



Serving Educational Leaders,
Inspiring Student Success

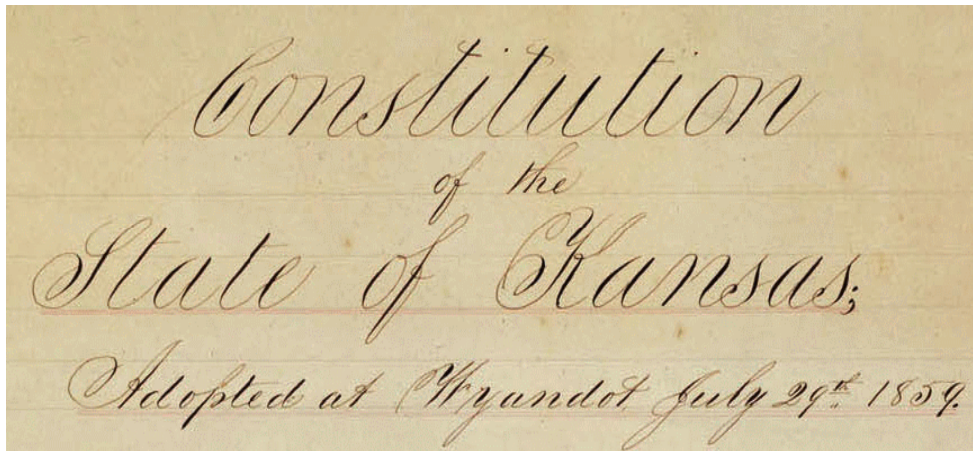
School Finance in the Court, Legislature and Schools: What it Means to Kansas

Kansas Association of School Boards

Spring 2018

Education in the people's constitution

Education: A constitutional duty since statehood – last amended 1966



Legislature to establish system of public education for “intellectual, educational, vocational and scientific **improvement.**”

- **Elected** *Kansas State Board of Education*: “general supervision” of public schools
- **Appointed** *Board of Regents* for higher education.
- **Elected** *local boards*: “maintain, develop and operate” schools.
- **Elected** *Legislature*: make suitable provision for finance of the educational interests of the state.

Who is responsible?



State Board sets goals, accountability, standards, accreditation for all students and schools.



Local school boards use state, local and federal funding to operate and address state, local and federal requirements and goals.



Legislature determines “system” of state, local and federal funding, passes laws on school operations and finance. Governor signs or vetoes.



Courts enforce and interpret constitution and laws.

Differences that matter

District wealth is different: Some districts can raise tens of thousands of dollars more per pupil; big range in income and sales tax revenue as well.

Student needs are different:

Low income, disabled, English language learners, migrant, homeless lag behind peers in test scores, graduation rates and college completion.



Programs are different: It costs more to deliver career and technical courses, small specialized courses, broader choices in arts, advanced elective and activities, special education and bilingual programs.

District size and population is different:

From under 100 to 50,000 students, from less than 10 square miles to countywide; urban, suburban and rural.

“Cycles of Litigation”

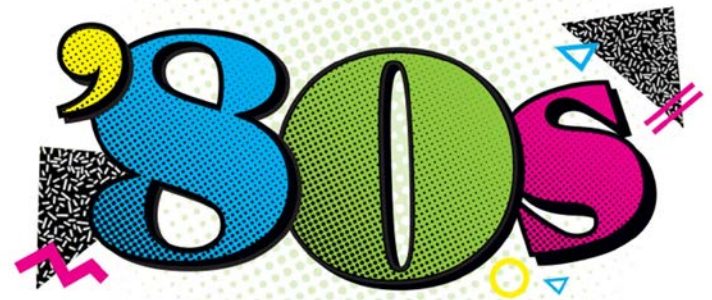


Kansas: *Caldwell* case found unacceptable disparity in local property wealth; Legislature passes School District Equalization Act without appeal.

1983 “*Nation At Risk*” Report raises national and state concern over education to highest level since space race.

National legal cases:

- *Serrano* in California – Education opportunity must be based on local school district wealth.
- *Rodriguez* in Texas – Education not a legal right under U.S. Constitution, except for protected classes.



“Cycles of Litigation”

- Despite SDEA, large differences in local **property taxes** persist and widen.
- District court issues opinion in advance of trial; Legislature passes **School District Finance and Quality Performance Act**: Base per pupil, pupil weightings, statewide minimum mill levy; local option budgets.
- Kansas Supreme Court **upholds** SDFQPA over school district challenges.
- SFQPA also requires **State Board** adopt accreditation system based on improvement, state curriculum standards, statewide student testing in core subject.
- **Accountability moves from inputs to outcomes.**



“Cycles of Litigation”

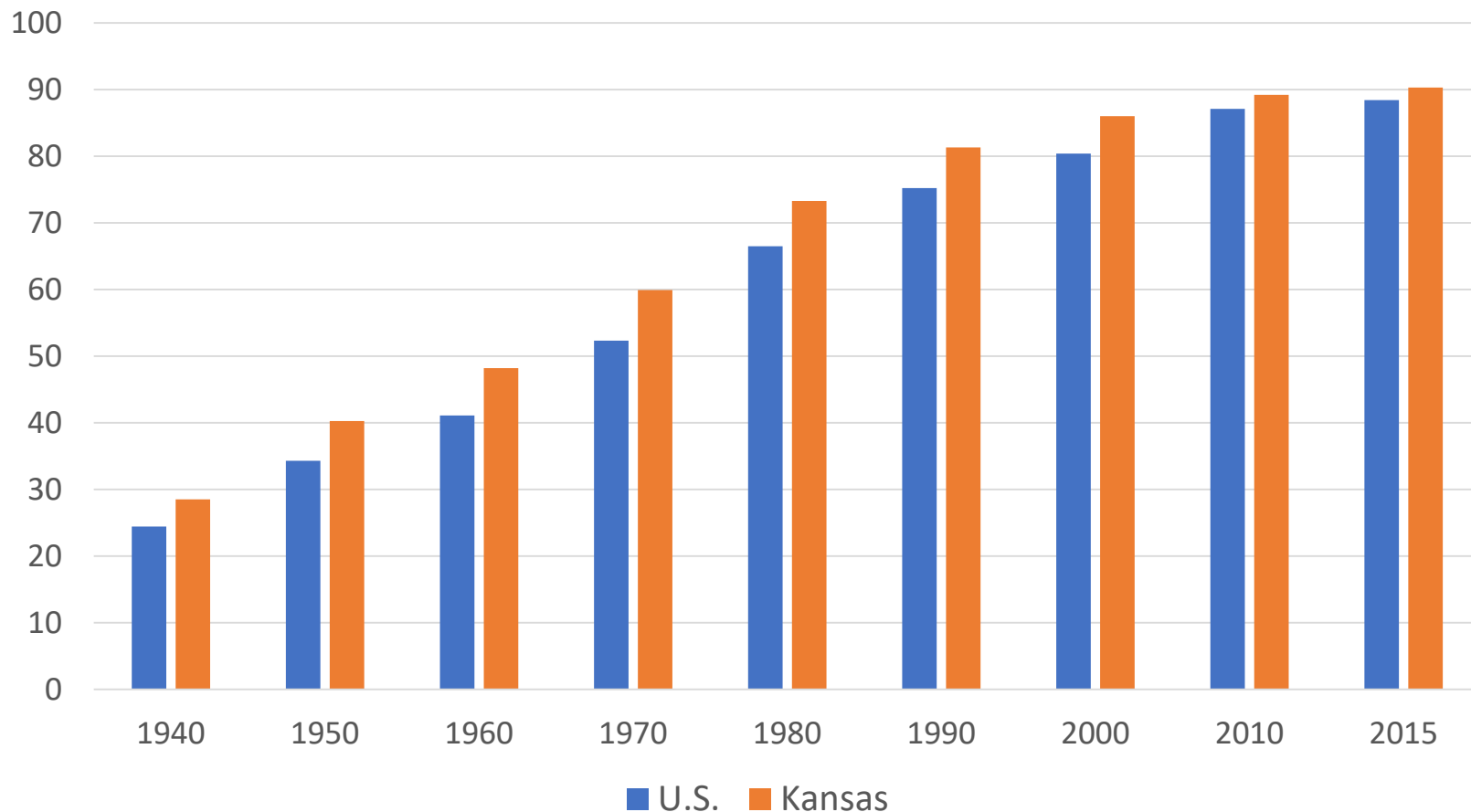
National **No Child Left Behind Act** requires more testing; adequate yearly progress to 100 percent; reporting and goals for each subgroup. (Teaching to the test criticism.)



- Kansas *Montoy* case: Supreme Court rules funding must be both **equitable and adequate**; finds funding inadequate based on state testing disparities and *Augenblick and Myers* cost study.
- Court rejects first legislative response; special session **adds funding**; *Legislative Post Audit Division* cost study commissioned.
- Study calls for higher base aid and weightings; Legislature approved **three-year funding** plan through 2009.
- “Great Recession” hits 2008 and 2009; funding **reduced**.

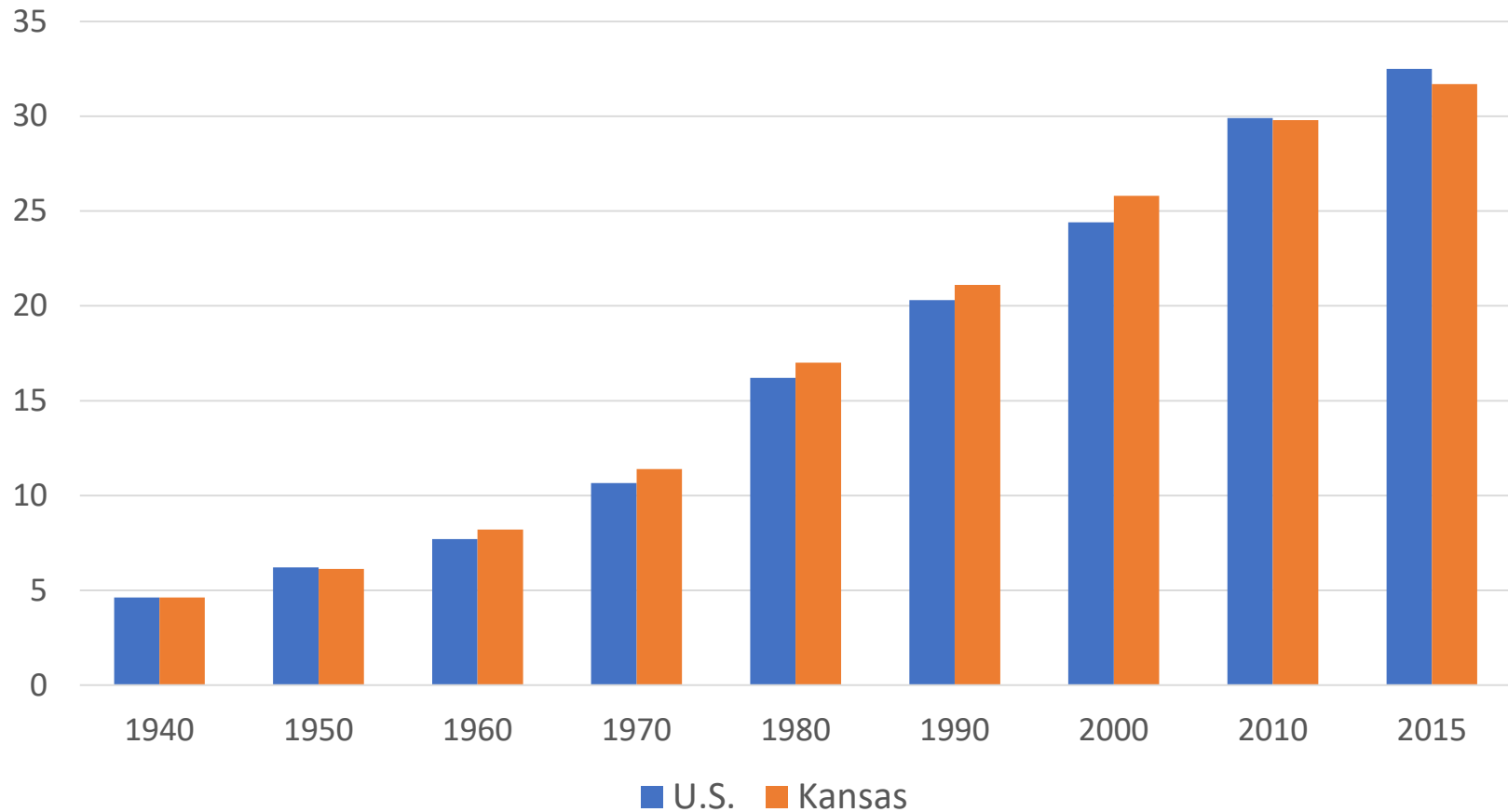
Impact: Long-term Kansas educational improvement.

Percent High School Completion
(Adults 25 and Older)



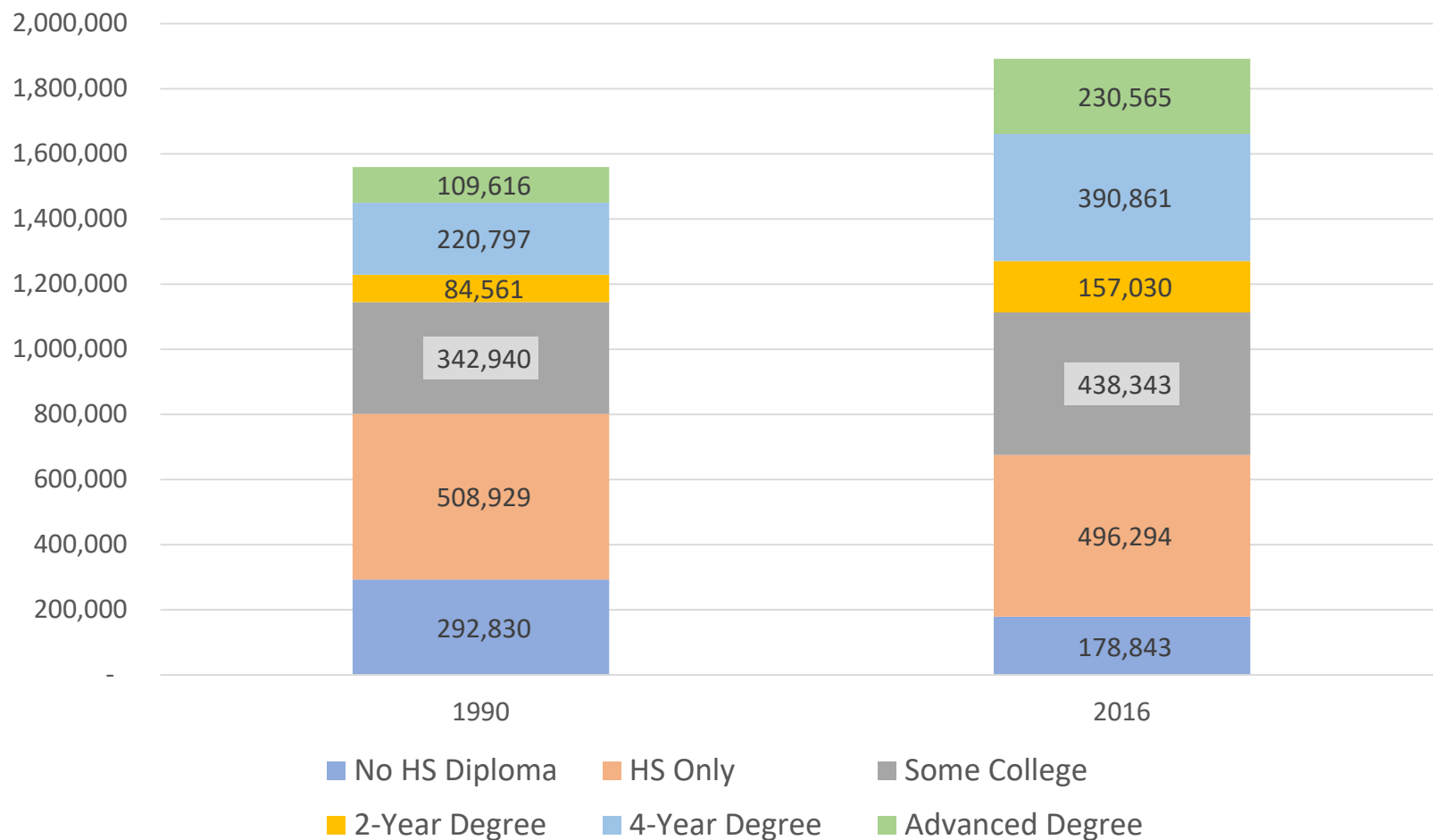
Impact: Long-term Kansas educational improvement.

Percent Four Year College Degree
(Adults 25 and Older)



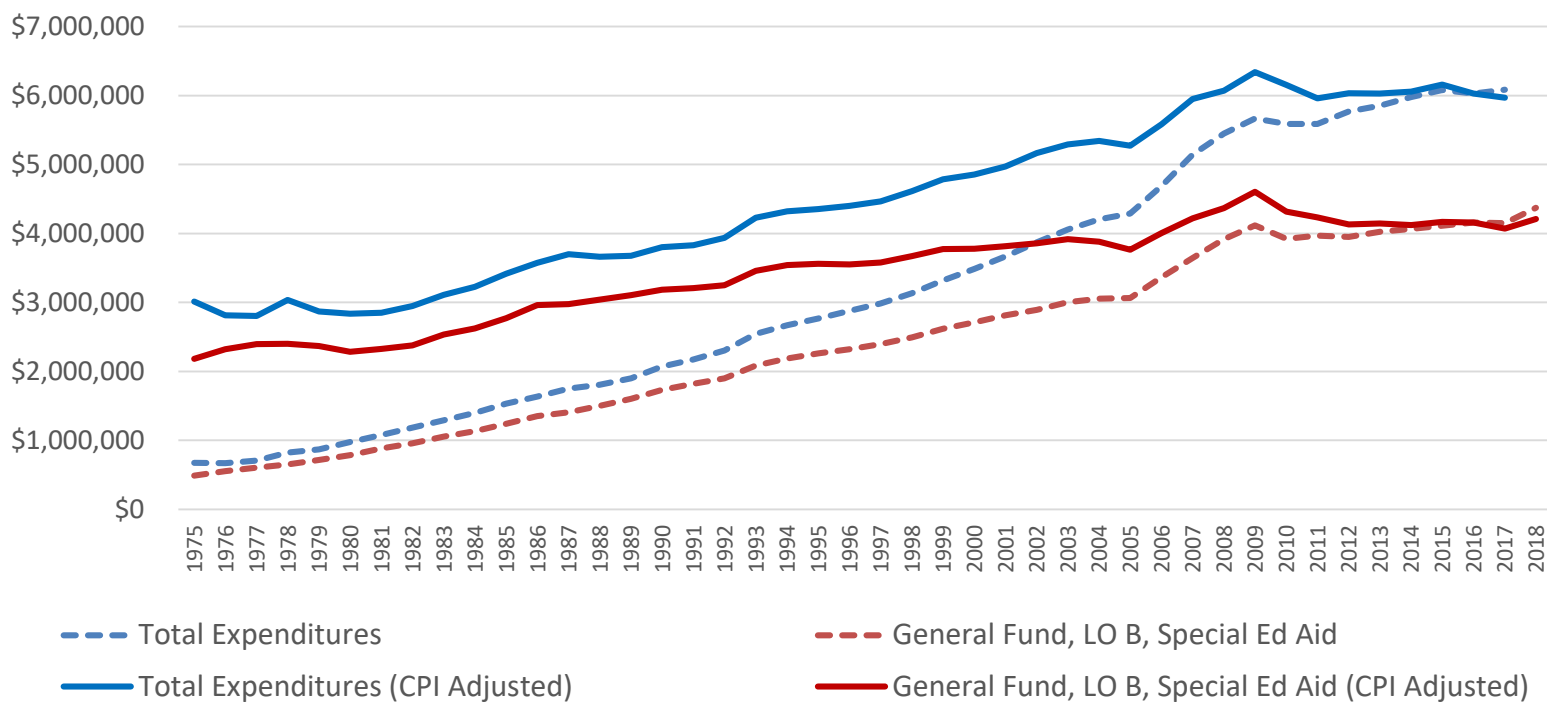
Impact: Educational improvement since 1990.

Kansans over 24 by Education Level



Since 1975, K-12 improvement was supported by increasing “real” funding...until 2009.

Kansas School District Expenditures
 Actual and Adjusted for Inflation (2016 CPI)
 (Thousands of Dollars)



“Cycles of Litigation”

2010s

- After recession and 2012 income tax cuts, education funding falls behind **inflation**, equalization aid frozen or eliminated.
 - In *Gannon*, trial court rules system **fails** both on adequacy and equity.
-
- Supreme Court agrees on equity; Legislature **restores equity** funding for LOB and capital outlay in special session 2016.
 - Supreme Court adopts “**Rose standards**” for adequacy; funding must allow students to meet or exceed capacities for success after secondary school.
 - Upholds trial court decision funding is **inadequate** based on test scores, graduation rates, disparities, evidence from studies, experts.
 - 2017 Legislature passed SB 19; **adds \$300 million** over two years.

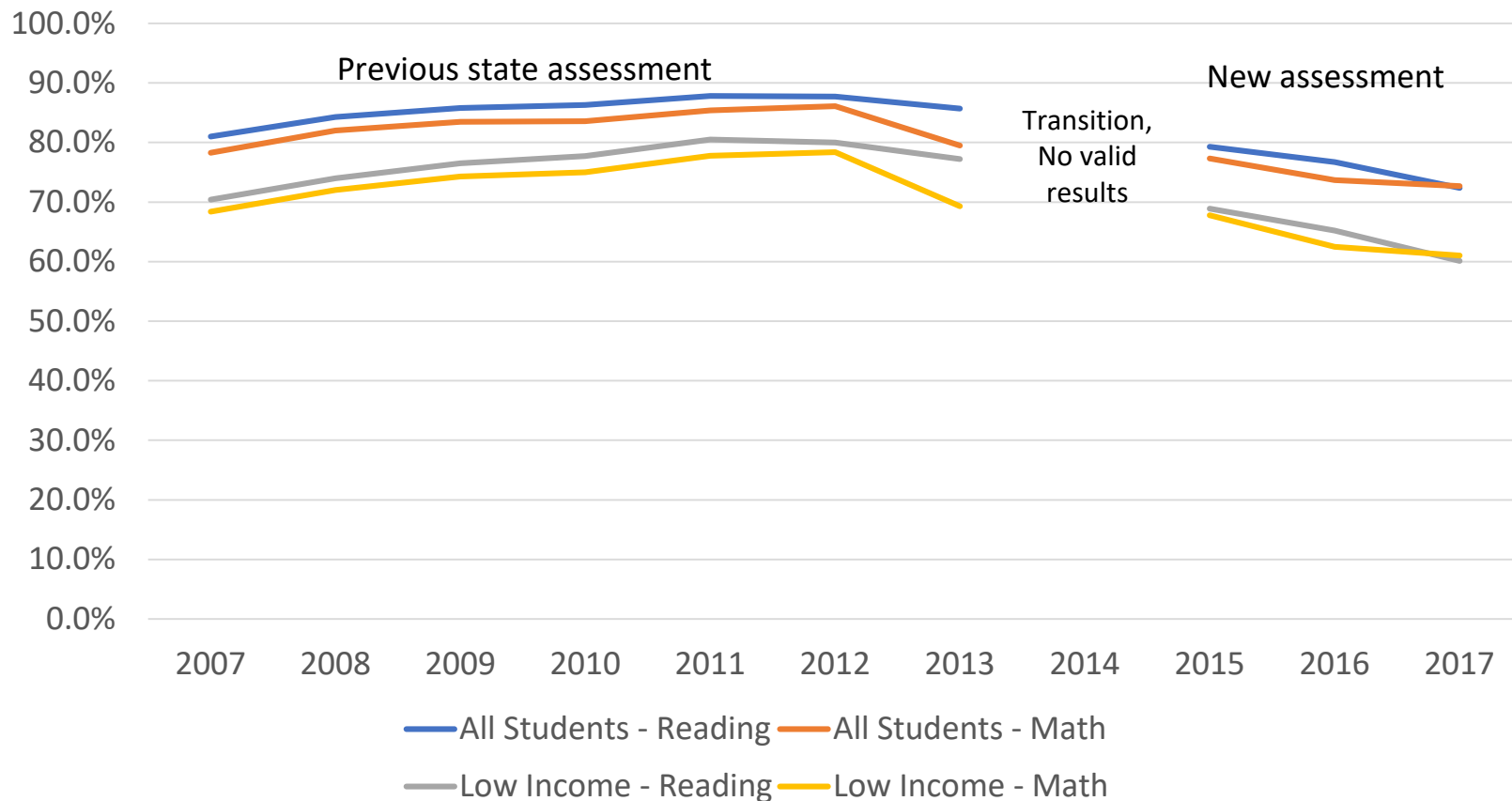
Why did court find finance inadequate?



- Too many students **not meeting** Rose capacities (example: 25 percent below grade level on state tests).
- Students outcomes getting **worse**, not better.
- **Big achievement gaps remain** between students (low income, minority, ELL, disabilities).

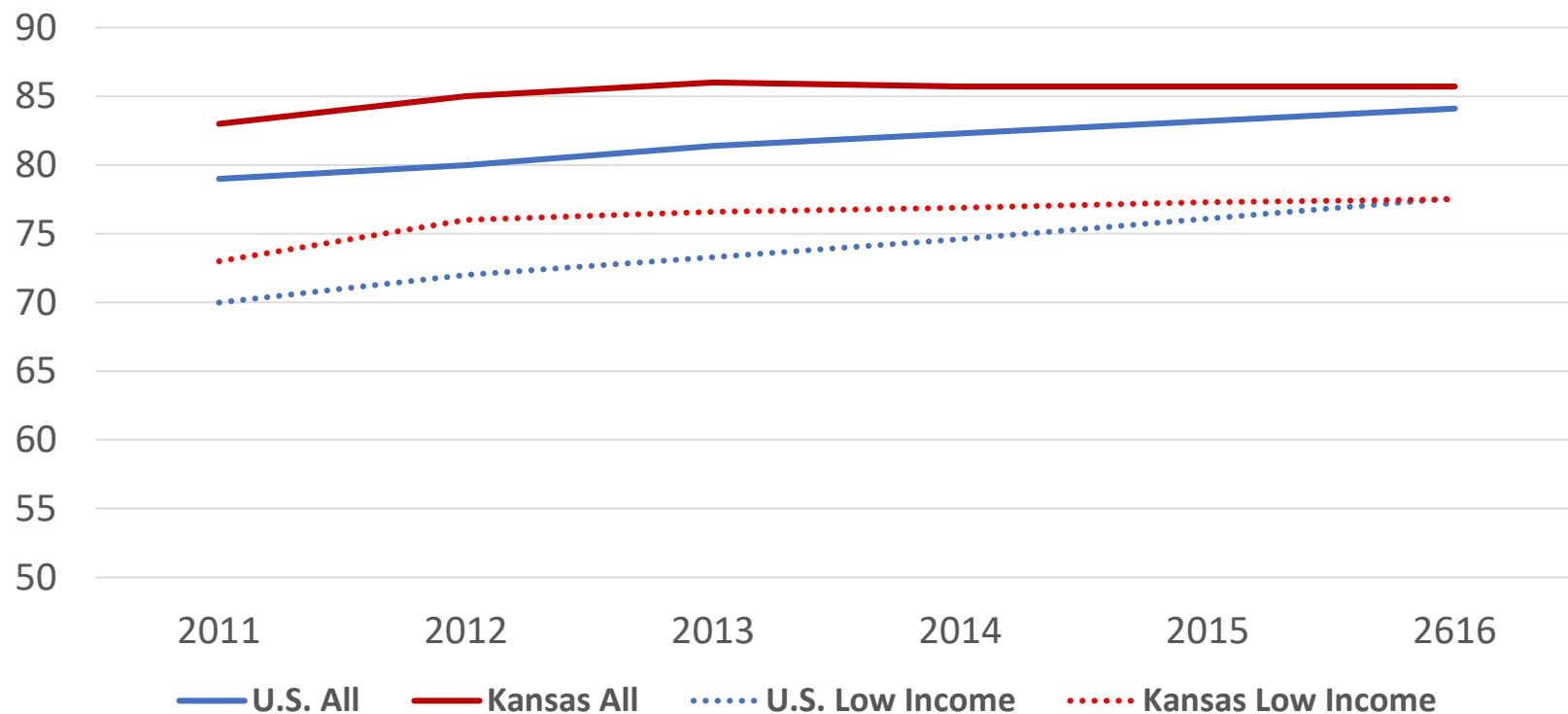
After rising for five years, state test scores have declined and achievement gaps remain.

Percent of Kansas Students at Proficient or Grade Level



Since 2013, Kansas graduation has been flat, other states are catching up.

High School Graduation Rates (Percent)
Adjusted Cohort Graduation Rate, All Students and Low Income



Why did courts conclude achievement problems are finance problems?

Previous **cost studies** on suitable funding commissioned by Kansas Legislature.

- *Augenblick and Myers, 2001*
- *Legislative Division of Post Audit, 2006*

Trial testimony of national **school finance experts**.

In response to the Gannon decision, legislative leaders commissioned a new study, led by Dr. Lori Taylor, and a peer review of studies by Dr. Jesse Levin.



Testimony by **Kansas school leaders** on actual experience with funding.

What did the new study find?



Estimating the Costs Associated with Reaching Student Achievement Expectations for Kansas Public Education Students A Cost Function Approach

Prepared by WestEd:

Dr. Lori L. Taylor, Consultant to WestEd
Jason Willis, Alex Berg-Jacobson,
Karina Jaquet, Ruthie Caparas

March 15, 2018

Prepared for The Kansas Legislature

- Amount of **money matters** – strong, positive statistically significant correlation between funding and results.
- Kansas has **highly efficient** schools – among the best in the nation.
- “Inefficient” doesn’t mean waste – can mean cost of **non-measured outcome**.
- It takes a **big increase** in funding to get a really big increase in results.
- Funding can be **phased-in**, but must add for inflation and keep the commitment.

What was the new study attempting to “price?”

“Cost” is determined by outcomes desired; study based outcomes on three things:

- Districts currently at the 90th percentile and above;
- Kansas federal ESSA plan developed by KSDE and signed by the Governor; and
- Historical patterns of growth and performance during periods in which Kansas was considered to be funded adequately.



New study outcomes and cost

	Current	Maintenance	Scenario A	Scenario B
Graduation Rate	86.1%	95%	95%	95%
Students at Grade Level*	72.5%	72.5%	90%	
Students on Track for College*	36.3%	36.3%		60%
<i>*on state assessments</i>				

2016-17	Total estimated K-12 spending	Increase over current (%)	Per pupil (\$)
Current spending levels	\$4.652 billion	n/a	\$9,497
Maintenance	\$5.103 billion	9.7%	\$10,419
Scenario A	\$6.438 billion	38.4%	\$13,144
Scenario B	\$6.719 billion	44.4%	\$13,717

New study shows outcomes costs for Kansas similar to highest achieving states

	Kansas	Top 9 States*	Cost study	
			Scenario A	Scenario B
<i>Measures:</i>				
Four Year Graduation Rate (2015)	86%	88%	95%	95%
2015 National Reading/Math Tests: % at Basic	76%	80%		
2017 Kansas Tests: % on Grade Level	72%		90%	
2015 National Tests: % at Proficient	36%	42%		
2107 Kansas test: % College Level	36%			60%
<i>Expenditures:</i>				
Cost study: additional per pupil cost			\$3,347	\$4,220
2015 Total Revenue Per Pupil (Adjusted)	\$13,335	\$16,599	\$16,682	\$17,555
2015 Total Revenue Per Pupil (Not Adjusted)	\$12,055	\$16,902	\$15,402	\$16,275

Other study findings

School district **consolidation** doesn't save money. Costs are at school building level, so to save money schools must be closed.

It costs almost twice as much to bring **low income students** to same standards as higher income students.

Peer reviews confirmed major findings of both new study and previous Post Audit cost study.



Kansas has high **quality data** systems to provide school funding transparency.

Costs vary by district size; salaries needed to attract and retain staff; regions and student needs.

The state should **balance** support, accountability and flexibility for local districts.

Other evidence funding matters in education outcomes.

Kansas history: outcomes improved as funding increased – and outcomes stalled or fell as funding did the same.

Cost of proven programs: early childhood, low class size, extra academic support, social/emotional help, technology transportation, meals, family supports, career planning.



National studies: new report from experts shows growing evidence funding matters in education; and school finance changes that provide more equitable and adequate funding improve state outcomes.

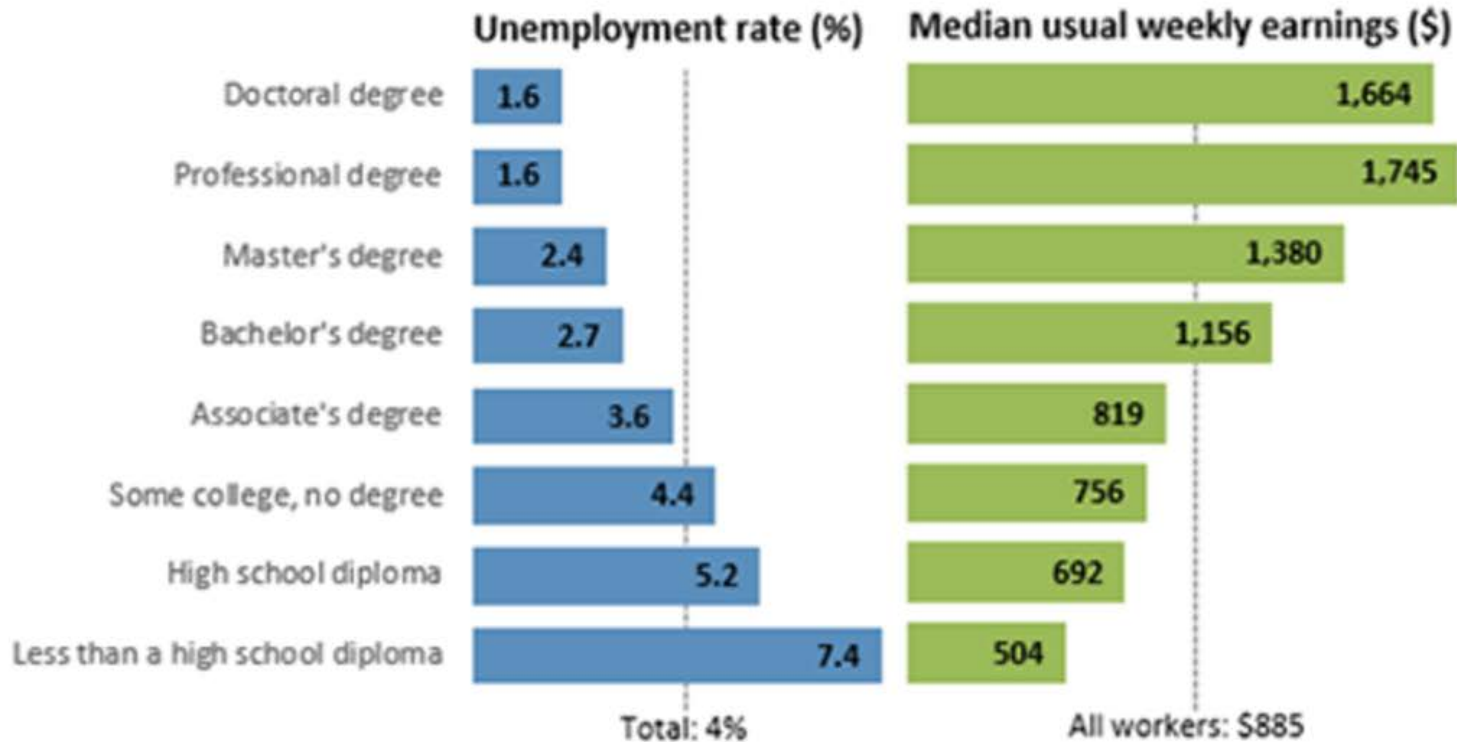
High achieving states: measured across multiple indicators, the most successful states spend more than Kansas and most other states.

Rose standards: funding should enable Kansas students to compete with students from other states

Funding	Outcomes
Since 2008, Kansas total funding per pupil dropped from 24 th to 31 st .	2005-2015, Kansas national test scores dropped from 6 th to 20 th at Basic
Since 2008, Kansas ranked 38 th in funding per pupil increase	Kansas national test scores dropped from 6 th to 18 th at Proficient
Compared to national average , Kansas current spending lowest since 1992	2005-2015: 18-24-olds completing high school fell from 8 th to 20 th
In 2017, Kansas per pupil funding was \$700 million below 2009 when adjusted for inflation	18-24-year-olds with any college participation fell from 6 th to 16 th ; with 4-year degree from 18 th to 30 th
Total Kansas school funding compared to Kansas personal income is lowest since 1980's	2011 to 2016, Kansas adjusted cohort graduation rate fell from 12 th to 20 th

Increased educational attainment equals much lower unemployment and much higher income levels.

Unemployment rates and earnings by educational attainment, 2016



Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: U.S. Bureau of Labor Statistics, Current Population Survey.

As educational attainment rises, so do positive economic results.

Kansas is in the second-highest group of states for college completion and economic outcomes.

College Attainment, Poverty and Income by State

States with higher college attainment have less poverty and higher personal income

States by percent of adults with four year degrees:	Average Percent In Poverty 2015	Average Per Capita Income 2015
35% and Higher (9 states)	10.5%	\$56,834
30% to 35% (11 states)	13.0%	\$49,184
Kansas (15th)	13.0%	\$47,161
25% to 30% (21 states)	14.2%	\$44,725
Under 25% (9 states)	17.9%	\$39,861

Rising education levels mean Kansans earn more.

Increase in earnings associated with change in education levels since 1992 equals over \$6 billion - more than twice the increase in school funding (inflation adjusted).

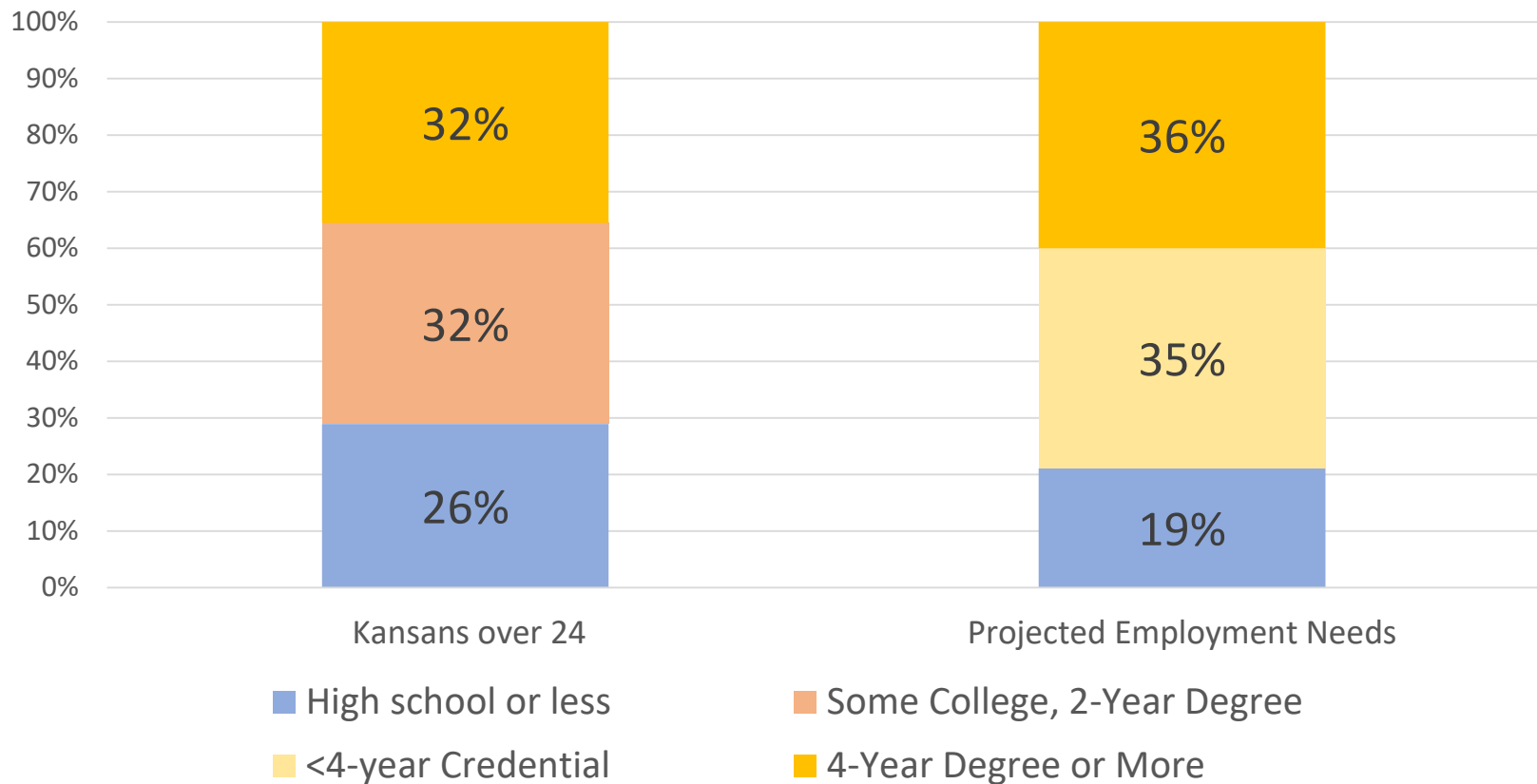
Changes in Kansas Education Levels Boost Personal Income

Since 1990, more Kansas over age 24 have finished high school and beyond

Education Level	Percent of Population, 1990 and 2016	Average Income, 2016
No High School Diploma	18.7% 9.4%	\$23,426
High School Graduate Only	32.5% 26.2%	\$28,685
Some College, Associate's Degree	27.3% 31.5%	\$32,765
Bachelor's Degree	14.4% 20.7%	\$46,773
Graduate or Professional Degree	7.0% 12.2%	\$57,533

Kansas will need more employees with postsecondary training as low-skills jobs decline.

Current Kansas education levels and 2020 job needs



Proposed constitutional amendment

Concept: Allow school finance lawsuits over equity; give Legislature sole control over adequacy (amount) of funding.



Arguments:

Pro: End the “endless cycle of litigation.”

Con: Every case has involved equity issues, which this amendment would allow; strong factual basis for each previous case.

Pro: Legislature should decide adequacy, courts decide equity.

Con: Kansas should have a constitutional standard for quality, as well as equity.

Pro: Education is taking up too much of the state budget.

Con: Percentage of state budget going to K-12 has essentially been the same for more than 20 years.

Proposed constitutional amendment

Arguments:

Pro: Future court cases could raise property taxes.

Con: Under current system, Kansas school property taxes are lower than most states, all neighboring states.

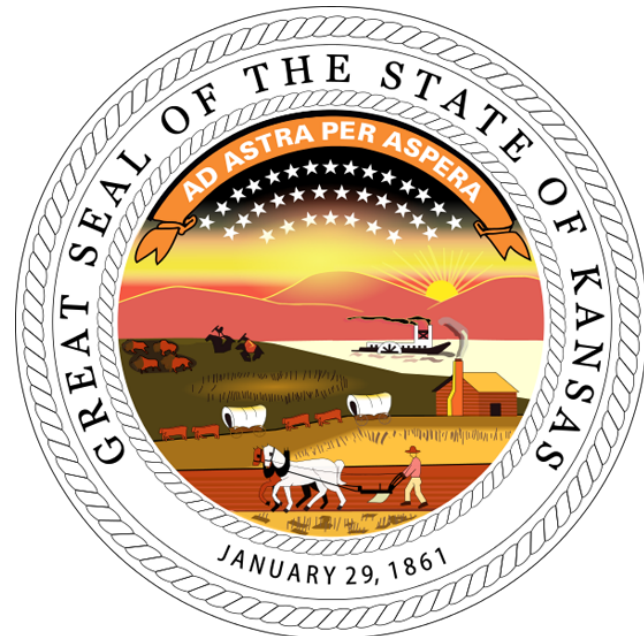
Pro: Other state programs are suffering because K-12 education gets too much.

Con: State revenues haven't kept up with costs because of tax cuts, loss of revenue to internet sales and services, growth of exemptions.

Pro: Amendment would empower people through the Legislature.

Con: Takes away constitutional standard and people's power to use the courts to enforce that standard.

Requires two-third vote of both House and Senate, majority vote by people in general or special election.



For more information, go to:

- [KASB Comparing Kansas 2017](#)
- [Kansas Adequacy Study](#)
- [Kansas Supreme Court opinion in Gannon V](#)
- [KASB Analysis of opinion](#)
- [Tallman Education Report: New Kansas school finance study](#)
- [Tallman Education Report: K-12 aid not taking a larger share](#)

Questions?

Thank you!