

Testimony before Senate Education Committee
SB 93 – relating to allocation of K-12 funding
Mike O’Neal – Kansas Policy Institute
Oral testimony in support
mike@onealconsultingks.com

February 18, 2021

Madam Chairman and members of the Committee

Thank you for the opportunity to appear in support of SB 93. As you can see, the bill is simple and straightforward. The bill amends the current statute dealing with the development and passage of local school district budgets by the locally elected school boards. This Committee passed a bill with the same language last session in SB 353. The bill died on Senate General Orders when the session ended prematurely due to Covid-19.

Over the past several years of school finance litigation, much attention has been paid to Article 6, Sec. 6 of the Kansas Constitution. That section sets forth the duty of the Legislature to make suitable provision for the finance of the educational interests of the state. The Kansas Supreme Court has interpreted that provision as embracing the concept of “adequacy” of funding. Specifically, the Court has defined “adequacy” as a requirement that the finance system “through structure and implementation – be reasonably calculated to have all Kansas public education students meet or exceed the standards set out in *Rose* and as presently codified in K.S.A. 72-1127”. (See attached fiscal note for more detail on the *Rose* capacities)

The *Gannon* Court noted that “[w]hile the wisdom of the legislature’s policy choices in allocating financial resources is not relevant to this analysis, the panel can consider how these choices impact the State’s ability to meet the *Rose* factors.”

The Court has acknowledged that it is not only the Legislature’s duty to provide a funding system that meets the adequacy test, it has the power to determine the allocation of that funding. Here is where power and reality diverge. The Legislature is loath to directly allocate district funds toward the objects of educational pursuits. They leave it up to the local districts to decide, favoring local control. But here is where the legal disconnect occurs. While the Legislature determines the structure of the finance system for schools, it does not implement that system of finance by determining the allocation of resources. Yet the Court has said that implementation is the Legislature’s responsibility.

Today we find ourselves in one of the few sessions in the last two decades where the Court is not directly involved with your appropriations process. Your funding system has been found to be adequate and constitutional. Great, right? But how many of us really think the current funding practices at the local level have been successful in getting our Kansas students academically proficient and meeting our statutory goals? Performance outcomes are relatively flat; certainly they are unacceptable given the unprecedented increases in funding the legislature has provided. What's the solution? Have the Legislature take over the role of determining how appropriated funds are allocated to get the job done?

No, the answer lies in the same Article 6 of the Kansas Constitution; but instead of Section 6, it's Section 5, which reads: "Local public schools under the general supervision of the state board of education shall be maintained, developed and operated by locally elected boards..." This is, frankly, an often overlooked provision, but a vitally important one. Locally elected school boards, by law, run our schools - not the local school administration and certainly not the Kansas Department of Education.

This brings us to the existing statute being amended here. Current law already requires the local school boards to annually conduct an assessment of the educational needs of each attendance center in the district. Those assessments are required by law to inform the budget that the board ultimately approves for the school year. What do those needs assessments consist of? At a minimum, they include the questions that the KSDE has outlined and which appear on their website. (See attached). Current law requires such needs assessments be conducted before a budget is approved. Presumably, the resulting budgets are a product of the answers to those needs assessment questions. We wonder, however, how many current local school board members are even aware of this requirement.

What other guidance is available to assist in the development of a budget that should meet the needs of our students and the teachers who teach them? I have often referred lawmakers to the KSDE's *Kansas Accounting Handbook for Unified School Districts*. Account Code 1000 is Instruction. Here's what the *Accounting Handbook* says about Instruction:

"Although all other functions are important, this function acts as the most important part of the education program, the very foundation on which everything else is built. If this function fails to perform at the needed level, the whole educational program is doomed to failure regardless of how well the other functions perform. Instruction not only includes the regular face to face classroom teaching but also such things as lab sessions, independent work, and educational field trips." (pg. 71)

This uncharacteristically strong statement by KSDE concerning the importance of the instruction portion of the budget, coupled with the local board's constitutional and statutory

directive, should result in budgets that are built from the classroom up, not the administration building down. Account code 1000 (Instruction) should be the first building block of the budget foundation. Yet, we see time and time again that it is the classroom and instruction that get short-changed. And, sadly, performance outcomes reflect this fact.

In the Special Session of 2005 the Legislature, in response to a Court order requiring the appropriation of additional funds for schools, took bi-partisan steps to establish a state policy that at least 65% of funds should be expended for instruction. The schools had historically fallen short of that goal and, sadly, have fallen far short of that goal in every year since, in spite of the statutory policy. To put this into perspective, had the school districts collectively met those goals in the intervening years, over \$9.4 Billion that was appropriated by the Legislature and ultimately spent by the districts, would have reached the classrooms. (See attached exhibit illustrating the classroom shortfall history) The money was, in fact, appropriated and spent – just not spent for instruction. As the *Accounting Handbook* states, if the Instruction function fails to perform at the needed level, the whole educational system is “doomed to failure”.

How do we get boards to assume their proper role in developing budgets that meet the needs of our students and the expectations of the Court in terms of adequacy? SB 93 is the answer. Proficiency and attainment of our statutory educational goals by all students should be the overriding consideration. Graduation does not necessarily equate to proficiency or attainment of educational goals. No future budget should ever be approved by the locally elected boards unless they are satisfied that the allocation of resources is “reasonably calculated such that all students may achieve the goals set forth in K.S.A. 72-3218(c).” This is what the Court has ordered and, more importantly, what our students and their families deserve.

The fiscal note on this bill by the Division of Budget explains it succinctly: “The enactment of SB 93 would have no fiscal effect, as the bill requires school districts to allocate sufficient funding within its available resources so that all students may achieve the educational capacities listed above.” Who could be opposed to that?



February 15, 2021

The Honorable Molly Baumgardner, Chairperson
Senate Committee on Education
Statehouse, Room 445B-S
Topeka, Kansas 66612

Dear Senator Baumgardner:

SUBJECT: Fiscal Note for SB 93 by Senate Committee Education

In accordance with KSA 75-3715a, the following fiscal note concerning SB 93 is respectfully submitted to your committee.

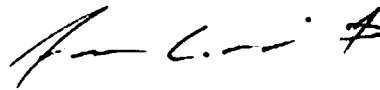
Under current law, the board of education of each school district is required to assess the educational needs of each attendance center in the district. This information is then used to prepare the budget of the school district. SB 93 would require the school district to allocate sufficient funding in a manner reasonably calculated so that all students may achieve the educational goals outlined in KSA 72-3218(c), also known as the "Rose Capacities." These capacities require:

1. Sufficient oral and written communication skills to enable students to function in a complex and rapidly changing civilization;
2. Sufficient knowledge of economic, social, and political systems to enable the student to make informed choices;
3. Sufficient understanding of governmental processes to enable the student to understand the issues that affect his or her community, state, and nation;
4. Sufficient self-knowledge and knowledge of his or her mental and physical wellness;
5. Sufficient grounding in the arts to enable each student to appreciate his or her cultural and historical heritage;
6. Sufficient training or preparation for advanced training in either academic or vocational fields to enable each child to choose and pursue life work intelligently; and

7. Sufficient levels of academic or vocational skills to enable public school students to compete favorably with their counterparts in surrounding states, in academics or in the job market.

The enactment of SB 93 would have no fiscal effect, as the bill requires school districts to allocate sufficient funding within its available resources so that all students may achieve the educational capacities listed above.

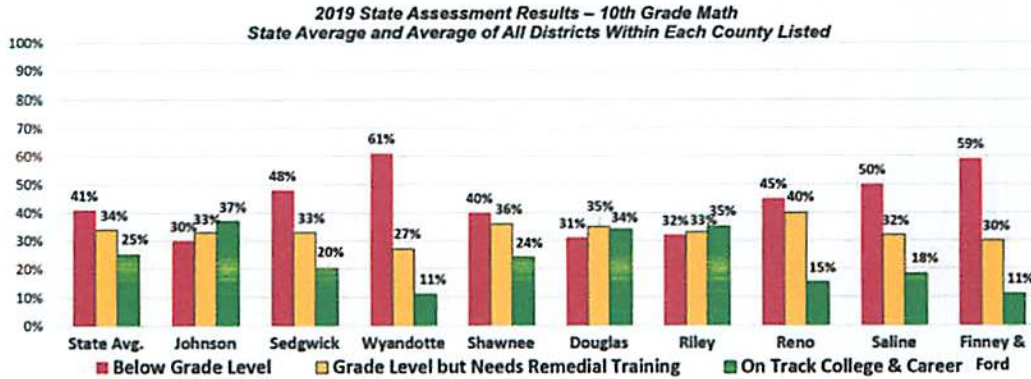
Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

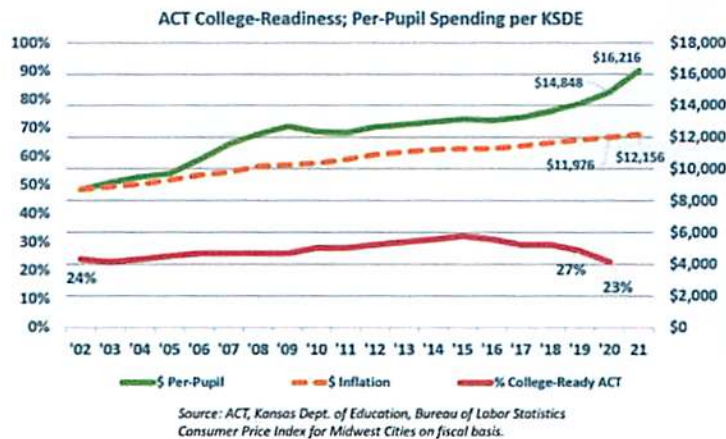
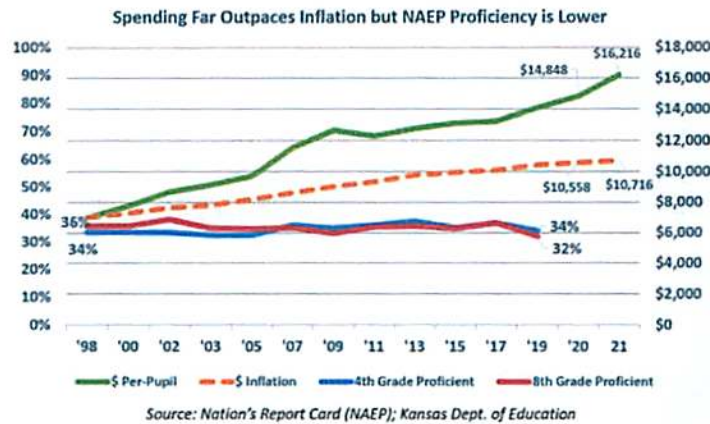
Adam Proffitt
Director of the Budget

cc: Craig Neuenswander, Education

There are more 10th-graders in Kansas below grade level in Math than are on track for college and career, according to the Kansas Dept. of Education.



Spending has grown much faster than inflation, but NAEP Proficiency and ACT College-Readiness Declined



BUILDING NEEDS ASSESSMENT (Academic)

This may also serve as the "DISTRICT NEEDS ASSESSMENT" required by:
No Child Left Behind, Title II-A Teacher Quality and Title V Innovative Programs.

Below are questions which could be addressed when planning for needs at the building level.
Personnel - *such as teachers (including Title I teachers), principals, counselors, and support staff* - should be involved in determining the needs of the building and district.

Section 1: STUDENT NEEDS

- a. How many students are attending classes in this attendance center?
- b. How many students attending this building meet the definition of at-risk?
- c. What is the pupil-teacher ratio?
- d. What is the pupil-teacher ratio necessary to meet the needs of students and the goals of the attendance center?
- e. How many students have an IEP, are severely handicapped, are English Language Learners, etc.?
- f. How many students do not meet proficiency?
- g. What are your targets/goals regarding percentage of students in the advanced and exemplary categories?
- h. Do you have disparities in student achievement among ethnic groups?

Section 2: STAFF NEEDS

- a. Are all your licensed teachers highly qualified and properly assigned?
- b. How many teachers are needed to meet the goals of the attendance center?
- c. What staff development is necessary for teachers to support student achievement and meet the goals of the attendance center?
- d. How many qualified teachers are needed to meet the needs of students from an AYP viewpoint?
- e. How much planning time do teachers currently have and how much is needed to meet their teaching schedule?
- f. How many paraprofessionals (support staff) are currently employed and how many are needed at this attendance center?
- g. Do teachers and students have sufficient access to a variety of technology?
- h. Is staff properly trained to incorporate technology into the classroom?
- i. Are there adequate licensed support personnel such as counselors, librarians, nurses, etc.?
- j. Are principals & other key staff trained to provide instructional leadership to teachers?

Section 3: CURRICULUM NEEDS

- a. Is the curriculum aligned with state standards?
- b. What extended learning opportunities are provided (after school programs, summer school programs, etc.)?
- c. Are there appropriate and adequate instructional materials?
- d. What technology is needed to support the curriculum?
- e. Is current technology appropriate?

Section 4: FACILITY NEEDS

- a. Is there adequate space for student learning?
- b. Are there necessary repairs and/or adjustment to the existing space that need to be made?

Section 5: PARENTAL NEEDS

- a. What parental involvement opportunities do you currently offer?
- b. How exactly do you want your parents to be involved in the school such as greater attendance, greater committee involvement, etc.?
- c. Are parent training programs (teaching parents how to give student help with homework, teaching parents how to use technology that student will be required to use, etc.) necessary?
- d. What types of communication exists with parents and community? Is it adequate?

Section 6: HIGH SCHOOLS NEEDS

- a. What is the current graduation rate?
- b. What is the current dropout rate?

Section 7: OTHER

- a. How many licensed personnel were involved in helping to determine the needs of this attendance center (teachers, principal, counselors, support staff, etc.)?
- b. Are Title II-A and Title V funds used to address the identified needs.



Guidelines for Activity Funds
FUNDS
FUNCTIONS
SUBFUNCTIONS
OBJECT CODES



FOR UNIFIED SCHOOL DISTRICTS

KANSAS
ACCOUNTING
HANDBOOK

The three groups of code characters can be listed as follows:

FUND Two (2) characters
 FUNCTION Four (4) characters
 OBJECT Three (3) characters

The organization of the groups of code characters can be illustrated as follows:

Fund	Function	Object
XX	XXXX	XXX

A more detailed set of definitions and explanations will follow in this manual.

EXPENDITURES

Function Definitions

The function describes the activity for which a service or material object is acquired. The functions of an LEA are classified into five broad areas:

- Instruction
- Support Services
- Operations of Non-Instructional Services
- Facilities Acquisition and Construction
- Other Outlays

Functions are further broken down into subfunctions, service areas, and areas of responsibility. Each of these levels consists of activities, which have somewhat the same general operational objectives. Furthermore, categories of activities comprising each of these divisions and subdivisions are grouped according to the principle that the activities can be combined, compared, and are related. For example:

Function	2000	Support Services
Subfunction	2300	General Administration
Service area	2310	Board of Education Services
Area of responsibility	2313	Board Treasurer

An effort has been made to group together functions in relation to the magnitude of expenditures typically found in the LEA. This grouping corresponds to the categories most frequently requested in reporting to external authorities especially the federal government. The numbering code for functions are always in even thousands, such as 1000; 2000; 3000; etc.

1000 INSTRUCTION

Instruction includes the activities dealing directly with the interaction between teachers and students. Teaching may be provided for students in a school classroom, in another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities. This includes expenditures formerly reported under 3400 Student Activities. Teaching may also be provided through some other approved medium such as two-way interactive video, television, radio, telephone, and correspondence. Included here are the activities of aides or classroom assistants of any type (clerks, graders, teaching machines, etc.) which assist in the instructional process.

Include only regular and part-time teachers, teacher aides or assistants, homebound teachers, hospital-based teachers, substitute teachers, and teachers on sabbatical leave. If proration of expenditures is not possible for department chairpersons who also teach, include department chairpersons who also teach in instruction. Full-time department chairperson's expenditures should be included only in 2490.

INSTRUCTION COSTS

(1000 Function)

Although all other functions are important, this function acts as the most important part of the education program, the very foundation on which everything else is built. If this function fails to perform at the needed level, the whole educational program is doomed to failure regardless of how well the other functions perform. Instruction not only includes the regular face to face classroom teaching but also such things as lab sessions, independent work, and education field trips.

By far the biggest cost items in this function are teacher salaries and associated costs such as social security, fringe benefits, and workers' compensation. Other major costs in the function are costs in providing substitutes and paraprofessionals who work with the teachers. All of the materials needed in the delivery of the instructional program by the teacher and helpers are another major cost. Costs that do not involve teachers and their helpers (paraprofessionals, substitutes, etc.) and the students' actual learning should not be included in this category.

STUDENT AND INSTRUCTIONAL SUPPORT COSTS

(2100 and 2200 Subfunctions)

Although the Instruction function is the foundation of an educational program, without good support services it cannot operate at the highest levels of performance. The support services function covers all aspects of student and teacher services not related to actual teaching. The main purpose of this function is to help provide better instruction by providing continuing training for staff and services that prepare students to be physically and psychologically ready to learn.

Some of the services provided by this function are mental and physical health, curriculum development, teacher inservice, guidance counseling, program development, media services, technology, library, and all short and long-term programs that benefit general education.

ADMINISTRATION COSTS

(2300 and 2400 Subfunctions)

General and school administration plans and oversees the mission of the school district. In order to improve the education of students, a district must have creative, active leadership to make the best use of the expertise of all positions and plan and implement the most successful programs.

The costs of superintendents, assistants and deputies, legal affairs, and other miscellaneous administrative central office personnel are included in this function. From the school level, principals' and assistants' costs are a part of this function. The last major item included in this function is the school board expenses.

OPERATIONS AND MAINTENANCE COSTS

(2600 Subfunction)

Operation of the physical plant, maintaining grounds, buildings, and equipment related to facilities, school safety and security, operations staff, and care and upkeep of grounds are all included in the Operations and Maintenance function. Utilities are also a part of this function.

When money is tight, there is a tendency by school districts to limit spending in this function. Neglect in the maintenance area could result in unacceptable building conditions that result in high repair costs or replacement later. Poor surroundings can also contribute negatively to student learning. A carefully planned timetable for maintenance can result in reduced costs in the long term and provide facilities that contribute positively to learning.

\$9.4 Billion More to Instruction @ 65% Legislative Goal (millions)					
School Year	Total Instruction	Total Spending	Instruction % of Total	Instruction @ 65%	Shortfall from 65% Goal
2005	\$2,324.0	\$4,289.4	54.2%		
2006	\$2,538.4	\$4,689.3	54.1%	\$3,048.0	\$509.6
2007	\$2,838.1	\$5,142.1	55.2%	\$3,342.3	\$504.3
2008	\$3,012.2	\$5,446.5	55.3%	\$3,540.2	\$528.0
2009	\$3,125.9	\$5,666.7	55.2%	\$3,683.4	\$557.5
2010	\$3,072.4	\$5,589.5	55.0%	\$3,633.2	\$560.8
2011	\$3,058.3	\$5,587.0	54.7%	\$3,631.6	\$573.2
2012	\$3,154.2	\$5,771.0	54.7%	\$3,751.2	\$596.9
2013	\$3,212.4	\$5,852.5	54.9%	\$3,804.1	\$591.7
2014	\$3,293.2	\$5,975.5	55.1%	\$3,884.1	\$590.9
2015	\$3,279.9	\$6,080.0	53.9%	\$3,952.0	\$672.1
2016	\$3,223.8	\$6,028.9	53.5%	\$3,918.8	\$695.0
2017	\$3,269.8	\$6,084.6	53.7%	\$3,955.0	\$685.2
2018	\$3,499.3	\$6,492.2	53.9%	\$4,219.9	\$720.6
2019	\$3,544.6	\$6,711.0	52.8%	\$4,362.2	\$817.6
2020	\$3,794.9	\$7,074.5	53.6%	\$4,598.4	\$803.5
					\$9,406.9
<i>Source: KSDE, Comparative Performance & Fiscal System with Capital allocated to Instruction</i>					