



**KANSAS ASSOCIATION
OF SCHOOL BOARDS**

Serving Educational Leaders, Inspiring Student Success

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Testimony before the
House Education Budget Committee
on
Appropriations for FY 2017 for various state agencies

by

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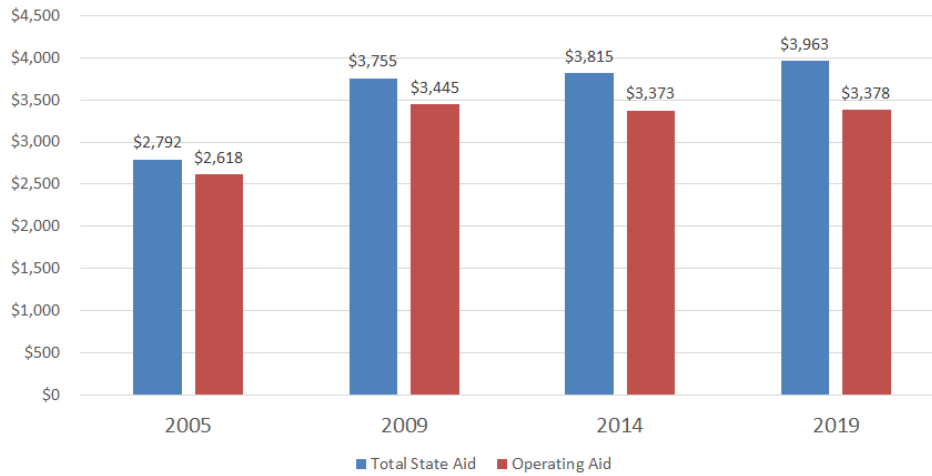
Analysis of Governor Brownback’s budget recommendations FY 2017 shows that total state aid per pupil will fall behind inflation this year, as it has done for five of the past seven years. Under the Governor’s recommendations for FY 2018 and 2019, school funding would continue to trail behind inflation for the next two years, as well. State aid for school district operating budgets, which pay for teachers and instructional staff, student support programs, leadership, operations and maintenance, has fallen even further behind.

For this analysis, KASB used the amount of Total State Aid in Major Categories on page 116 and 117 of the Governor’s 2018 Budget Report, Vol. 1. We then subtracted from that amount the line items of funding that, while critically important to K-12 education, cannot be used for current school district operations. These include KPERS payments, which do not give districts any additional dollars for operating costs; capital outlay state aid, which is restricted to building construction, remodeling and repairs, equipment, and maintenance costs; bond and interest state aid, which can only be used to make payments on construction bonds; and a portion of Local Option Budget state aid which would only be used to reduce district property taxes, rather than increase available spending. Finally, we collected the same information from previous budget documents back to 2005.

We adjusted previous years to include the 20 mill statewide levy as state aid, which only began in 2015. We also added back into operating aid the additional \$75 million in delayed aid payments last year, because that change did not change the amount of aid received by districts. The actual year by year figures are presented at the conclusion of this statement.

The chart below shows total state aid and operating state aid for selected years. Note that in the four years between 2005 and 2009, when the Legislature was responding to the *Montoy* school finance case, total aid increased from \$2.79 billion to \$3.76 billion, or about \$1 billion; while operating aid increased from \$2.6 billion to \$3.5 billion - an increase of about 8.0 percent per year.

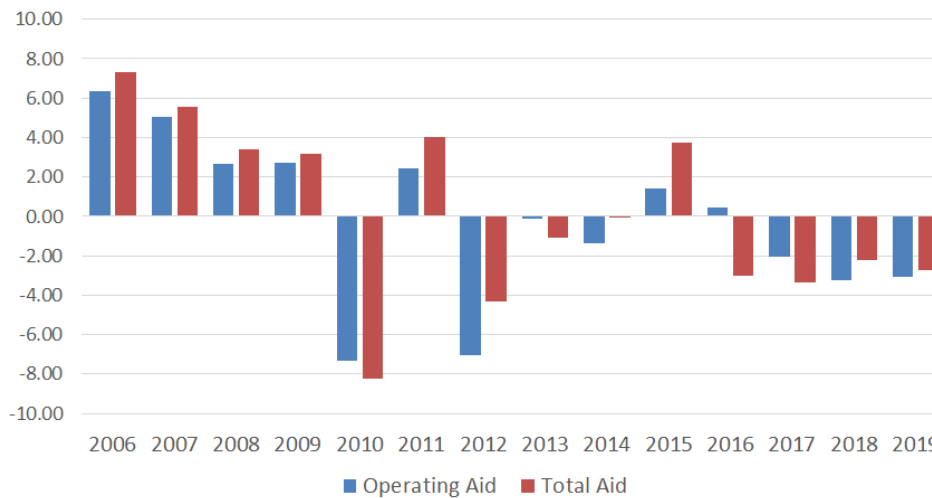
Major Categories of State Aid (Millions of Dollars)



However, between 2009 and what the Governor recommends for 2019, total aid increases from \$3.76 billion to \$3.96 billion or about \$200 million over 10 years - an increase of just over 0.5 percent per year. Operating budgets would actually decline, from \$3.45 billion to \$3.38 billion.

However, these figures do not take into account the impact of student enrollment growth or inflation. The chart below shows the annual change in per pupil funding, after subtracting the change in the consumer price index.

Percent Change in Per FTE Pupil State Aid (After subtracting change in Consumer Price Index)

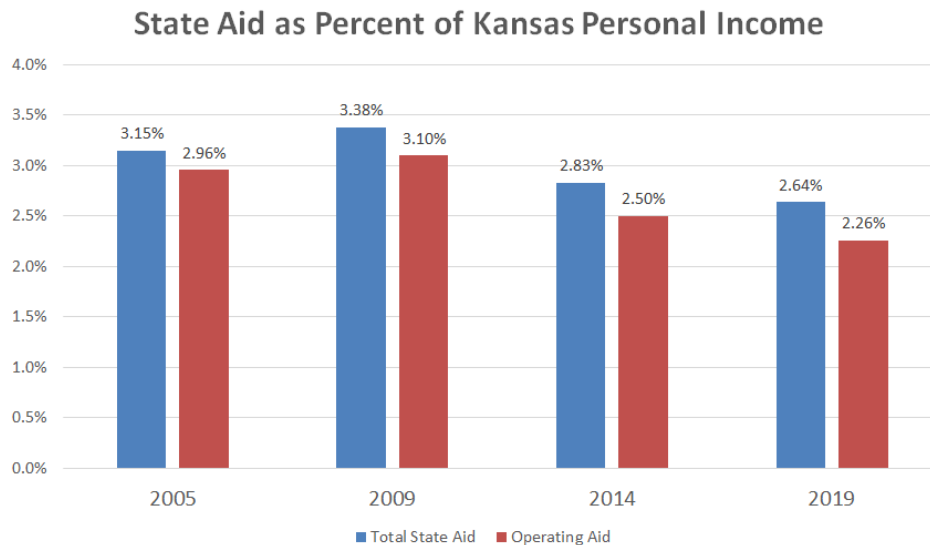


The chart above shows that after the four years of post-*Montoy* funding increases, state aid on a per pupil basis has lagged behind the inflation rate most years except for 2011 and 2015. (2015 increased due to the additional Local Option Budget and Capital Outlay funding approved in response to the Supreme Court’s Gannon equity ruling.)

It should be noted that these FTE numbers are based on the full time enrollment used for school finance purposes. As a result, they do not count full-time kindergarten students or students in district-funded preschool programs. Because of the significant growth in these programs over the past 15 years, these numbers actually understate how funding has fallen behind the number of pupil receiving public education.

Nor do they account for changing needs of the student population, including a significant increase of low income students, English Language Learners and students with severe social, emotional and behavior issues.

This decrease in funding compared to enrollment and inflation cannot be blamed only on the weaknesses of the Kansas economy. As the chart below shows, since 2009 state school aid has been falling compared to Kansas Personal Income (based on the consensus revenue estimates for 2016, 2017 and 2019). Kansas tax and budget policies have resulted in a declining share of total state income going to support education.



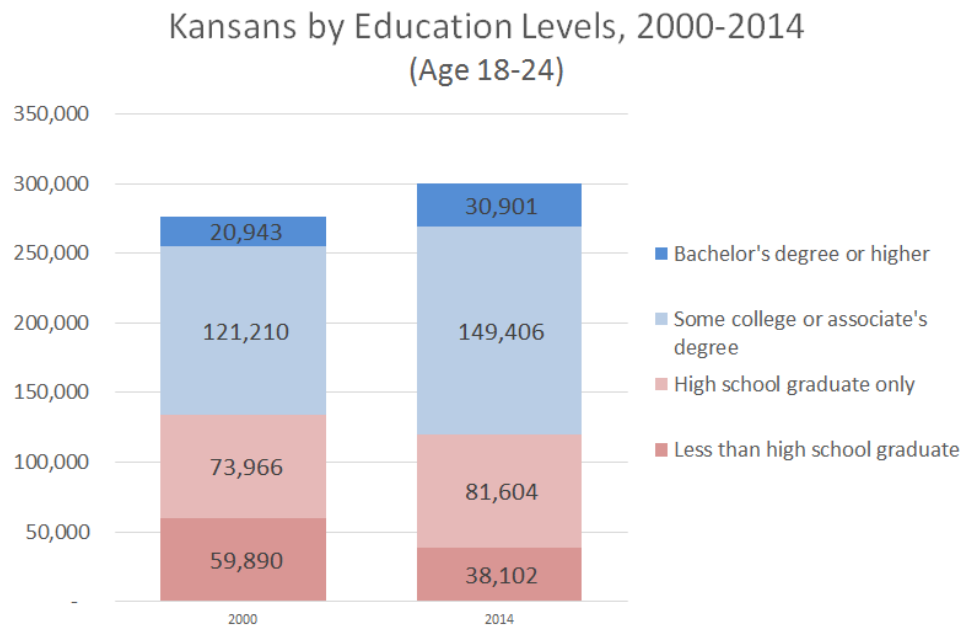
It is important to remember that simply looking at the total amount of funding provided does not show how those funds compare to costs and needs. Kansas may be at “record highs” in state aid, but that does not mean it has kept up with student growth, inflation and other costs, and increasing expectations for student success:

We know from research that the states with the highest levels of student success were outspending Kansas in 2014. Furthermore:

- the spending gap has likely widened.
- Kansas funding per pupil has lagged behind other states since 2008 - in fact, the rate of increase in Kansas was 38th of 50 between 2008 and 2014.
- Kansas student achievement, although still high compared to the national average and peer states, has not increased as much as those comparison groups.

Continuing to improve achievement is critical to the economic and social future of Kansas. The Kansas Can vision of the State Board of Education is based on improving our graduation rate and preparing more students to successfully complete postsecondary programs for two reasons: jobs for students without postsecondary education and certainly those without completing high school are disappearing and pay far less.

The chart below shows the improving education attainment for young Kansans (between ages 18-24) since 2000. In 2014, Kansas ranked 18th in high school completion, 7th in students with some college or higher, and 16th in completion of a four-year degree for young adults and ranked all of our peer states. However, other states are improving faster - and have increased funding more in recent years.



KASB understands the extremely difficult budget and tax choices the Legislature faces. But we believe the time has come to stop allowing education funding to fall behind inflation, enrollment and other states. We need to begin investing in programs we know help students succeed. These include additional support for low income, disabled and ELL students to narrow the achievement gaps in high school graduation; improving preparation for postsecondary education; and expanding college and technical education programs. It also requires supporting the Board of Education's other outcomes: improving kindergarten readiness, individual plans of study and social/emotional support.

We urge the Legislature to address the state's revenue shortfall so that school funding matches the rate of inflation and student growth, plus funding for the additional programs identified above. We understand that it will take additional, on-going revenue, and we support a balanced, comprehensive program to raise that revenue.

Thank you for your consideration.

Major Categories of State Aid for K-12 Education in Kansas																		
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2017	FY 2017	FY 2018	FY 2019	FY 2009-19
	Actual	Actual	Actual	Actual	Actual	Actual	(Actual)	Actual	Actual	Actual	Actual	Actual	Approved	Governor	Governor	Governor	Governor	Change
1. Total-Major Categories	\$2,791,485	\$3,091,254	\$3,368,820	\$3,627,592	\$3,755,171	\$3,531,839	\$3,797,471	\$3,716,619	\$3,742,778	\$3,815,031	\$3,977,045	\$3,894,515	\$4,092,434	\$4,007,320	\$4,007,320	\$3,995,800	\$3,962,674	\$207,503
2. Change from prior year	\$299,770	\$277,065	\$289,273	\$127,579	-\$223,332	-\$80,852	\$80,852	-\$64,599	\$278,221	\$312,267	\$302,784	-\$257,621	\$308,630	\$197,919	\$112,805	-\$11,520	-\$33,126	5.5%
3. Percent Change/Prior Year	10.7%	9.0%	7.7%	3.5%	-5.9%	-2.1%	2.1%	0.7%	1.9%	4.2%	-2.1%	-2.1%	5.1%	2.9%	-0.3%	-0.8%	-0.8%	5.5%
4. Less KPEES Aid to USDS	\$120,990	\$141,409	\$168,697	\$193,367	\$23,304	\$173,191	\$235,267	\$314,467	\$278,221	\$312,267	\$302,784	\$257,621	\$308,630	\$241,464	\$261,569	\$259,743	\$259,743	\$46,539
5. Less Capital Outlay Aid	\$19,294	\$20,492	\$23,124	\$23,339	\$22,339	\$173,191	\$235,267	\$314,467	\$278,221	\$312,267	\$302,784	\$257,621	\$308,630	\$241,464	\$261,569	\$259,743	\$259,743	\$46,539
6. Less Bond and Interest Aid	\$52,174	\$57,488	\$63,697	\$69,328	\$75,171	\$87,662	\$96,141	\$104,788	\$111,550	\$129,726	\$145,009	\$163,342	\$181,000	\$181,000	\$181,000	\$195,500	\$203,500	\$128,329
7. Less Property Tax Relief (Increased Delayed Final Payment)																		\$62,591
8. Net Operating Aid	\$2,618,320	\$2,873,064	\$3,115,833	\$3,341,573	\$3,444,457	\$3,270,986	\$3,466,063	\$3,297,384	\$3,352,507	\$3,373,038	\$3,437,734	\$3,285,961	\$3,489,233	\$3,463,561	\$3,463,561	\$3,417,286	\$3,378,136	-\$66,321
9. % Change/Prior Year	9.73%	7.26%	8.44%	7.26%	3.08%	-5.04%	5.96%	-4.87%	1.67%	0.61%	1.82%	1.40%	0.10%	-0.64%	-1.33%	-1.15%	-1.5%	-1.9%
10. Unweighted FTE Enrollment	441,868	442,556	444,875	446,874	450,014	453,135	454,680	455,293	456,738	458,324	460,082	459,900	461,000	458,217	458,217	458,217	458,217	8,203
11. Per Unweighted FTE	\$5,926	\$6,492	\$7,003	\$7,478	\$7,654	\$7,219	\$7,623	\$7,242	\$7,340	\$7,360	\$7,472	\$7,580	\$7,569	\$7,559	\$7,559	\$7,458	\$7,372	-\$282
12. % Change/Prior Year	9.56%	9.56%	7.87%	6.78%	2.36%	-5.69%	5.60%	-5.00%	1.38%	0.28%	1.53%	1.44%	-0.14%	-0.14%	-0.14%	-1.33%	-1.15%	-3.7%
Consumer Price Index	195.3	201.6	207.3	215.3	214.5	218.1	224.9	229.6	233.0	236.7	237.0	239.4	243.9	243.9	243.9	248.6	253.3	34.0
13. Inflation Rate	3.23%	2.85%	3.84%	3.84%	-0.35%	1.64%	2.07%	1.46%	1.46%	1.61%	0.13%	1.00%	1.90%	1.90%	1.89%	1.91%	1.90%	15.9%
Kansas Personal Income	\$88,583,966	\$97,677,245	\$105,406,658	\$115,633,616	\$111,062,352	\$112,083,904	\$122,014,751	\$129,292,297	\$132,685,659	\$134,654,953	\$137,316,497	\$140,062,827	\$145,525,277	\$151,200,763	\$151,200,763	\$151,200,763	\$151,200,763	
Total Aid as % of KPI	3.15%	3.16%	3.20%	3.14%	3.38%	3.15%	3.11%	2.87%	2.82%	2.83%	2.90%	2.78%	2.81%	2.65%	2.65%	2.64%	2.64%	
Operating Aid as % of KPI	2.96%	2.94%	2.96%	2.89%	3.10%	2.92%	2.84%	2.55%	2.53%	2.50%	2.50%	2.49%	2.40%	2.29%	2.29%	2.26%	2.26%	
Operating PP Change - CPI Change	6.33%	5.02%	2.94%	2.71%	-7.33%	2.45%	-7.05%	-0.11%	-1.34%	1.40%	0.44%	-2.04%	-2.03%	-3.24%	-3.05%			