KANSAS ASSOCIATION OF SCHOOL BOARDS

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Testimony before the

House Committee on Appropriations

on

HB 2577 - Appropriation revisions for FY 2016, FY 2017 and FY 2018 for various state agencies

by

Mark Tallman, Associate Executive Director for Advocacy

Also Representing: Kansas School Superintendents Association

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Mr. Chairman, Members of the Committee:

Thank you for the opportunity to testify on the budget K-12 education. First, because there continues to be significant discussion over whether school funding is rising or being cut, KASB wanted to provide this committee with information we are sharing with our members. The following chart contains information for Fiscal Years 2012 through 2017 from the Governor's Budget report, with information for FY 2009 through 2011 from the Budget Division, with additional information calculated by KASB.

Major Categories of State Aid for K-12 Education in Kansas

(Dollars in thousands except per pupil)

	FY 2009 Actual	FY 2010 Actual	FY 2011 (Actual)	FY 2012 Actual	FY 2103 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Gov. Rec.	FY 2017 Gov. Rec.	FY 2009-17 Change
1. Total--Major Categories	**$3,755,171**	**$3,531,839**	**$3,797,471**	**$3,722,143**	**$3,748,357**	**$3,820,950**	**$3,948,062**	**$4,042,638**	**$4,081,006**	**$325,835**
2. Change from prior year		**-$223,332**	**$265,632**	**-$75,331**	**$26,215**	**$72,592**	**$127,113**	**$94,576**	**$38,367**	
3. Percent Change/Prior Year		**-5.9%**	**7.5%**	**-2.0%**	**0.7%**	**1.9%**	**3.3%**	**2.4%**	**0.9%**	**8.7%**
4. Less KPERS Aid to USDs	$213,204	$173,191	$235,267	$319,991	$284,300	$318,186	$273,802	$332,704	$329,849	$116,645
5. Less Capital Outlay Aid	$22,339						$28,927			
6. Less Bond and Interest Aid	$75,171	$87,662	$96,141	$104,788	$111,550	$129,726	$145,009	$163,300	$181,000	$105,829
7. Less Property Tax Relief							$62,591	$62,591	$62,591	$62,591
8. Net Operating Aid	**$3,444,457**	**$3,270,986**	**$3,466,063**	**$3,297,364**	**$3,352,507**	**$3,373,038**	**$3,437,733**	**$3,484,043**	**$3,507,566**	**$63,109**
9. % Change/Prior Year		***-5.04%***	***5.96%***	***-4.87%***	***1.67%***	***0.61%***	***1.92%***	***1.35%***	***0.68%***	1.8%
10. Unweighted FTE Enrollment	450,014	453,135	454,680	455,293	456,738	458,324	460,082	460,447	461,000	10,986
11. Per Unweighted FTE	$7,654	$7,219	$7,623	$7,242	$7,340	$7,360	$7,472	$7,567	$7,609	-$46
12. % Change/Prior Year		***-5.69%***	***5.60%***	***-5.00%***	***1.35%***	***0.26%***	***1.53%***	***1.27%***	***0.55%***	***-0.6%***
13. Consumer Price Index	214.5	218.1	224.9	229.6	233.0	236.7	236.9	241.2	246.3	31.7
14. Inflation Rate		***1.64%***	***3.16%***	***2.07%***	***1.46%***	***1.61%***	***0.10%***	***1.80%***	***2.10%***	***14.8%***

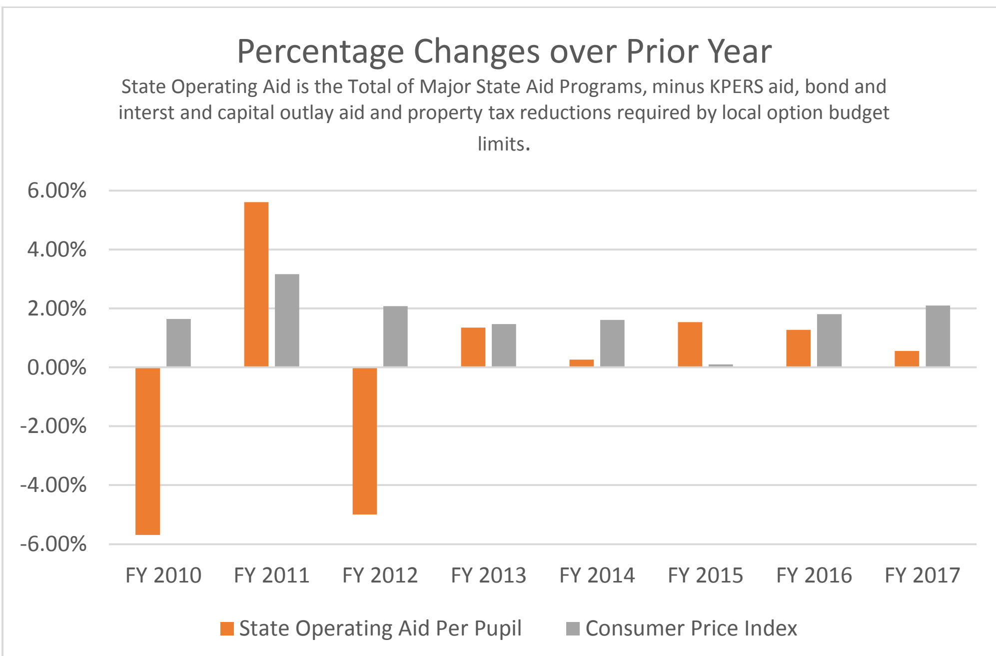
The first three lines show the major categories of state aid for school districts, including the 20 mill levy, which was only actually added as direct state funding in FY 2015. It also includes federal stimulus funding used for state aid in FY 2010 and 2011. The final two years include block grant funding and other appropriations with the Governor's recommended adjustments for FY 2016 and 2017.

The data shows that total state school aid has increased $325 million since 2009, or a total of 8.7 percent, and has increased every year since 2011. It is correct to say that state appropriations for schools are at an all-time high. (Note the change in the consumer price index over that time has been 14.8 percent.)

However, to show what has happened to school district funding that is available for current operations, on lines 4-7 we subtract state KPERS contributions, capital outlay state aid (paid in only two years), and capital improvement (bond and interest) state aid. We also reduced local option budget state aid by the difference between LOB ***aid*** and actual local option budget ***spending*** to show that many districts could not spend all of the LOB aid increase in 2015 because they were capped. The difference is property tax reduction.

Let me stress we are not arguing these funds should not "count" as state spending. We are simply trying to show that school districts cannot spend these funds for regular operations, such as teacher salaries. When adjusted, the chart shows state aid for school operating budgets increased just $63 million since 2009, or less than two percent in eight years, when inflation has increased nearly 15 percent.

Finally, full time equivalent enrollment over this period increased by nearly 11,000 students. (This does NOT include changes in weighted enrollment). As a result, per pupil operating funding has actually decreased slightly since 2009. These changes are shown graphically below:



We hope this helps explain that, despite additional funding each year, the rate of increase in operating funds has been less than inflation all but two years during this period (and one of those years (2011) is really distorted by funding that was shifted from other years to manage state cash flow during the recession). State aid is increasing, but not enough to cover rising fixed costs, which requires school districts to make offsetting "cuts" within their budgets.

Next, we would like to comment on the Governor's proposal to shift funding and oversight of early childhood special education, the Children's Cabinet and certain early education programs to the Department of Education.

We support this change. KASB has a longstanding position that all early childhood programs should be coordinated by the Kansas State Board of Education and Department of Education.
We believe this change would strengthen coordination among state programs to prepare children to enter school ready to learn, which is one of the new key outcomes for the Kansas State Board of Education.

Finally, we would like to comment on the proposal to shift funding for the Parent Education (Parents as Teachers) Program to TANF funding. As we understand it, this would allow state funding of services to families below 200% of the federal poverty level. We further understand the Governor has proposed that families above that threshold could receive services but would be required to pay a fee.

We recommend the committee consider giving school districts an option of either charging fees or providing revenue to cover the cost of serving families over 200% of poverty from other sources.

Thank you for the opportunity to comment on this issue. We hope this information has been helpful. Please contact us if you would like more detailed information.