

MINUTES OF THE HOUSE EDUCATION COMMITTEE

The meeting was called to order by Chairman Clay Aurand at 9:00 a.m. on February 3, 2009, in Room 711 of the Docking State Office Building.

All members were present except:
Representative Melvin Neufeld- excused

Committee staff present:
Sharon Wenger, Kansas Legislative Research Department
Dale Dennis, Kansas State Department of Education
Janet Henning, Committee Assistant

Conferees appearing before the committee:
Representative Clay Aurand
Scott Frank, Legislative Post Audit
Tom Krebs, Kansas Association of School Boards
Val DeFever, Schools for Quality Education
Mark Desetti, Kansas National Education Association
Dr. Deborah Perbeck, Superintendent, Parsons, USD #503
Carl Helm, Superintendent, Chase-Raymond, USD #401
Jerry Cullen, Superintendent, Medicine Lodge, USD #254
Mark Tallman, Kansas Association of School Boards
Cheryl Semmel, Executive Director, United School Administrators of Kansas (written only)

Chairman Aurand recognized Scott Frank, Legislative Post Audit, who gave an overview of **HB 2104**, **HB 2103**, and **HB 2102** (Attachment 1)

Vice-Chairperson Horst was then delegated to preside as Chairperson of the Education Committee as Chairman Aurand was a conferee for the following bills.

HB 2104 - Schools; low enrollment weighting, limitation relating to high and medium density at-risk pupil weightings.

Representative Aurand spoke to Committee members as a proponent of **HB 2104**. Representative Aurand told Committee members the bill essentially states that a school district shall be eligible either for the low enrollment weighting or the high density at-risk pupil weighting, whichever is higher, but shall not be eligible for both.

Tom Krebs, Kansas Association of School Boards (KASB), spoke to Committee members in opposition of **HB 2104**. Mr. Krebs told Committee members that for both social and economic reasons, KASB members are committed to ensuring that all children are education to high standards and high skills. This goal has never been achieved, in part because the national economy did not require it. However, that has changed. He further stated that achieving this goal will take an increasing commitment of resources. Mr. Krebs told Committee members that **HB 2104** reduces the resources in the system. (Attachment 2)

Val DeFever, Schools for Quality Education, spoke to Committee members in opposition of **HB 2104**. Ms. DeFever told Committee members that this bill appears to be an "either or situation" for the schools districts she represents. She stated if a district gets low enrollment weighting, it would not be able to access high or medium density at-risk funding. She asked Committee members to consider that when all of the Kansas school districts are losing education funding through budgets cuts, is there a reason the small rural schools should be hit harder than the mid-sized and larger school districts. (Attachment 3)

Mark Desetti, Kansas National Education Association, spoke to Committee members in opposition of **HB 2104**. Mr. Desetti told Committee members that each school district will be faced this year and next with significant cuts in state aid. He advised that the school districts impacted by this bill face both issues of economy of scale and poverty. Mr. Desetti told Committee members that there may be a need to look at this bill and ask questions but it is the wrong time to take action. (Attachment 4)

Dr. Deborah Perbeck, Superintendent, Parsons District Schools, USD #503, spoke to Committee members in opposition of **HB 2104**. Dr. Perbeck stated the proposed elimination of the high-density at-risk weighting for low enrollment districts would impact sustainment of equal educational opportunities, while preserving the overall learning environment if alternative options were no longer available to support students with intense behavioral and academic needs. (Attachment 5)

Written testimony was received from Cheryl Semmel, United School Administrators of Kansas, and was in opposition of **HB 2104**. (Attachment 6)

A question and answer session followed the presentations.

Vice-Chairperson Horst stated the hearing was closed on **HB 2104**.

HB 2103 - School districts; low enrollment weighting; districts with less than 200 pupils.

Representative Aurand spoke to Committee members as a proponent of **HB 2103**. Representative Aurand told Committee members the bill states that in the school year 2011-2012 and each school year thereafter, the low enrollment weighting of districts which are less than 200 square miles and less than 200 students shall have a low enrollment weighting the same as a district with 200 students.

Tom Krebs, Kansas Association of School Boards, spoke to Committee members in opposition of **HB 2103**.

CONTINUATION SHEET

Minutes of the House Education Committee at 9:00 a.m. on February 3, 2009, in Room 711 of the Docking State Office Building.

Mr. Krebs told Committee members the position of KASB members was that they support incentives to encourage school districts to consider consolidation when it makes educational and financial sense and seek to remove barriers that discourage consolidation. However, KASB opposes measures that directly force districts to consolidate, or indirectly pressure districts to act through financial penalties. ([Attachment 7](#))

Val DeFever, Schools for Quality Education, spoke to Committee members in opposition of **HB 2103** and stated this bill would result in as much as a 26 percent cut in funding to their smaller school districts should it be adopted. Ms. DeFever also stated that her organization opposed any legislation that overrides local control by means of limited funding, due to size or geographic location or severely limits the quality education for all students. ([Attachment 8](#))

Carl Helm, Superintendent, Chase-Raymond USD #401, spoke to Committee members in opposition of **HB 2103**. Mr. Helm told Committee members that they will already be losing money due to the economic hardships currently being faced by the state, but this additional cut of approximately \$100,000 would be detrimental to their school system. ([Attachment 9](#))

Jerry Cullen, Superintendent, Medicine Lodge USD #254, spoke to Committee members in opposition of **HB 2103**. Mr. Cullen told Committee members that **HB 2103** and **HB 2104** would have a major impact on low enrollment schools. ([Attachment 10](#))

A question and answer session followed the presentation. Rep Crow requested Committee members be furnished a copy of the "boundary study" by Augenblick and Myers, Inc. .

Vice-Chairperson Horst stated the hearing on **HB 2103** was closed.

HB 2102 - School districts; pupil attending schools outside district of residence; transportation.

Representative Aurand spoke to Committee members as a proponent of **HB 2102**. Representative Aurand stated the bill essentially authorizes a pupil who is enrolled and in attendance at school in a receiving school district and who lives 2.5 or more miles from the attendance center, the pupil would attend in a sending school district.

Jerry Cullen, Superintendent, Medicine Lodge USD #254, spoke to Committee members in opposition to **HB 2102**. Mr. Cullen told Committee members he had a difficult time in understanding **HB 2102**. Mr. Cullen asked Committee members why legislation was needed which gives districts the responsibility of picking up students in another district if they live more than ten miles from their school in their home district? ([Attachment 10](#))

Written testimony was received from Val DeFever, Schools for Quality Education, in opposition to **HB 2102** ([Attachment 11](#))

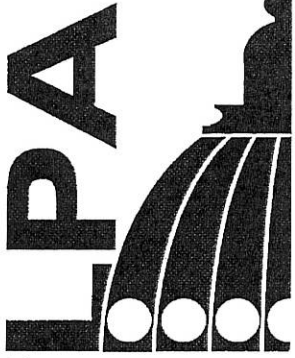
Mark Tallman, Kansas Association of School Boards, spoke to Committee members as neutral to **HB 2102**. Mr. Tallman told Committee members this bill allows school districts some additional "local control" choices but urged careful consideration to those choices authorized and should not be critical if districts do make those choices. ([Attachment 12](#))

A question and answer session followed the presentations.

Vice-Chairperson Horst stated the hearing was closed on **HB 2102**.

Chairman Aurand told Committee members that possible action would be considered on **HB 2002** during the next meeting scheduled for February 4, 2009.

The meeting was adjourned at 10:50 a.m. The next meeting is scheduled for February 4, 2009.



COST STUDY ANALYSIS

Elementary and Secondary Education in Kansas: Estimating the Costs of K-12 Education Using Two Approaches

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas**

January 2006

House Education Committee

Date 2-3-09

Attachment # 1

1.2: 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.

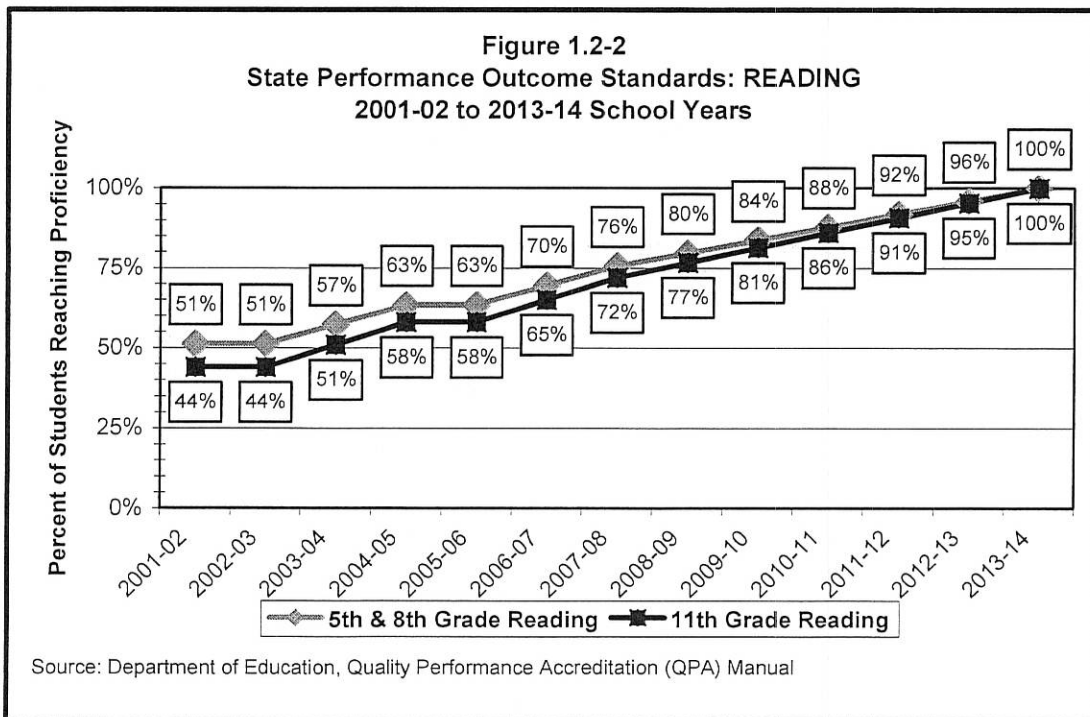
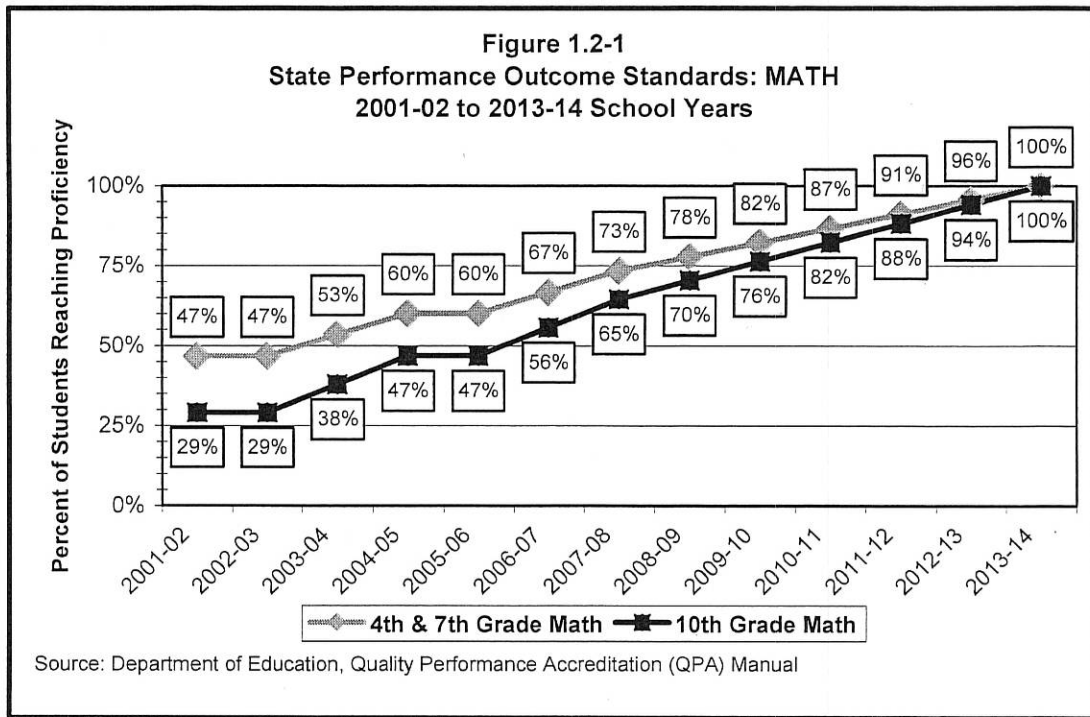
BACKGROUND: PERFORMANCE OUTCOMES ADOPTED BY THE STATE BOARD OF EDUCATION

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%.



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.”

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

Advantages	Disadvantages
<ul style="list-style-type: none"> • 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. • It accounts for the increased costs of educating disadvantaged and special-needs students in a district. • The approach takes into account differences in districts' input costs—primarily differences in teacher salaries. • The approach attempts to identify inefficient spending and exclude it from the estimate of what it should cost to meet the performance standards. 	<ul style="list-style-type: none"> • The approach requires complex statistical techniques, which can make it more difficult to understand the process than with the other approaches. • Because the cost function analysis relies entirely on historical data, the available data must be complete and of high-quality. • The cost function analysis estimates how much it should cost to meet performance standards, but provides no information on what to spend money on. • 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

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):

1. ESTIMATED BASE-LEVEL COST OF MEETING OUTCOMES

The estimated base-level cost 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.

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

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

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 more 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).

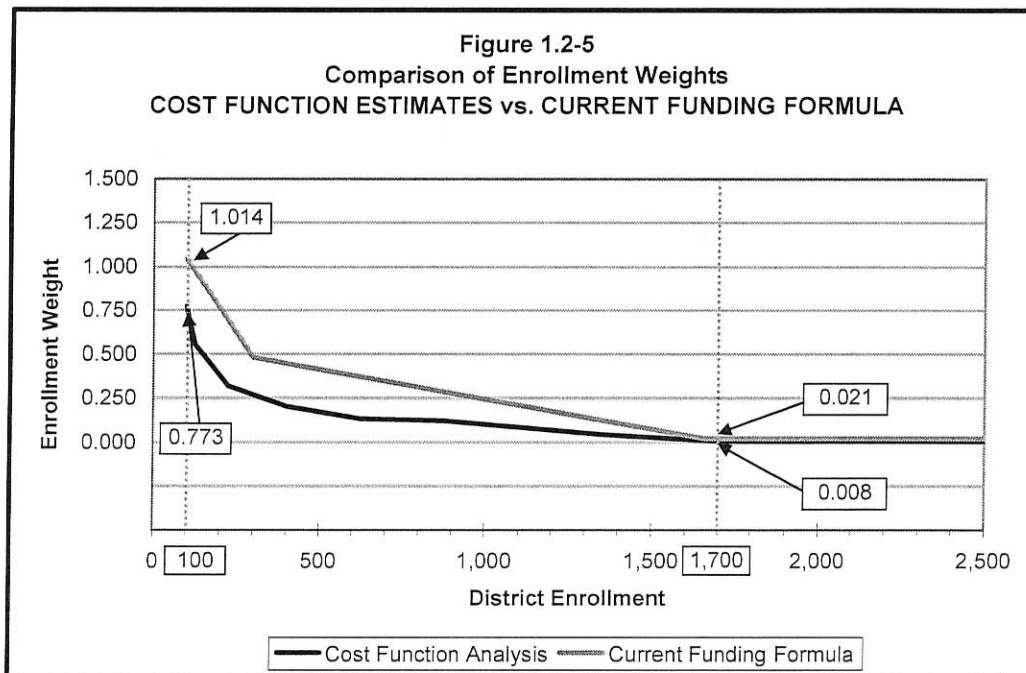
In estimating the base-level cost, the cost function brings every district to a single performance standard. For districts that don't currently meet the performance standard, this base-level cost is likely (though not necessarily) more than their current spending. Conversely, for districts that currently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



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 above 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 **poverty weight** 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 **bilingual weight** 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 same 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.

**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 incomparable.

Source: LPA analysis of Duncombe and Yinger cost estimates.

As the figure shows, the estimated **poverty 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 bilingual 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 headcount (the number students in a district who have limited English proficiency)
- The bilingual weight used in the **current funding formula** is based on bilingual student FTE, 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.

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.

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS



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Testimony before the
House Education Committee

on
HB 2104
by

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

February 3, 2009

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on **HB 2104**, which would prohibit a school district from receiving *both* low enrollment weighting and high density at-risk weighting.

As committee members probably know, KASB policies are adopted by a vote of delegates from each member school board at our annual Delegate Assembly. Although our association has not voted on this specific proposal, our members have consistently adopted positions supporting *increased* funding for programs for at-risk students. The reasons are very simple. First, as every credible study we know of indicates, helping traditionally under-performing students meet high standards takes additional resources. Second, Kansas' experience in recent years demonstrates providing additional funding works. As school districts have used local, state and federal funding to increase targeted programs, the "achievement gap" has closed.

High density at-risk weighting was added to the School Finance Formula in response to cost studies which indicate there are special challenges in districts with very high concentrations of low-income students. While these challenges are certainly present in urban areas, we believe there are also circumstances in rural areas that merit additional support.

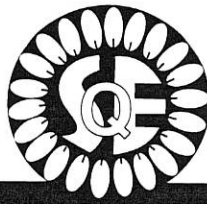
For both social and economic reasons, our members are committed to ensuring that all children are educated to high standards and high skills. This goal has never been achieved, in part because our national economy did not require it. That has changed. But achieving this goal will take an increasing commitment of resources. **HB 2104** reduces the resources in our system. For that reason, KASB opposes this measure.

Thank you for your consideration. I would be happy to respond to any questions.

House Education Committee

Date 2-3-09

Attachment # 2



Schools for Quality Education

007 Bluemont Hall, 1100 Mid-Campus Drive, Manhattan, KS 66506 • (785) 532-5886 • www.coe.ksu.edu/sqe

Testimony before the
House Education Committee

by
Val DeFever, Schools for Quality Education

February 3, 2009

Mr. Chairman, Members of the Committee:

As a representative of small rural schools in Kansas I appreciate you allowing me to coming before you today to talk about HB2104. In reading through the bill a number of thoughts and questions come to mind. The bill appears to be an "either or situation" for my school districts. If a district gets low enrollment weighting it would not be able to access high or medium density at-risk funding.

The history of low enrollment funding:

- ◆ When low enrollment weighting, was created it was because legislators recognized that smaller districts had to deliver a quality education for their students, but were unable to generate adequate dollars to do so.
- ◆ None of the costs related to providing a quality education have decreased in the past 17 years.

Additional information:

- ✓ Rural poverty is not concentrated so it may be less visible, but is very real.
- ✓ About forty-seven small rural school districts qualify for high or medium density at-risk funding because a proportionate number of their students come from impoverished homes.
- ✓ The courts have recognized that it takes more to help at-risk students.
- ✓ They did not indicate that the geographic location of students or the size of their school was a factor in whether additional funding was needed.
- ✓ Services for at-risk students in rural Kansas is not cheaper to deliver

All of this information begs the following questions:

- ? What is the difference between correlation weighted funding and low-enrollment funding?
- ? What expenses do correlation weighting schools districts incur while give their at-risk students more help, that their smaller counter parts do not experience?
- ? When all our Kansas school districts are losing education funding through budget cuts, is there a reason our small rural schools should be hit harder than the mid sized and larger school districts?

The low enrollment school districts would appreciate your mindful consideration of this information.

"Rural is Quality"

House Education Committee
Date 2-3-09
Attachment # 3



Making public schools great for every child

KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

**Mark Desetti, Testimony
House Education Committee
February 3, 2009**

House Bill 2104

Mr. Chairman, members of the Committee, thank you for the opportunity to share our thoughts on **House Bill 2104**.

We have been working to remind lawmakers that each Kansas child gets only one chance at first grade; a Kansas high school student gets only one chance at Algebra II or Physics. The opportunity these children have for a quality education should not be subject to fluctuations in the economy.

If it is in the state's best interest to develop a workforce second to none and to maximize economic success for each of its citizens, then we must be mindful of the importance of a quality education.

As you consider **HB 2104**, the full House will be considering the 2009 budget bill. That bill contemplates a \$88 per pupil cut in base state aid per pupil. We contend that such a cut alone will be quite harmful to educational programs throughout the state.

We know that schools will be looking to find every dime they can to make it through this downturn. That is why we think that **HB 2104** is the wrong thing to do at this time.

Each of our school districts will be faced this year and next with significant cuts in state aid. The school districts impacted by this bill face both issues of economy of scale and poverty. While a debate on whether or not it is rationale to provide both low enrollment weighting and one of the density at-risk weightings might be appropriate, we find it disturbing that these schools districts should be faced with the cut that all districts will get and still another on top of that.

We would ask that the committee reject **House Bill 2104**.

USD 503 Parsons District Schools

2900 Southern Blvd. Parsons, KS 67357

620 421-5950

Dr. Deborah D. Perbeck, Superintendent

Testimony on HB 2104

House Committee on Education

February 3, 2009

Chairman Aurand and members of the Committee, I am Dr. Deborah Perbeck, Superintendent of USD 503, Parsons. Thank you for the opportunity to appear before you today to discuss HB 2104.

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 we can all be proud.

I am here today to discuss the impact of the elimination of high-density at-risk funding for those districts that receive more funding for the low-enrollment weighting. Parsons school district covers 51 square miles and has an FTE enrollment of 1377 students, most of whom live within the city limits. Fifty-eight percent are considered "Economically Disadvantaged" by definitions from the Kansas Department of Education. Seven hundred students – more than one half -- qualify for free meals and are among the students identified as at-risk. Our population is diverse with 35 percent of the students we serve being identified as Hispanic, African American or multi-racial, and the other 65 percent being Caucasian. We serve more than 50 children who are in the Foster Care System. Nearly 20 of those students live in a Youth Crisis Shelter. The population of Labette County has been in steady decline over the past decade. During the past 10 years, the Parsons schools have suffered dramatic enrollment declines, losing more than 400 students and seeing the closure of one school in that time frame. Much of the decline is due to the loss of jobs in the closure of the Katy Railroad Service Center and the Kansas Army Ammunition Plant. Most recently we have seen many jobs lost due to the economic downturn.

The population density, poverty levels, and diverse ethnic and family support systems that exist among our student population parallels the challenges faced by larger districts in Kansas who, under the current proposal, would receive the additional funding while students in our district would suffer.

House Education Committee

Date 2-3-09

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The proposed elimination of the high-density at-risk weighting for those districts that receive low enrollment weighting will affect the Parsons schools by reducing our support services for children by \$310,753. We started three programs to meet the needs of children with academic and behavioral challenges. We added curricular materials and staffing at the elementary, middle school, and high school levels. Each level has a self-contained classroom that enlists trained staff to teach students behavior modifications and academics. Students may gradually transition back into the regular classroom as they meet expectations over a period of time. These programs have provided a self-contained, structured learning environment for these students while ensuring a safe and secure learning environment for the rest of the student population free from behavioral outbursts and classroom disruptions. Elimination of the high-density at-risk weighting for low enrollment districts would impact sustainment of equal educational opportunities, while preserving the overall learning environment if alternative options were no longer available to support students with intense behavioral and academic needs.

I would like to thank the committee for the opportunity to share the concerns of our school district and others who would be impacted negatively by elimination of the high-density at-risk weighting for districts receiving low-enrollment weighting, and I would be glad answer any questions the Committee may have.

Testimony on

HB 2104

House Education Committee

Presented by: Cheryl L. Semmel, Executive Director

February 3, 2009

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. As educational leaders, we are committed to ensuring that each child in Kansas receives a quality education that will help them reach their potential and become successful, productive adults.

The 2009 Legislative Session promises to be one of the most challenging in the history of our state, as we face an economic downturn of global proportions. All districts throughout the state are experiencing challenges, including our small, rural districts. Administrators recognize that there are many competing interests for the same limited dollars every year – even more so in tough economic times – but research shows that education policies leading to broad investments in education and training can help reduce inequality while expanding economic opportunity for communities.

While we recognize that you are being called on to make some of the most weighty decisions of your legislative service in response to this unprecedented economic downturn, educational leaders hope that you recognize all the progress we have made. **Further, we hope that you will continue to work with us to support quality education programs for all children in Kansas – regardless of district size and location.**

HB 2014 would provide that a school district could be eligible for either low-enrollment weighting or the high-density at-risk pupil weighting, whichever is higher, but that could not be eligible for both weightings. Further, the bill provides that a school district could be eligible for either low-enrollment weighting or the medium-density at-risk pupil weighting, but not both. This bill would cut approximately \$7.2 million in spending from small, rural districts over the next two years. These funds are used to support programs and personnel that have a **direct impact on student learning.**

We encourage you to thoughtfully consider the impact that this bill would have on some of our small, rural districts – especially when compounded with other economic factors and the anticipated cuts to K-12 funding over the next two years. Many of our districts are already confronted with the reality of having to scale back and/or eliminate programs and personnel to weather the current economic climate. All of these actions will have a direct impact on our students.

House Education Committee
Date 2-3-09
Attachment # 6

In closing, on behalf of education administrators, I would like to thank you for your continued support of education 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.

*USA|Kansas represents more than 2,000 individual members and ten member associations:

Kansas Association of Elementary School Principals (KAESP)
Kansas Association of Middle School Administrators (KAMSA)
Kansas Association of School Administrators (KASA)
Kansas Association of School Business Officials (KASBO)
Kansas Association of School Personnel Administrators (KASPA)
Kansas Assoc for Supervision and Curriculum Development (KASCD)
Kansas Association of Special Education Administrators (KASEA)
Kansas Association of Secondary School Principals (KASSP)
Kansas Council of Career and Technical Education Administrators (KCCTEA)
Kansas School Public Relations Association (KanSPRA)

KANSAS
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1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
785-273-3600

Testimony before the
House Education Committee

on
HB 2103
by

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

February 3, 2009

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on **HB 2103**. This bill would cap low enrollment weighting for districts with fewer than 200 students and 200 square miles at the level of 200 students; in effect, reducing funding for these districts in order to encourage consolidation or punishment for being "small by choice."

KASB's position on school district consolidation is very simple. We support incentives to encourage school districts to consider consolidation when it makes educational and financial sense, and seek to remove barriers that discourage consolidation. However, we oppose measures that directly force districts to consolidate, or indirectly pressure districts to act through financial penalties. We therefore oppose **HB 2103**, which would cap funding on certain districts based on their size alone.

If the Legislature is going to allow such districts to continue to operate, we do not believe it should reduce or limit their funding. We are not aware of any study that shows these districts have lower costs.

Thank you for your consideration. I would be happy to respond to any questions.

House Education Committee

Date 2-3-09

Attachment # 7



Schools for Quality Education

007 Bluemont Hall, 1100 Mid-Campus Drive, Manhattan, KS 66506 • (785) 532-5886 • www.coe.ksu.edu/sqe

Testimony before the
House Education Committee
by
Val DeFever, Schools for Quality Education

February 3, 2009

Mr. Chairman and Members of the Committee:

Today is a difficult day for low enrollment schools, as there are three bills that work to remove funding from these small rural districts. HB2103 is a bill that was rejected by policymakers last year.

Mr. Chairman, you described it as “the stick” when compared to another consolidation “incentive” bill during the 2008 session. It is our understanding that HB2103 would treat districts with 199 or fewer students as tho they had 200 students, thus providing significantly less funding per pupil.

Schools for Quality Education has formulated a policy statement this year that reads as follows:
“We oppose any legislation that overrides local control by means of limiting funding, due to size or geographic location or severely limits the quality education for all students.”

HB2103 would result in as much as a 26% cut in funding to our smallest school districts should it be adopted. At a time when all the Kansas districts are looking at cuts to help balance the 2009 and 2010 budgets, it would be unfair to ask our smallest rural schools to bear even deeper cuts.

"Rural is Quality"

House Education Committee
Date 2-3-09
Attachment # 8

Chase - Raymond
Unified School District #401

P.O. Box 366
Chase, KS 67524

Carl Helm, *Superintendent*

(620) 938-2913

House Education Committee:

I strongly oppose House Bill 2103.

I represent a small 1A district which is made up of two small towns and covers 196 square miles. Our general fund budget for this year is \$1,581,251. House Bill 2103 will effectively cut the heart out of our district. The bill will take an estimated \$100,000 from the our general fund budget. We know that we will already be losing money due to the economic hardships currently being faced by the state, but this additional cut will be detrimental to our school system.

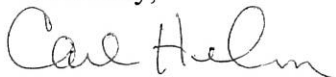
The Chase/Raymond school district is succeeding on a small budget. The grade school, junior high, and high school all made AYP last year. We have a small but effective staff with only one full-time administrator, 20 full-time and part-time certified staff members, and 12 non-certified staff members. A cut of this size would cause us to reduce the number of staff members, thus affecting student achievement. This would not allow us to spend the time that we are presently spending with all students.

I also believe that there would be very little, if any, savings with this bill. If our district were to consolidate with another district, the state would still be paying for those students. We also have a high number of students on free/reduced lunches which could put another district in a higher density category for at-risk pupil weighting. This could actually cause the state to pay out more money than what they are paying us now. This would also increase transportation costs for a consolidated district; currently, our transportation weighting is 7.7. The new district would be transporting all our students in addition to their students over a larger area. We are a small enough district that we receive no supplemental LOB; a district consolidating with us could actually receive more LOB than they currently do. Taking money away from one district does not necessarily mean that the state will be saving money.

Losing the schools in the Chase/Raymond district would also affect the towns of Chase and Raymond. We have watched small towns lose their schools over the years. Unfortunately, the town often dies after the school is closed. Young families do not move into the area, teachers and staff members move, and businesses suffer. The town often loses part of its identity. There would no longer be Chase Kats or Raymond Bulldogs.

Thank you for your time and consideration. If you have any questions, please feel free to contact me. Please vote no to House Bill 2103.

Sincerely,



Carl Helm

"Learning Through Caring and Sharing"

House Education Committee
Date 2-3-09
Attachment # 9

HOUSE EDUCATION COMMITTEE

HB 2104, HB 2103, HB 2101

I thank you for the opportunity to visit with you today concerning HB 2104, HB 2103 and HB 2101. Both HB 2103 and 2104 will have a major impact on Low Enrollment Schools. Many low enrollment schools are small and rural, where we have to rely on the wisdom of our local representatives, but more so on those representatives that want to do the right thing for all students, whether they are small and rural or in major cities.

The low enrollment schools took a major hit a few years ago when low enrollment weighting was reduced by over 11% for some of the smaller districts. That decision was based on a post audit study that cut staff to where a teacher in most small districts had to be certified in a number of subject areas and had five to six class preparations per day in order to offer a regents recommended curriculum. That low enrollment cut has had a devastating impact on small and rural schools to maintain quality education. It becomes even more so when older teachers retire and schools try to compete with larger districts that pay teachers nine to ten thousand dollars more when comparing average salaries. Most low enrollment districts have a smaller percentage of cash carryover from one year to the next, which puts them in jeopardy when anything unusual happens, such as late state aid payments, higher delinquency in tax payments, or a downturn in the economy where they might be cut because of a lack of state funds. Now we are looking at a cut of 26% in low enrollment weighting for the smallest schools.

Over the last few years, legislation has been passed that has further challenged small and rural schools because it is difficult or impossible for them to qualify, such as high at-risk weighting, with 212.1 students per square mile. It would make sense that if we have 35.1% at-risk students, we should qualify for high at-risk funding. What difference does it make if we have 212.1 students per square mile? Barber County North would need 152,287 students because it covers 718 square miles. Also, if money is available for AP courses in a virtual environment, why must a district have at least 200 square miles or an

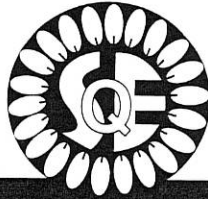
House Education Committee
Date 2-3-09
Attachment # 10

enrollment of 260 pupils to qualify for the additional funding? We ask ourselves, why the state increased correlation weighting for larger schools the last two years, but now it intends to cut low enrollment weighting for some small and rural schools. Why make a small and rural school choose between high at-risk weighting or low enrollment weighting? Do you ask schools that receive correlation weighting to make that choice?

I have a difficult time understanding HB2101. Why do we need legislation that gives districts the responsibility of picking up students in another district if they live more than ten miles from their school in their home district? We have a shortage of funds, but now you would like districts to spend additional funds on transportation, while transporting students from another district, and it doesn't have to be a neighboring district. More than likely, we could have the neighbors' busses going past each other to pick up students in the neighboring district.

I would like to add one final thought. Have you considered dropping assessed valuation per student to determine the wealth of a district? When you compare the smallest twenty-five districts to the largest twenty-five districts, you will find that the larger districts average right at 40% LOB state aid while the smaller districts average around 10% LOB state aid. If we need to save money and use a fair method of determination of the wealth of a district, maybe we should look at median household income.

I thank you for the opportunity to speak to you today, and I hope you will do what is good for all students, even those in small and rural settings.



Schools for Quality Education

007 Bluemont Hall, 1100 Mid-Campus Drive, Manhattan, KS 66506 • (785) 532-5886 • www.coe.ksu.edu/sqe

Written testimony before the
House Education Committee

by
Val DeFever, Schools for Quality Education

February 3, 2009

Mr. Chairman and Committee Members,

HB2102 is a perplexing bill for my small rural school districts. The need to adjust the distance from 10 miles from their home school to 2 ½ miles, when so many rural districts are so vast, doesn't make much sense to us.

While it is recognized that in this bill, additional low enrollment weighting and transportation funding would not be available, quite honestly one has to wonder about the need for this bill.

SQE's tentative position is to "support school choice in that a student with permission of the receiving district, may choose to attend a school in a district in which he/she does not reside. Transportation, however, can only be provided to that student by the receiving district from the district boundary."

Part of the rationale for this position stems from school districts being criticized by the general public when they see few students in a bus. They honestly question the economic sense of such actions, while not realizing at some point a bus is close to the end of its route. It is understandable that seeing a bus out of its district, going down their district's roads or streets, would further challenge the effective use of public dollars, in the minds of our patrons.

While the lack of higher levels of low enrollment weighting and transportation funding may act as a disincentive, passage of HB2102 could further encourage districts advertising and "stealing" students from one another.

Past legislation gives adequate flexibility to students wishing to attend a neighboring school district. We honestly question the need for further legislation in this matter.

"Rural is Quality"

House Education Committee
Date 2-3-09
Attachment # 11

KANSAS
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1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
785-273-3600

Testimony before the
House Education Committee

on
HB 2102
by

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

February 3, 2009

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on **HB 2102**. We have decided to appear as neutral on this bill because our members have not adopted a clear policy direction on the subject of the bill, but we believe that there are several issues the committee needs to consider.

For many years, Kansas has allowed districts to enroll students who reside in other districts and receive funding for those students on the same basis as if they were residents of the receiving district. This has resulted in a significant degree of "school choice" in Kansas. However, districts were not allowed to send buses into another district to pick up children without the "sending" district's permission. That began to change when the so-called "10-Mile Rule" was adopted over 10 years ago. Under certain limited circumstances that could generally be described as cases involving hardship, safety, or at least convenience, districts were allowed to cross boundaries into other districts to pick up students, although they do not receive state aid for the cost of this transportation. Districts in the four largest counties are excluded from this law.

Although certainly some of our member districts have objected to this law, it is obvious that an equal number of districts are willing to take advantage of it. The number of students involved is relatively stable and none of our members have proposed that KASB seek to repeal the current law. Nor have they proposed expanding it.

-OVER-

House Education Committee
Date 2-3-09
Attachment # 12

HB 2102 would *significantly* expand the current law, and we urge the committee to think carefully about several issues before approving this step. By dropping the threshold from 10 miles to 2.5 miles, the bill could lead to buses from multiple districts passing each other across Kansas communities. The more this option is exercised, the more districts will be spending on transportation costs at a time when many legislators are criticizing districts for spending too much “outside the classroom.”

The bill also provides that districts enrolling non-resident students, under this bill, will receive the *lower* enrollment weighting of either the receiving or spending district. Some of our members who feel they are unfairly losing students to other districts may welcome this, but it sets precedent for applying this standard for non-resident students, a change that would have a negative funding impact on many smaller districts. This change may also mean districts will have less incentive to accept non-resident students – and you will likely hear complaints from those families.

Although **HB 2102** does allow school districts some additional “local control” choices, we hope the Legislature will carefully consider if it really wants those choices authorized, and certainly should not be critical if districts actually make those choices.

Thank you for your consideration. I would be happy to answer any questions.