



## Testimony to Senate Education Committee

### SB 361 Excellence in Education Act

February 6, 2012

Dave Trabert, President

Madam Chairperson and esteemed Members of the Committee:

We appreciate this opportunity to present testimony on SB 361 for your consideration. We endorse certain aspects of this bill and have reservations about a few things but our overall position is Neutral because we do not believe it is possible to determine whether the funding formula is designed to provide schools with the minimum resources they need to achieve required outcomes while also operating and being organized in a cost-effective manner.

We also believe the current funding formula is not designed to provide schools with the minimum resources they need to achieve required outcomes while also operating and being organized in a cost-effective manner because such a study has never been conducted in Kansas.

The Augenblick & Myers 2001 study that was used by the *Montoy* courts was supposed to have taken efficiency into account but, as explained by Caleb Stegall in “Analysis of Montoy vs. State of Kansas,” A&M chose to ignore efficiency.<sup>1</sup>

“The second methodology A&M used to estimate the cost of a “suitable education” was the successful schools approach. This approach determines a base cost amount by looking at the actual spending by districts that already meet the suitable education standard. In order to identify which Kansas school districts to use as models of “successful schools,” A&M collected the list of school districts that had already met both the input and outcome standards of the suitable education definition. This list included 85 school districts.

A&M emphasized that some of the strengths of the successful schools approach were its ability to identify a base cost figure, and “that it allows for the inclusion of spending efficiency to be used as a measure of success.” Regarding the latter, A&M had hoped to

---

<sup>1</sup> Caleb Stegall, “A Kansas Primer on Education Funding, Volume II: Analysis of Montoy vs. State of Kansas” published by Kansas Policy Institute, 2009; page 29.

further winnow the number of “successful school” district models by examining the efficiency with which the 85 districts spent their money. After analyzing how several factors (such as attendance center size, enrollment, proportion of low-income students, and local tax effort) affected spending, A&M used these results to estimate a “predicted spending” efficiency level for each district. A&M then compared this “predicted spending” level for each district to a district’s actual spending, seeking to identify which school districts were spending efficiently. But when the results demonstrated that 50 of the 85 “successful school” districts would be considered inefficient spenders, A&M decided not to use *efficiency* as a component of a “successful school,” choosing instead to use all 85 school districts. A&M concluded that had it used efficiency standard to exclude those 50 districts, this “might [have] undermine[d] the possibility that this higher [albeit inefficient] spending is what allows district to be successful in Kansas.” In other words, as throughout the cost-study process, methodologies were adopted expressly because of the results they could be expected to deliver.”

By co-mingling the 50 inefficient spenders with the 35 efficient, successful districts and thereby showing artificially high spending numbers, A&M deprived the *Montoy* courts of information that would have shown districts could spend less and still be successful.

Kansas educators often cite a 2006 study from the Kansas Division of Legislative Post Audit (LPA) study that found “...a strong association between the amounts districts spend and the outcomes they achieve.”<sup>2</sup> But that LPA study contained other pertinent information that is ignored by those who believe that money drives achievement.

In answering Question 3 of the audit: What Does the Educational Research Show About the Correlation Between the Amount of Money Spent on K-12 Education and Educational Outcomes?, LPA stated:<sup>3</sup>

“Educational research offers mixed opinions about whether increased spending for educational inputs is related to improved student performance. Well-known researchers who have reviewed that body of research have come to opposite conclusions. Likewise, individual studies of specific educational inputs we reviewed sometimes concluded additional resources were associated with improved outcomes, and sometimes concluded they weren’t. Because of perceived shortcomings in many of the studies that have been conducted in these areas, many researchers think more and better studies are needed to help determine under which circumstances additional resources actually lead to better outcomes.”

It is also important to note that LPA’s findings of correlation between spending and achievement were only based on results from state assessment tests, and that KSDE has control over the design, standards and results of their own tests. Had LPA been asked to do its analysis using independent

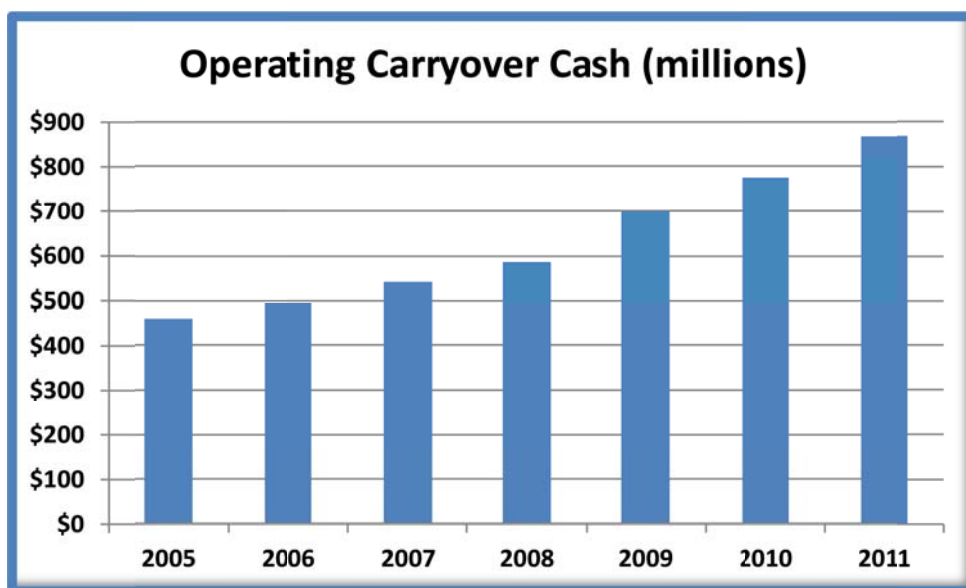
<sup>2</sup> Legislative Post Audit “Cost Study Analysis, Elementary and Secondary Education in Kansas: Estimating the Costs of K-12 Education Using Two Approaches”, January 2006, page 40.

<sup>3</sup> Ibid, page 107.

test results from the U.S. Department of Education, they may have come to a completely different conclusion because those scores showed little change while spending grew dramatically.

LPA also was careful to point out in that 2006 study that their charge was limited in scope, saying “... *within these cost studies we weren’t directed to, nor did we try to, examine the most cost-effective way for Kansas school districts to be organized and operated. Those can be major studies in their own right.*”<sup>4</sup>

While there is no factual basis to establish whether any funding formula provides Kansas schools with the required resources to be successful while also operating efficiently, there is evidence that the current formula is broken. Districts have said they are underfunded for at least three years now, yet each year they have collected more money that they have spent. As shown below, their carryover cash balances in current operating funds (excluding capital, debt service and federal funds) have grown from \$458 million in 2005 to \$868 million in 2011.



It is especially noteworthy that \$314 million of carryover cash reserves are held in funds targeted toward specific services: Bilingual, At Risk and Special Education. Unless one believes that districts are deliberately not providing necessary services, one can only conclude that the funding formula is providing more money than districts need.

Carryover cash balances only increase when receipts (aid) exceed expenditures. While districts do need some degree of carryover cash reserves, the \$410 million increase over the last six years represents state and local tax dollars that, for whatever reason, were not spent. Accordingly, we believe that any proposed new funding formula should take this large amount of unspent aid into account and require that an appropriate portion be used.

---

<sup>4</sup> Ibid, page 2.

On a related note, it seems appropriate to give districts more flexibility to spend aid dollars at their discretion; the formula proposed in SB 561 does seem to do so by eliminating many of the 'weightings' and putting more money into the 'base' amount.

### ***Property Tax Limits***

We are opposed, however, to the provisions of SB 561 that remove limits on the amount of property taxes that can be raised by local school districts.

As shown on the attached Statewide Property Tax Summary, property tax collections increased 94% between 1997 and 2010. At the same time, inflation only increased by 32.7% and population rose by 10%. Residential property has seen the greatest tax increase, going up 143.9% statewide. Part of the increase in property taxes is attributable to new construction but Kansans have still been hit with unnecessary tax increases. For example, assessed valuations on homes that existed in 1997 jumped by 57%; with the average change in mill rates, the tax on these older homes have grown by nearly 80%.

The statewide average increase is 94% but there are thirty-seven counties in which tax collections have more than doubled. (Tax collections in a county include all taxing jurisdictions; cities, townships, school districts, etc.). Nineteen of those thirty-seven counties where taxes more than doubled experienced population declines over the same period, which dramatically increased the tax burden on remaining citizens. A list of all counties comparing changes in tax collections, mill rates and population is also attached to this testimony.

In addition to the fact that Kansans have already experienced large, unnecessary property tax increases, local schools districts have many other options at their disposal. They have hundreds of millions of dollars in unspent aid sitting in carryover cash reserves; now that districts are being paid on time, they could and should begin using some of the money to operate schools.

Schools districts also have multiple options to operate more efficiently and avoid raising property taxes. A 2009 Legislative Post Audit study identified 80 things districts could do to reduce operating costs.<sup>5</sup>

### ***Alternative Teacher Certification***

We support the concept of allowing alternative routes for teacher certification to expand the pool of effective teachers. Local school boards should have the right to determine whether someone is qualified to teach in their district rather than have the pool arbitrarily limited by state law.

---

<sup>5</sup> Kansas Division of Legislative Post Audit, "K-12 Education: School District Efficiency Audits" July 2009

### ***Career and Technical Education***

We support the concept of making career and technical education more accessible to students, although we do not believe it is appropriate to provide a \$1,000 bonus to districts for each student who successfully completes a CTE program. We understand that it is not the intent of SB 561 or educators to ‘track’ students into CTE but the real possibility of that occurring does exist by providing this particular incentive. We are not opposed to incentives that apply to all students, but we are opposed to targeted incentives of this nature.

### ***Teacher Evaluations***

We support the concept of rigorous teacher evaluations and believe that districts need a streamlined system that allows them to dismiss an ineffective teacher when remediation efforts have not been successful. We also believe that individual student progress should be a major factor in the evaluation process. However, there are aspects of the proposed evaluation system that we believe deserve further discussion.

- The 40% of an evaluation that is not achievement-related is open to considerable interpretation. It also seems that student and parental feedback should count for at least as much, if not more than, a supervisor’s feedback.
- The ratings categories are open to interpretation (what does ‘progressing’ mean?). Labels should be easily understood at face value so there is no question as to how an employee is performing. Everyone understands what A,B,C,D,F means; we believe those would be more appropriate descriptors.
- Posting teacher evaluations online is a difficult issue. We can understand parents wanting to know if their children are with an effective teacher, especially since Kansas law denies parents of lesser means the right to choose a different education option for their child through public charter schools not run by the local school district or with vouchers or tax credit scholarships. But we can also appreciate how posting individual teacher evaluations online can have a debilitating effect on those teachers who need to and are trying to improve. Perhaps a compromise might be to aggregate teacher evaluations by grade level or subject within each building (X% are Effective, Y% are Progressing, etc.); doing so would protect teacher privacy while still giving parents some degree of information about the effectiveness of teachers in their children’s school.

## ***Conclusion***

While we have concerns about some aspects of this bill, we are encouraged that these important reforms are being discussed and hope the Committee will entertain modifications to enhance and improve the alternative certification, career and technical education and teacher evaluation reforms.

As we believe there is no factual basis to establish whether any funding formula provides schools with the required resources to be successful while also operating efficiently, we encourage the Committee to recommend that Legislative Post Audit undertake such study.

Thank you for this opportunity to share our thoughts and research with the Committee.