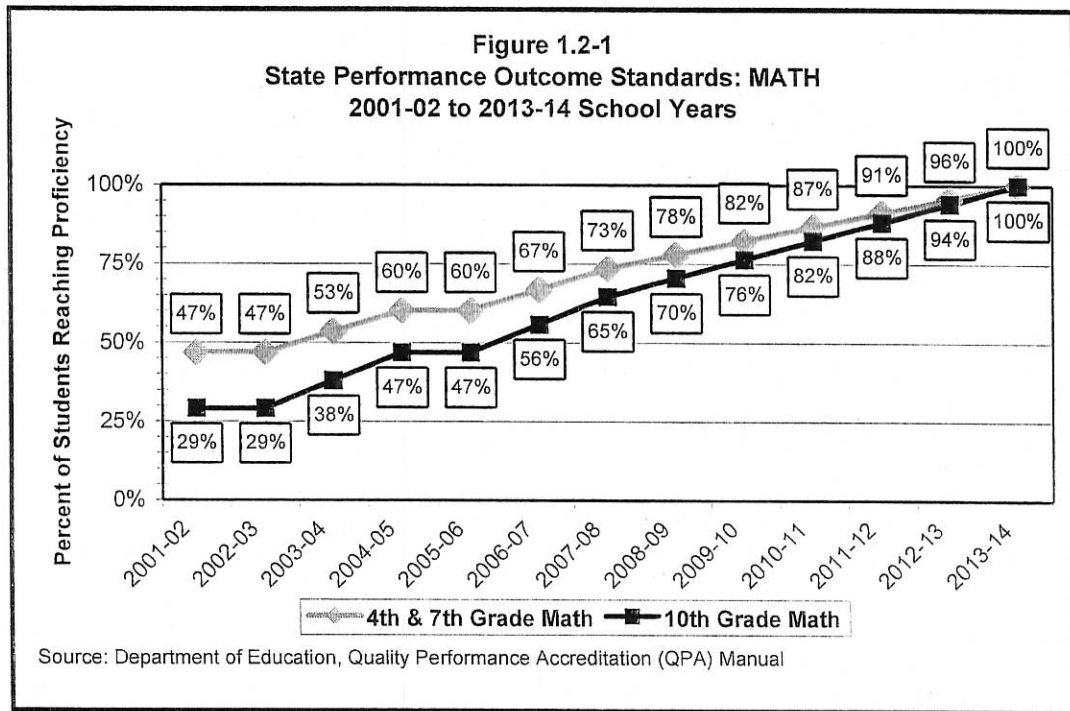
BACKGROUND: PERFORMANCE OUTCOMES ADOPTED BY THE STATE BOARD OF EDUCATION

Development of an accountability-based accreditation system for schools in Kansas dates back to 1988. The first schools were accredited under the Quality Performance Accreditation (QPA) system in 1995. Curriculum standards, Statewide assessments, and performance levels developed by the State Board of Education have been incorporated into QPA since 1996.

In 2001, the federal government reauthorized the Elementary and Secondary Education Act more commonly known as the "No Child Left Behind" (NCLB). NCLB requires coordination of the existing State accreditation system with the new federal standards. Among the most prominent of those standards is the requirement that all students reach proficiency on Statewide assessments in math and reading by the 2013-14 school year. In December 2002, the State Board of Education approved revised standards for QPA to meet the requirements of NCLB. These new standards went into effect July 1, 2005. The revised QPA system includes the following performance standards:

- **Graduation Rate** – 75% in all high schools or improvement over the previous year

- **Attendance Rate** – 90% in all elementary and middle schools

- **Participation Rate on Statewide Assessments** – 95% for total student population and for each student subgroup (i.e., Special Education, bilingual)

- **Statewide Assessments** – This standard measures the percent of all students who reach the "proficiency" level on the Statewide reading and math tests. The standards increase each year. In the 2013-14 school year, the standard is to have 100% of all students reach proficiency. *Figure 1.2-1* and *Figure 1.2-2* show the standards for math in reading from 2001-02 to 2013-14.

  A Statewide assessment for writing will be included starting in 2007 and assessments in history/government and science will be included in 2008. The Board will set performance targets for these exams. Because they aren't covered by NCLB, the State Board of Education has indicated performance targets won't go all the way to 100%.

House Education Committee
Date: *1-31-08*
Attachment # *1*

Figure 1.2-1
State Performance Outcome Standards: MATH
2001-02 to 2013-14 School Years

Percent of Students Reaching Proficiency

4th & 7th Grade Math: 47%, 47%, 53%, 60%, 60%, 67%, 73%, 78%, 82%, 87%, 91%, 96%, 100%

10th Grade Math: 29%, 29%, 38%, 47%, 47%, 56%, 65%, 70%, 76%, 82%, 88%, 94%, 100%

Years: 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14

— 4th & 7th Grade Math   — 10th Grade Math

Source: Department of Education, Quality Performance Accreditation (QPA) Manual

Figure 1.2-2
State Performance Outcome Standards: READING
2001-02 to 2013-14 School Years

Percent of Students Reaching Proficiency

5th & 8th Grade Reading: 51%, 51%, 57%, 63%, 63%, 70%, 76%, 80%, 84%, 88%, 92%, 96%, 100%

11th Grade Reading: 44%, 44%, 51%, 58%, 58%, 65%, 72%, 77%, 81%, 86%, 91%, 95%, 100%

Years: 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14

— 5th & 8th Grade Reading   — 11th Grade Reading

Source: Department of Education, Quality Performance Accreditation (QPA) Manual

COST STUDY ANALYSIS
Elementary and Secondary Education in Kansas: Estimating the Costs of K-12 Education Using Two Approaches
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BACKGROUND: SELECTING AN OUTCOMES-BASED APPROACH

To find out how education cost studies estimate the cost of achieving educational outcomes, we reviewed more than 30 studies examining the cost of education in a number of states. Out of this literature, we found four basic approaches used in education research to estimate education costs:

- **Professional Judgment** – Teams of education professionals and other interested parties are convened to identify the inputs (staff, supplies, and equipment) necessary to provide students the opportunity to achieve the desired outcomes. The researchers then determine the cost of those inputs to estimate the cost of providing this type of education.

- **Evidence-Based** – Education benchmarks (such as prescribed student-teacher ratios) are used to identify the inputs necessary to provide students the opportunity to achieve the desired outcomes. As with "professional judgment," the researchers then determine the cost of those inputs to estimate the cost of providing this type of education.

- **Successful Schools** – Researchers identify a set of schools or school districts that already meet a set of outcome standards. These districts' spending is used to estimate what it would cost other districts to achieve the desired outcomes.

- **Cost Function Analysis** – Researchers use statistical tests to understand the relationships between districts' historical costs and a variety of factors, such as district size, salary costs, the number of students with special needs, district efficiency, and student performance. The relationships are incorporated into a model that is used to estimate what it would cost each district to achieve the desired outcomes.

To better understand their relative strengths and weaknesses, we reviewed critiques of the four approaches, and consulted with a number of representatives of Kansas school districts, academic researchers, and staff from the National Conference of State Legislators (NCSL).

Based on our background research, we selected the cost function approach because we felt it was the best method for estimating districts' costs to meet the State's performance standards. *Figure 1.2-3* summarizes the key advantages and disadvantages of using the cost function approach.

Among others, Thomas Downes, a Tufts University economist who studies education finance, has compared the advantages and disadvantages of the four cost study approaches. In a 2004 paper on cost studies, Downes concluded that, despite its drawbacks, "the cost function approach is the most likely to give accurate estimates of the within-state variation in the spending needed to attain the state's chosen standard, if the data are available and of a high quality."

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**Figure 1.2-3
Summary of the Significant Advantages and Disadvantage of
Using the Cost Function Approach To Estimate Education Costs**

Advantages	Disadvantages
• The approach is data-driven, using historical expenditures to provide reasonable estimates of what it should cost to meet the outcome measures adopted by the State Board of Education.	• The approach requires complex statistical techniques, which can make it more difficult to understand the process than with the other approaches.
• It accounts for the increased costs of educating disadvantaged and special-needs students in a district.	• Because the cost function analysis relies entirely on historical data, the available data must be complete and of high-quality.
• The approach takes into account differences in districts' input costs—primarily differences in teacher salaries.	• The cost function analysis estimates how much it should cost to meet performance standards, but provides no information on what to spend money on.
• The approach attempts to identify inefficient spending and exclude it from the estimate of what it should cost to meet the performance standards.	• Although the approach attempts to exclude inefficient spending from its cost estimates, the fact that efficiency can't be measured directly makes this difficult. As a result, indirect measures of efficiency ("efficiency-related" variables) are selected based on theory and previous research, but there is no consensus on which measures are most closely related to efficiency.

BACKGROUND: SELECTING CONSULTANTS

A cost function analysis requires the use of very sophisticated statistical techniques and an extensive knowledge of the factors that affect educational costs. Because we lacked that expertise in-house, we contracted with Drs. William Duncombe and John Yinger from the Maxwell School's Center for Public Research at Syracuse University.

These consultants helped pioneer the use of the cost function analysis in school finance research, and are among a handful of researchers nationwide that use this approach. They were selected based on our review of the reports they've published, their availability, and their familiarity with school finance in Kansas—Dr. Duncombe published an evaluation of the State's school funding system in 1998 (updated in 2004).

OUTCOMES-BASED APPROACH: METHODOLOGY

As we noted earlier, under the cost function approach researchers use statistical tests to understand the relationships between certain factors and districts' historical spending per student. Here are the factors included in this type of analysis:

- district size
- student characteristics (for example, student poverty)
- teacher salaries
- student performance
- district efficiency

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Several steps are involved in using the cost function approach to estimate the cost of meeting performance outcome standards. We've briefly summarized the steps below, but discuss them in detail in **Appendix 1.2**. For a technical discussion of the statistical techniques used in the cost function analysis, see **Appendix 17**, pages C-44 to C-52.

1. **Identifying, collecting, and preparing the data for the statistical analysis.** We collected and prepared five years of data (1999-00 to 2003-04) that were available from the Department of Education on all Kansas school districts. The data we collected included district expenditures, enrollments, student characteristics, teacher salaries, student performance, and indirect measures of district efficiency.

2. **Analyzing the data to build a cost model.** The consultants used sophisticated statistical regression techniques to analyze the data and examine the relationships between the five factors listed earlier and historical spending. Essentially, the cost function approach uses statistics to isolate each factor and see how it affects costs. For example, all other things being equal, how much of a spending increase is associated with an increase in the percent of students in poverty? All the relationships are compiled in a mathematical equation called a "cost model."

3. **Using the cost model to estimate the base-level cost of meeting performance outcome standards, and developing student weights for enrollment, poverty, and bilingual students.** To estimate the base-level cost per student, the consultants used the cost model to calculate the cost of meeting the State outcome standards in a hypothetical district that is optimally-sized, pays average teacher salaries, has no students with special needs, and operates with above-average efficiency. Next, the consultants used the cost model to estimate how much more than the base-level it would cost to educate students in smaller districts, students who are in poverty, and bilingual students. These differences in costs were used to develop a set of student weights.

    Because the original spending data used in building the cost model included federal sources of funding, the estimated base-level costs and student weights include costs that would be paid for with federal funds. To put these figures on a comparable basis with the input-based approach, and to better reflect the costs the State might fund, we removed federal funding from the base-level costs and student weights. We had to assume that the relationship of State and federal funding would stay relatively constant.

    Finally, we didn't try to compute the estimated cost of meeting the "safe harbor" provisions in the Board of Education's QPA standards, because that would have required us to produce a different base-level cost for some districts, instead of a single base-level cost that could be applied Statewide. (Under the safe harbor provision of the QPA standards, districts that don't meet the performance outcomes standards outright can still make adequate yearly progress if they make enough improvement from the previous year.)

Throughout the process, we maintained regular contact with the lead consultant and held several face-to-face meetings. During each step of the process we reviewed the methods and assumptions that were used in the analysis and made key decisions.

COST STUDY: RESULTS OF THE OUTCOMES-BASED COST MODEL

The cost function analysis can be used to estimate the cost of meeting performance outcome standards in different districts, taking into account a variety of factors including the size of the district and the special needs of some of its students. The results of the cost function analysis are as follows (see **Appendix 16** for results by district):

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1. ESTIMATED BASE-LEVEL COST OF MEETING OUTCOMES

The estimated <u>base-level cost</u> of meeting the 2005-06 performance outcome standards set by the Board of Education is $4,167 per student. That amount is $90 per student less than the current Base State Aid Per Pupil of $4,257. The consultants' estimate of the base-level cost of meeting the standards was $4,024 per student. In order to use that estimate as a basis for what the State might fund, however, we made several adjustments:

- **Remove federal sources of funding.** The cost model was built using historical spending data that included federal sources of funding because those expenditures likely contributed to student outcomes. As a result, however, the consultants' estimate of base-level costs included costs that would be paid for with those federal funds. We reduced the estimated base-level costs to $3,899 per student, which better reflects the costs the State might fund. We describe how we removed the federal funds in detail in **Appendix 1.2**.

- **Adjust for inflation.** The consultants' original estimate and our estimate (adjusted to remove federal funding) of the base-level cost of meeting standards were based on 2003-04 dollars. We had to increase the estimated base-level costs to account for inflation between the 2003-04 school year and the 2005-06 and 2006-07 school years. After adjusting for inflation, our estimate of the base-level cost of meeting standards in 2005-06 is $4,167 per student.

Figure 1.2-4 compares our estimated base-level cost per regular education student of meeting the performance outcome standards with the Base State Aid Per Pupil in the current funding formula.

	Base Cost Per Student ESTIMATED WITH COST FUNCTION			Base State Aid Per Pupil	Difference Per Student
School Year	Original Estimate by Consultants	Adjusted by LPA to <u>Remove</u> Federal Funds	Adjusted by LPA for <u>Inflation</u>	<u>CURRENT</u> <u>FORMULA</u>	
2005-06	$4,024	$3,899	$4,167	$4,257	($90)
2006-07	$4,346	$4,221	$4,659	$4,257	$402

Figure 1.2-4
Comparison of Base Cost Per Student
COST FUNCTION ESTIMATES vs. CURRENT FUNDING FORMULA
2005-06 and 2006-07 School Years

Source: LPA analysis of Duncombe and Yinger cost estimates.

As the figure shows, the estimated base-level cost of meeting the standards increases in 2006-07 to $4,659, which is $402 per student <u>more</u> than the current Base State Aid Per Pupil. Our estimate for 2006-07 increases in part because of inflation, but also because the standards are higher in 2006-07. For example, between 2005-06 and 2006-07, the standard for 10th grade math increases from 47% proficiency to 56%, and the standard for 5th grade reading increases from 63% proficiency to 70%.

The estimated base-level cost of meeting standards will continue to increase significantly in future years, because the standards adopted by the Board increase each year until 2013-14 (when 100% of all students are required to reach proficiency on Statewide assessment tests).

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In estimating the base-level cost, the cost function brings every district to a single performance standard. For districts that don't currently meet the performance standard, this base-level cost is likely (though not necessarily) more than their current spending. Conversely, for districts that currently exceed the performance standard, this base-level cost is likely to be less than their current spending.

In either case, spending at this base-level doesn't <u>guarantee</u> a district will meet the performance standard (especially in the short-term for districts that currently fail to meet the standards). But it should give districts the <u>opportunity</u> to meet the performance standards, if the money is used efficiently and effectively.

2. ESTIMATED ENROLLMENT WEIGHTS

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 fewer students over whom they can spread their fixed administrative costs.

We used the cost function to estimate the additional cost of educating students in districts of different sizes—also known as enrollment weights. *Figure 1.2-5* compares the enrollment weights estimated using the cost function to the weights in the current funding formula.

Figure 1.2-5
Comparison of Enrollment Weights
COST FUNCTION ESTIMATES vs. CURRENT FUNDING FORMULA
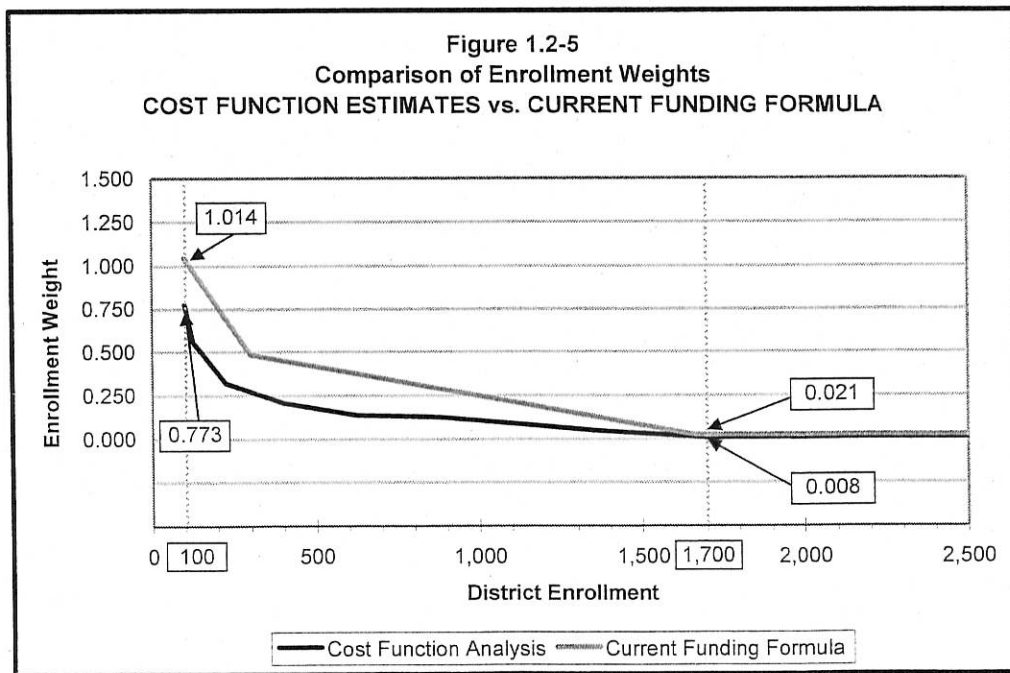
As the figure shows, the enrollment weights estimated using the cost function bottom out at an enrollment level of about 1,700, and are consistently lower than the weights in the current

formula for smaller districts. The cost function estimates that districts with 100 or fewer students should receive an additional weighting of .773—meaning it would cost about 77% more than the base-level cost for students in these districts to have the opportunity to meet the desired education outcomes. This is significantly less than the weighting of 1.014 in the current formula.

For districts with an enrollment level <u>above</u> 1,700, the cost function enrollment weight (.008) is one-third as much as the correlation weight in the current formula (.021).

3. **ESTIMATED POVERTY AND BILINGUAL WEIGHTS**

The estimated <u>poverty weight</u> is .484 per free-lunch student in most school districts, and .726 per free-lunch student in high-poverty, inner-city school districts. The estimated <u>bilingual weight</u> is .100 per bilingual student. Student poverty and limited English proficiency are two factors that negatively affect student performance. These two factors and their effect on education costs are recognized through the at-risk and bilingual weights in the current funding formula.

The consultants used the cost function to estimate districts' additional costs (above base-level costs) of having poverty and bilingual students reach the <u>same</u> performance levels that other students were achieving (whether or not the other students were meeting standards), and to develop poverty and bilingual weights in each district. We had to take two additional steps to turn their estimated district-level poverty and bilingual weights into estimated Statewide weights:

- **Estimate a separate poverty weight for high-poverty, inner-city school districts.** Urban poverty is associated with a variety of more serious social problems, including drugs and violent crime. Because our consultants cited evidence suggesting inner-city poverty has more of an effect on costs than rural poverty, we included an additional measure of inner-city poverty in our cost model—the percent of students qualifying for free lunch multiplied by the student density of a district. To estimate a Statewide inner-city poverty weight, we averaged the district-level weights estimated by the consultants for large and mid-sized cities (as defined by the U.S. Census) with above-average poverty. There were four of these districts—Kansas City, Kansas City-Turner, Topeka, and Wichita.

- **Remove federal sources of funding.** As was the case with base-level costs, the poverty and bilingual weights estimated by the consultants also included costs that could be paid for with those federal funds. Therefore, we had to reduce these weights to better reflect the costs the State might fund.

Figure 1.2-6 shows our estimated poverty and bilingual weights and the weights in the current funding formula.

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Figure 1.2-6
Comparison of Poverty and Bilingual Weights
COST FUNCTION ESTIMATES vs. CURRENT FUNDING FORMULA

Weight	Weight ESTIMATED WITH COST FUNCTION		Weight CURRENT FUNDING FORMULA	Difference
	Original Estimated Weight	Adjusted by LPA to Remove Federal Funds		
Poverty				
Regular	0.703	0.484	0.193	(0.291)
High-Poverty, Inner City	1.054	0.726	---	(0.726)
Bilingual	0.139	0.100	0.395	---(a)

(a) Whereas the bilingual weight in the current formula uses bilingual FTE (which is based on contact hours), the weight from the cost function is based on bilingual headcount, making these weights uncomparable.

Source: LPA analysis of Duncombe and Yinger cost estimates.

As the figure shows, the estimated <u>poverty</u> weight for most districts is .484. That weight implies that it would cost almost 50% more than the estimated base-level costs for students in poverty to achieve the same performance levels that other students are achieving. This is significantly higher than the at-risk weight in the current formula (.193).

In the four inner-city districts with high poverty (Kansas City, Kansas City-Turner, Topeka, and Wichita), the estimated poverty weight is .726, which recognizes that the cost of educating students in these types of districts is even greater. There is no separate urban-poverty weight in the current funding formula.

Figure I.2-6 **also shows that the estimated <u>bilingual</u> weight is .100.** This is significantly lower than the current bilingual weight of .395, but it's important to note that these two weights aren't really comparable for the following reasons:

- The bilingual weight estimated by the **cost function** is based on bilingual <u>headcount</u> (the number students in a district who have limited English proficiency)

- The bilingual weight used in the **current funding formula** is based on bilingual <u>student FTE</u>, which is calculated on the number of contact hours bilingual students spend with bilingual-endorsed teachers (see Section 2.2 of this report for additional information).

Bilingual FTE, as it is calculated in the current funding formula, is a very poor measure of the number of bilingual students in a district. That's because many bilingual services are being provided to bilingual students in settings or districts where there are no "bilingual-endorsed" teachers (the only contact hours that are counted for funding purposes). In Wichita, for example, only 2,923.5 bilingual FTE students were counted for funding purposes in 2004-05, but Wichita reported serving 5,342 bilingual students that year on a headcount basis.

The bilingual weight estimated by the cost function may be low for a number of reasons. Among them:

- there's a strong correlation between bilingual and free-lunch students, so the cost function analysis may have assigned part of the additional costs for bilingual students to at-risk students. (In 2003-04, Department data show that 73% of the students who took the Statewide assessment tests were reported as being both bilingual and eligible for free lunches.) Department guidelines for 2006-07 have clarified that students who are bilingual can be served with at-risk moneys.

- the headcount of bilingual students that districts report may not be completely accurate. As explained in Section 2.2, some districts may not be reporting all their bilingual students, and others may not be reporting them uniformly.

Nonetheless, using bilingual headcount data provides the best available measure to use in computing a bilingual weight. If funding were based on bilingual headcounts, those data would be audited and likely would be reported more accurately over time.

4. VARIATIONS IN COSTS

District size, student characteristics, teacher salaries, and district efficiency appear to explain a lot of the variation in district spending per student. On average, school districts spent $6,887 per student in 2003-04. However, there was a tremendous amount of variation. Spending ranged from $4,915 to $12,684. The cost function analysis found that the following contributed to increased per-student spending:

- smaller districts spent more than larger districts
- districts with more students in poverty or more bilingual students spent more
- districts that paid higher teacher salaries spent more

When we controlled for size, student characteristics, salary levels, and student performance in the cost model, there still were large variations in spending. We used the cost model to predict what all districts would have spent per student in 2003-04 to achieve the same outcomes they actually achieved if they all operated at an average level of efficiency. When we compared these estimates to what districts actually spent per student, we found 20 districts that spent at least 20% more than the cost model predicted (controlling for the factors noted above), and another nine districts that spent at least 20% less than predicted.

To get a better understanding of why actual spending in these 29 districts was so different from what the cost model predicted, we examined information on district staffing from the Department of Education. *Figure 1.2-7* summarizes what we found.

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Figure 1.2-7
Analysis of Staffing Levels in Districts That
Spent Significantly More or Less Than Predicted
2003-04 School Year

Staff per 100 Students	How actual district spending in 2003-04 compared to what the cost function predicted:	
	Spent at least 20% <u>more</u> than the cost function predicted *(20 districts)*	Spent at least 20% <u>less</u> than the cost function predicted *(9 districts)*
Certified Staff **per 100 Students** (Statewide average = 7.2)	19 districts had <u>more</u> staff than average. *RANGE: 7.9 – 22.0*	6 districts had <u>less</u> staff than average. *RANGE: 5.7 – 7.0*
Certified Administrators **per 100 Students** (Statewide average = 0.5)	19 districts had <u>more</u> staff than average. *RANGE: 0.6 – 2.6*	3 districts had <u>less</u> staff than average. *RANGE: 0.3 – 0.4*
Non-Certified Staff **per 100 Students** (Statewide average = 4.6)	18 districts had <u>more</u> staff than average. *RANGE: 4.7 – 16.1*	6 districts had <u>less</u> staff than average. *RANGE: 3.2 – 4.4*
Total Staff **per 100 Students** (Statewide average = 12.3)	19 districts had <u>more</u> staff than average. *RANGE: 13.6 – 35.9*	6 districts had <u>less</u> staff than average. *RANGE: 9.6 – 11.9*
Source: LPA analysis of cost function results and Department of Education data.		

With a few exceptions, districts that spent significantly more than the cost model predicted they'd spend were more heavily staffed than the average district in the State. Likewise, districts that spent significantly less than predicted tended to have fewer staff. These results suggest at least some of the variation in spending can be attributed to relatively efficient and inefficient staffing levels.

5. OTHER FINDINGS

We found a strong association between the amounts districts spend and the outcomes they achieve. In the cost function results, a 1.0% increase in district performance outcomes was associated with a 0.83% increase in spending—almost a one-to-one relationship. This means that, all other things being equal, districts that spent more had better student performance. The results were statistically significant beyond the 0.01 level, which means we can be more than 99% confident there is a relationship between spending and outcomes.

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Testimony on **HB 2605**
before the
House Education Committee

by

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

January 30, 2008

Mr. Chairman and Members of the Committee;

KASB appears as a proponent of **HB 2605**, but with an important qualification. We support the concept of a "linear transition" for the high density at-risk weighting, because we believe that districts experiencing a loss in budget authority should have that loss phased-out or cushioned by some mechanism. Requiring a district to lose all of its high density weighting as a result of a small change in the enrollment of students eligible for at-risk funding would require a significant reduction in services for at-risk children.

However, we oppose the provision in this bill that, in effect, funds the linear transition by reducing aid to the districts with the highest percentage of low income children. The school finance resolution adopted this year by our members expressly supports additional at-risk funding. We have taken that position based on the clear evidence that increased at-risk funding has dramatically increased achievement for all students.

1.   **Funding for at-risk students has been increased in response to the "achievement gap."**

Over the past decade, the biggest change in the school finance formula has been the increase in funding targeted at students who are "at-risk" of failure in school. Historically, those at-risk students have been disproportionately low income (free lunch eligible), members of minority groups, especially African Americans and Hispanics; English Language Learners and students with disabilities. Over the past decade, funding for at-risk, bilingual and special education programs has tripled, and have increased from less than 10 percent of district general fund budgets to over 20 percent.

2.   **Achievement has increased significantly for at-risk students – and for other students.**

For example, on the state eighth grade reading assessment, the percentage of free lunch eligible-students achieving the state standard rose from 42.9 percent to 63.2 percent since 2002, and the gap between these students and "self-paid" students narrowed from 28.7 percentage points to 22.3.

For African Americans, the eighth grade reading gap compared to Whites narrowed 32.8 points to 25, and for Hispanics the gap narrowed from 29.2 points to 25.5.

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On the seventh grade math test, about one-third of free lunch students were scoring meeting the state standard in 2002, a gap of 34 percent compared to non-free lunch students. By 2007, the percent of low income students scoring at the state standard had more than doubled, and the gap had narrowed to 25.2 percent. For both African American and Hispanics, the percent scoring at the state standards was less than 25 percent in 2002, and had more than doubled in 2007. The achievement gap for African Americans had narrowed from 38.8 to 28.8 points and for Hispanics from 37.8 to 23 points.

Another measure of student achievement is the National Assessment of Education Progress (NAEP). By combining the percent of students scoring basic or above in both reading and math at fourth and eighth grade, we can see both how Kansas scores have changed and how they compare to other states.

Kansas Scores on the National Assessment of Education Progress						
	2003		2005		2007	
	Combined Score	National Rank	Combined Score	National Rank	Combined Score	National Rank
All Students	304	12th	309	11th	323	7th
Free Lunch	251	7th	259	9th	271	8th
African American	183	24th	210	12th	239	8th
Hispanics	234	7th	241	10th	249	15th

As you can see, scores of all Kansas students improved both compared to previous years and other states. For each subgroup, Kansas scores improved significantly, and the national ranking among low income students held steady, increased for African Americans and declined only for Hispanics.

Some question whether these results are really adequate or impressive. Keep in mind three points. First, Kansas results are better than most other states. Second, Kansas achieves those results spending less than most other high-achieving states. Thirds, U.S. Department of Education studies show that public schools do as well or better than private or charter schools for students with similar characteristics.

It is certainly true that much work remains to be done: the achievement gap is far too large. We think that means we should continue to increase support for these successful programs, not limit that support.

3.   **Student Achievement affects economic achievement.**

The difference between success and failure in school has major consequences on an individual's future earnings. According to the U.S. Census Bureau, the average high school drop-out will earn $1 million over their working life in 1999 dollars, while a high school graduate will earn $1.2 million, working with a two-year degree $1.6 million; a bachelor's degree $2.1 million; and advanced degree results in earnings of $2.5 to $4.4 million. Therefore, every dollar we invest in a student's educational success is truly an investment in future earnings, future tax revenues, higher productively and reduced social welfare costs.

Therefore, KASB opposes the idea that we should reduce at-risk funding for some districts to help others. Funding a linear transition makes sense for the formula, but increasing funding for programs that help students succeed in school makes sense for the future of Kansas.

Thank you for your consideration.

2-2

Mark Desetti, Testimony
House Education Committee
January 31, 2008

House Bill 2605

Mr. Chairman, members of the Committee, thank you for the opportunity to appear before you today to share our thoughts on **House Bill 2605**.

KNEA supports the high density at-risk provisions of SB 549 as an appropriate way to address issues of high levels of poverty. We believe that passage of this provision was a responsible move on the part of the 2006 Legislature to respond to the Legislative Post Audit report.

A flaw in the formula however, was the step movement that creates a very difficult situation for school districts that just barely hit the second tier of this funding. In certain cases the loss of just one or two students could cost the district thousands of dollars in funding.

A linear transition for funding is an appropriate fix. We support the linear transition but we also believe that districts receiving this weighting now should be held harmless in the transition to the linear distribution. In keeping this bill revenue neutral to the state, winners and losers are created.

Last year the State Department of Education estimated that a hold harmless provision would cost the state about $2 million. That would be money well invested.

We urge the committee consider amending HB 2605 with a hold harmless provision before passing the bill out favorably.

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**Testimony on
H.B. 2605**

House Education Committee

Presented by: Cheryl L. Semmel, Executive Director

January 31, 2008

The mission of United School Administrators of Kansas (USA|Kansas*), through collaboration of member associations, is to serve, support, and develop educational leaders and to establish USA|Kansas as a significant force to improve education.

Education administrators remain committed to ensuring that each and every child in Kansas receives a quality education that will help them reach their potential and become successful, productive adults. There are 465,000 students in our public schools that we strive to impact positively every single day. As you know, Kansas students are making unprecedented academic achievement and we are on a path of continuous improvement. In many areas, Kansas students are performing **above** the national average and for that you should all be proud.

H.B. 2605, a bill relating to school finance, is intended to modify K.S.A. 72-6455 and replace the 40 percent and 50 percent benchmarks for determining At-risk funding with a linear transition that increases funding as the percentage of students eligible for free meals increases. **This morning, I would like to express our support for implementing a linear transition formula for high-density At-risk students, while at the same time expressing concerns about the technical aspects of H.B. 2605.**

First and foremost, thank you for the increases—and flexibility— in At-Risk funding. In conjunction with those increases, student performance on state assessments has continued to improve. Districts have utilized At-risk funds to implement programs that support students requiring additional assistance to achieve academic proficiency and success.

Administrators have consistently supported the implementation of a linear transition formula that protects districts from significant funding losses. The linear transition resolves sharp delineations and allows for planning and implementing effective services for At-risk students.

Unfortunately, H.B. 2605, as currently written, sets the cap at 9.55 percent and will reduce funding for many school districts and negatively impact programs that serve those students with the greatest need. USA|Kansas strongly encourages the committee to amend H.B. 2605 and set the cap at 10 percent to ensure that all districts are able to continue funding those

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At-risk programs that have proven effective. We recognize that this change would result in an additional cost of approximately $2 million, but we also believe that funding At-risk programs is an investment in our students.

In closing, on behalf of education administrators, I would like to that thank you for your continued support of education, for increased education funding and for realizing the importance of investing in education. Preparing our children requires a shared commitment, collaboration, and open dialogue among all stakeholders. Thank you for being partners in education.

4-2

Testimony before the House Education Committee Concerning H.B. 2605

January 31, 2008

Gary Price, Superintendent, Pittsburg USD 250

The Honorable Chair and Members of the Committee:

<u>These remarks are presented in support of the concepts of H.B. 2605</u>. This act is intended to modify K.S.A. 72-6455 and replace the 40% and 50% benchmarks for determining at-risk funding with a linear transition that increases funding as the percentage of students eligible for free meals increases.

The Pittsburg school district is a "poster child" for the need to adopt a linear transition in calculating at-risk funding. In the 2006-07 school year our free meals count was audited at 50.12%. Six fewer students qualifying for free meals would have resulted in about $225,000 less budget authority last school year.

We did not know the final number until after the student enrollment count was audited and then republished the budget. It was late January before we knew the total amount of the budget. It is then difficult to implement additional programming and obtain desired results before the end of the school term.

This year the district budgeted for the amount in the original budget and determined that we would not spend the funding until we were certain that we reached the required threshold of free meal students. We climbed to over 52%, but again we were not certain about available budget authority until confirmation of audited enrollment on January 28, 2008.

This same issue faces schools where the percentage hovers over or under both the 40% benchmark and the 50% benchmark. The linear transition resolves these sharp delineations and allows for planning and implementing effective services for at-risk students.

It is recognized that H.B. 2605 can have a negative impact on funding for some schools based on their location on the linear transition line. Adding funding of approximately $2,000,000 solves the issue of the benchmarks and makes the linear transition work.

Additional funding for at-risk students is a good idea. Moving to a linear transition for determining funding amounts makes this concept work more effectively in planning services for our neediest students.

Thank you for your consideration.

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Testimony by USD 500
Before the House Education Committee on HB 2605
January 31, 2008

Mr. Chairman:

The Kansas City, Kansas Public Schools supported the 2007 bill to provide a linear transition in order to avoid a district on the 40% or 50% cusp from falling over the edge and consequently losing a substantial amount, or all of their high density At Risk funding. Since USD 500 has the highest percentage of free lunch students in the state, we knew we would never be on the cusp and consequently, we would never need this protection. Nevertheless, we supported last year's **SB 93** as a fair and reasonable response to a potential problem to one or more USDs that might "fall over the edge." Our support of the bill was withdrawn when a Senate amendment shifted the $2 million cost of providing this linear transition from the state to, incredibly, the handful of districts currently receiving High Density At Risk Funding. We felt then and continue to feel that to ask school districts that have a high percentage of poverty students to help pay for a type of insurance policy for one or two districts is highly inappropriate. Fortunately, in 2007, a majority of legislators agreed with us and the bill did not pass.

HB 2605 again requires the poorest school districts to pay for this proposed linear transition. USD 500 requests that this committee alter the bill to provide state funding or to allow the legislation to once again die until the state will cover the cost of this change in the school finance formula.

Bill Reardon

District 500 Lobbyist

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