



**Senate Education Committee
Senator Schodorf, Chair**

S. B. 361 – Excellence in Education Act

*Submitted by Diane Gjerstad
February 6, 2012*

Madame Chair, members of the Committee:

Thank you for the opportunity to provide information on this comprehensive revision of the school finance formula. Writing a school finance formula is not an easy task and we would like to acknowledge the efforts of Governor's staff and Governor Brownback to seek input during the development of this plan. As with all legislative actions, now the details are what we will address.

Fundamentally we ask a simple question – does this new funding proposal set the state on the course to maintain *and* increase student achievement? The current formula has a well-documented record of increasing student achievement across demographic groups. Simply stated the lens we used, “is it good for kids in Wichita?”

My comments will be limited to major policy components within this lengthy bill.

Enrollment calculation

School funding would be predicated on full-time equivalency, with kindergarteners counting as full-time. We agree with counting kindergarteners as full-time, as this is long over-due in our system. WPS served FTE is 48,281, but funded FTE is 46,296 based on .5 count of over 4400 kindergarten students.

However, the idea student funding should be an equal amount for every student, without regard to the student's circumstance, is a mistake.

School district demographics are not static for four years or even year to year. School districts can experience dramatic shifts in demographics such as plant openings or closures or influx of political refugees from countries where English is not their language. This bill would assume demographics are static by eliminating weightings for ELL or poverty for school years beyond 13/14.

Over 1800 Wichita students were identified as homeless last school year. The number of students in poverty has increased each year for over 20 years.

When families are in financial crisis the children will be impacted in many ways. Wichita principals report increased issues surrounding families in distress during the current recession which has disproportionately impacted adult workers with lower educational levels. Many are our parents. We have reports of increased absenteeism, hunger, multiple families living together, and unreliable transportation. A child's sense of security and safety may be shattered, requiring more resources whether clothes, food, medical, supplies, counseling, or behavior support. Research shows poverty many times over impacts a child's ability to focus and learn.

Changes in Wichita Public Schools demographics:

	<u>2003/04</u>	<u>2009/10</u>
English language learners	9.7%	17.5%
Economically disadvantaged	63.9%	70.4%

The influence of poverty manifests itself particularly in a child's formative early years. University of Kansas researchers, Betty Hart and Todd Risley, published the illuminating 30 million word gap study. A child with professional parents would hear 30 million more words than a child living in poverty. And equally striking, a child with professional parents will hear about 32 affirmatives per hour and 5 prohibitions (6:1 ratio of encouragement to discouragement) contrasted to a child in poverty hearing 5 affirmatives to 11 prohibitions per hour (a 1:2 ratio of affirmative to discouragements).

Children enter our schools with greatly varying skill levels, yet the achievement bar is the same for all. What teachers and schools provide to get all students up to the same expectations will vary widely; and so should the financial resources.

The current formula appropriately recognizes the dramatic differences in support schools require when student populations have great needs. Wichita Public Schools have increased achievement in all demographic groups. This is especially significant because the number of students in each group increased, and the state achievement standards also increased annually.

A formula which does not recognize well researched differences in student populations and does not take into account annual inflationary realities faced by all businesses -- including schools -- cannot educate all Wichita students to the same high expectations as students from more affluent backgrounds.

Local tax levy disparity

A number of districts, including Wichita, would start from a lower BAR (Baseline Amount Requirement) under this proposal because capital outlay state aid has not been funded for three years and LOB state aid has been underfunded by the

legislature. Wichita has lost \$4.6m each year for three years in capital outlay state aid because the formula was not funded. This past session Wichita lost \$3.5m in LOB state aid due to the legislature's failure to fully fund LOB state aid. These combined funding losses will be made permanent under this plan.

It is a sharp contrast in policy to treat a few districts who, under current law, are able to access additional local property tax dollars through the 31% LOB, cost of living, ancillary weighting, and extraordinary declining enrollment. All of these local levies will be made permanent under the bill. While low wealth districts who lost capital outlay state aid and had LOB state aid prorated will have those reductions made permanent.

Unencumbered balances

The plan would seek to cap fiscal year ending balances to 7.5%, excluding special education, bond, and capital funds. We oppose any cap on year-end balances as unworkable because it fails to recognize the differences in district spending, fails to allow districts to save for future purchases (such as textbook adoptions), and fails to recognize the tax distribution schedule.

The proposed 7.5% ending balance limitation would be about \$26 million for Wichita. A few examples of the district's ending balances last year were:

- \$ 6m nutrition services to purchase food for beginning school
- \$ 8.8m textbooks to plan for new adoptions and support materials
- \$ 5.6m grants and gifts given for specific purposes (truancy, fitness)
- \$ 1.8m special liability fund to fund groundwater remediation at SSC
- \$ 14.8m contingency reserve (4.5%) or about 10 days operating expenses
- \$ 39m self-funded health, property and liability insurance fund

Secondly, schools do not receive the majority of funding at the start of the fiscal year. The accounting firm of Allen Gibbs & Houlik published a white paper on school district balances in January. AGH outlines the cash flow timing challenges districts face. Districts receive most of their property taxes in January and June, immediately prior to year end. Districts must stretch these large payments to meet salary and vendor expenses until the next payment.

Kansas school districts range from 50,000 to less than 100 students. The range of business needs will vary widely and should not be constrained by a statutory ending balance limitation which does not recognize the ebbs of differing revenue streams and differing business realities.

Property Valuation Equalization Fund (PVEF)

The 20 mills raised for schools would be redistributed to low enrollment districts. Under the bill of the \$45 million raised by Wichita property tax payers, \$43m would be reallocated to smaller districts, leaving about \$1.9m locally.

Can a formula which reallocates such a large amount away from a district which has assessed valuation per pupil **below** the state average be viewed as equalization? Wichita's valuation is \$2000 below the state median yet under this proposal Wichita would receive the fourth lowest equalization amount per pupil. Only four districts would receive less per pupil than Wichita: Satana, Burlington, Shawnee Mission and Blue Valley. Those districts rank at the top of assessed valuation per pupil, while Wichita ranks below the median.

The attached spreadsheet ranks high to low assessed valuation per pupil in the shaded column, followed by allocation from PVEF, and the amount from PVEF per pupil. This fund does not seem to be working as an equalization effort when districts with high valuation per pupil are receiving \$12,000 per pupil while Wichita, below the median, receives \$40 per pupil. At the end of the spreadsheet we can compare three districts who have similar assessed valuation per pupil yet would receive greatly varying amounts of equalization under the plan.

<i>District</i>	<i>Enrollment</i>	<i>Assessed Value per pupil</i>	<i>20 mill equalization fund</i>	<i>20 mill equal. fund per pupil</i>
Cherryvale	944.1	\$24,853	\$5,083,147	\$5384
Junction City	8485.8	\$24,620	\$1,699,398	\$ 200
Baxter Springs	1031.3	\$23,904	\$5,072,236	\$4919

A computation which returns only \$40 per pupil to a district with assessed valuation below the state median is not an equalization scheme. Assessed valuation does not appear to drive the amount districts receive in the "Property Valuation Equalization Fund".

Bond state aid

We appreciate the plan maintaining the commitment to local property taxpayers through continuation of bond state aid approved by voters prior to July 1, 2012 and the continuation of new facilities weighting aid. However, we oppose the suspension of bond state aid. The wide variations in assessed valuation make it impractical to demand all capital projects be borne solely by local property taxpayers. The result will be property wealthy districts will be more likely to maintain state of the art facilities while students in less wealthy districts will not. The quality of a student's educational experience should not be a random function of their address.

Local taxing authority

Any increases in local taxing authority need to be fully equalized and not subject to protest vote. LOB state aid was not fully funded this year, and capital outlay state aid has not been funded for several years. Both should be funded prior to any expansion of local effort. Any provisions to expand local taxing authority will need to be equalized.

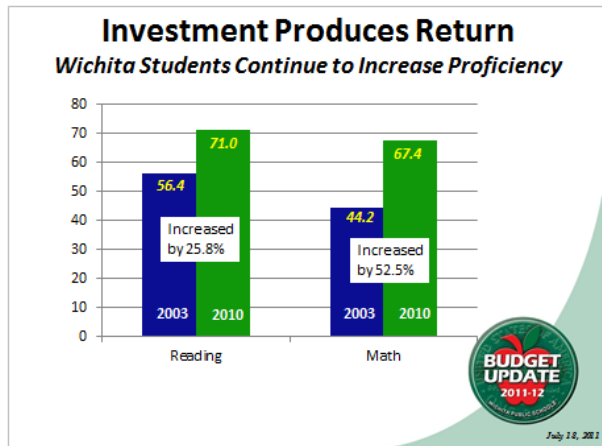
Sunset provision

A sunset provision may be used to lock into place policy and funding provisions which do not adequately meet the needs of our students. Kansas school finance law is visited each interim by LEPC, each session by multiple committees and was reviewed for a number of years by the 2010 Commission. Unlike federal law which is often locked down until reauthorization, Kansas school funding is reviewed and vetted annually. A student's K – 12 "career" is too short to withstand mistakes locked in for four years.

In summary, does this plan meet our "is it good for Wichita kids" test?

After a careful review and much conversation, we do not believe this sweeping change in funding for Kansas schools would be beneficial for Wichita Public Schools' students. Our students require additional resources to compensate for poverty, English language learners, and disabilities whether physical, learning or developmental. Chief concerns include funding every student the same; low enrollment weighting labeled as property tax equalization; unlimited taxing authority for a few while others have had reductions in state aid; and capping fund balances.

The state has adopted achievement standards which increase each year and for each demographic group. Our schools are measured on whether they met the achievement threshold for each student group. A funding formula which does not take into account the cost to educate different student groups is not acceptable.



Students in our schools today must be ready to fill the jobs at Spirit, Hawker Beechcraft, Via Christi, the NBAF facility and jobs we can only imagine. Forty percent of the aviation industry is eligible for retirement today. It is imperative we prepare a highly skilled adaptable workforce to fill tomorrow's workforce.

The school district and local economy are tightly intertwined and cannot be separated. If schools are not able to prepare our students to fill highly skilled jobs, the future economy of Kansas will not prosper. Businesses seek locations with good schools and good workforces – today Kansas can proudly fill both needs. The decisions we make today for funding our schools will have a legacy impact. This plan would not provide Wichita kids with excellence in education. We urge the committee to not adopt this proposal.