



**KANSAS ASSOCIATION  
OF SCHOOL BOARDS**

Serving Educational Leaders, Inspiring Student Success



# School funding, student success and the future of Kansas

## Summary | December 2017

### **Why did the Kansas Supreme Court find Kansas school funding inadequate and what supports that finding?**

The Kansas Constitution requires the Legislature to “make suitable provision for financing” education, which includes improving education in the state, ensuring that each school district can raise similar funding with similar tax effort, and enabling all students to meet or exceed certain standards. Those standards can, in part, be measured by test scores, graduation rates and postsecondary attendance. Although overall education attainment has been rising in Kansas for decades, in recent years the percent of Kansas students meeting such standards has either been declining or falling behind improvements in other states.

### **Why is improving educational attainment so important?**

Improving educational attainment is associated with higher earnings, lower unemployment and less poverty. Kansas is expected to require a rising percentage of employers with higher educational levels to meet workforce needs. Although Kansas continues to rank higher than most states in overall educational outcomes, other states have been improving faster on many measures in recent years.

### **What is the evidence that current levels of K-12 funding are inadequate and that funding makes a difference?**

The Supreme Court found evidence that low funding is causing unsatisfactory educational outcomes based on previous cost studies of suitable funding, the request of the State Board of Education, and expert testimony. Other indicators include past Kansas experience in

school funding and educational outcomes, examples of other states and evidence from specific programs.

### **How is additional funding provided by the 2017 Legislature already helping, but still falling short of what is needed to restore achievement levels and compete with other states?**

The \$300 million two-year increase is the largest in almost a decade, but funding will remain far short of previous funding levels when adjusted for inflation, other states with higher achievement, past staffing levels and inflation-adjusted teacher salaries, and investment of state personal income when achievement was higher.

### **How will additional funding help students, families, communities and the state economy, as part of a comprehensive plan to meet the goals of Kansas?**

KASB supports further increases in K-12 funding as justified by evidence, over a reasonable phase-in period, in addition to inflationary adjustments. This should be part of a plan to address other state needs and allow Kansas to compete with other states for high skill/high wage employment.

### **Why could amending the Kansas Constitution to reduce school finance litigation harm educational opportunity and achievement?**

Changing the Constitution could mean any child or district’s educational opportunity is determined solely by a shifting Legislative majority; or weaken the constitutional requirement to support educational improvement.

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## School funding, student success and the future of Kansas

### Statement on Legislative Response to Gannon V | December 2017

#### 1. Why did the Kansas Supreme Court find Kansas school funding inadequate and what supports that finding?

The Kansas Constitution requires a system of public education to provide for educational improvement, and directs the Legislature to “make suitable provision for finance” of the educational interests of the state.

The Kansas Supreme Court has ruled that “suitable” finance must be both equitable and adequate. Equity is the ability for local districts to raise similar resources with similar tax effort. Adequacy is that funding is “reasonably calculated to have all Kansas public education students meet or exceed” standards set by the Court. Those standards, called the “Rose” capacities, have also been endorsed by the Legislature.

These standards identify seven capacities students should acquire to be successful, and include factors that can be measured by standardized tests, ACT scores, graduation rates and postsecondary attendance.

Kansas education levels have improved steadily over the decades. At the same time, Kansas K-12 education funding has consistently been increased by more than the rate of inflation. This “real” increase in funding allowed public schools to improve results by improving the quality of teachers and expand services to help more students succeed.

This upward trend stopped in 2009. Since then, both total and per pupil funding has increased at less than the rate of inflation.

The Kansas Supreme Court found three reasons why funding is not adequate for improving education and meeting the Rose standards: nearly one-quarter of Kansas students were not performing at grade level;

some student groups (low income, African-American, Hispanic, English Language Learners and disabled students) do much worse than average, and these trends are getting worse.

- **State assessments.** The percent of students scoring at proficient or grade level in reading and math on Kansas state assessments increased from approximately 80 percent in 2007 to 87 percent in 2012, but dropped to 72 percent on the new state assessments in 2017. Low income students increased from 69 percent in 2007 to 70 percent in 2012, but dropped to 61 percent in 2017.
- **National Assessments.** The percent of Kansas students scoring at basic on the National Assessment of Education Progress (which tests a small sample of students in reading and math in each state every other year) increased from 76 percent in 2003 to 80 percent in 2007 through 2011, then dropped to 76 percent in 2015. Low income students at basic increased from 63 percent in 2003 to 70 percent in 2011, but dropped to 65 percent in 2015. While Kansas is still higher or equal to the national average, other states have shown more improvement. (News are expected to be released this Spring.)
- **ACT.** The percent of Kansas students scoring as college ready in all four subjects on the ACT increased from 25 percent in 2006 to 32 percent in 2015, but has declined to 29 percent in 2017. That U.S. average has increased from 21 percent in 2006 to 27 percent in 2017.

- **Graduation Rates.** Since the new Adjusted Cohort Graduation Rate has been adopted by all states in 2011, Kansas improved from 83 percent to 86 percent in 2015; low income students' graduation rate increased from 73 to 77 percent, Limited English Proficiency students from 70 to 77 percent, and students with disabilities from 73 to 77 percent. Kansas is still higher than the national average and "peer" states, but these states have shown more improvement than Kansas since 2011, so Kansas falling behind other states.
- **Young adults attending college.** From 2005 to 2010, the percent of Kansans aged 18-24 who had attended postsecondary education, whether or not completing a degree, increased from 52 percent to 58 percent, but there was no further improvement in 2015. Nationally and for peer states, postsecondary participation by 18-24-year-olds increased from 46 percent in 2005 to 56 percent in 2016. Again, Kansas continues to lead, but other states are catching up.

These measures are indicators – but not the only factors – in preparing students for success as defined by the Rose capacities.

## 2. Why is improving educational attainment so important?

Increasing educational attainment will increase income and employment by individual Kansans, increase overall state personal income and reduce poverty.

- Each higher level of education attainment, from no high school diploma through advanced degrees, results in higher average earnings and lower unemployment.
- States with the highest levels of educational attainment have the highest average per capita income and lowest average poverty rates.
- Increased educational levels by Kansans since 1990 equals an estimated increase in Kansans' earnings by over \$6 billion in 2016. That is approximately double the increased in K-12

funding when adjusted for inflation, and does not additional non-wage income associated with higher educational attainment or the reduced cost of social services to less poverty.

Kansas will need to continue to improve educational attainment to meet the state's economic needs, based on projections that a rising percentage of jobs will require education beyond high school.

- Current estimates (2016) indicate that 64.4 percent of Kansans over 24 have "some college," but that includes those who have not completed a credential. It is projected that over 70 percent of Kansas jobs by 2020 will require some type of postsecondary credential (technical certificate, associate's degree or higher).

As Kansas funding has fallen behind inflation, Kansas educational outcomes have fallen behind states which invest more in K-12 education, putting Kansas at a growing economic disadvantage.

- Kansas ranked 39<sup>th</sup> in per pupil funding increases between 2008 and 2012, and dropped from 24<sup>th</sup> to 32<sup>nd</sup> in total revenue per pupil.
- On all 15 measures of achievement tracked by KASB, the national average, high achieving states and peer states all improved more than Kansas over the past decade. Kansas achievement levels continued to rank 10<sup>th</sup> overall, but were higher in the past. In other words, most states have been increasing both funding and student performance more than Kansas in recent years.

Two of the Rose capacities set by the court and endorsed by the Legislature specifically address training for employment and the ability to compete with other states in academics or in the job market.

### 3. What is the evidence that current levels of K-12 funding are inadequate and that funding makes a difference?

The Supreme Court has cited three major sources of evidence that low funding is causing unsatisfactory educational outcomes: previous cost studies of suitable funding; the request of the State Board of Education, and expert testimony.

**Cost studies.** The Legislature previously commissioned two studies to determine constitutional funding, by the Augenblick and Myers consulting firm in 2002 and by the Kansas Division of Legislative Post Audit in 2005-06.

- The Supreme Court noted “At the high end is \$1.7 billion as calculated by the plaintiffs by averaging the legislatively ordered cost studies performed by A & M in 2002 and the LPA in 2005-2006 and then adjusting for inflation.” The lowest level identified by the court was “\$819 million as calculated by plaintiffs using the (trial court) panel's fiscal year 2014 proposed base of \$4,980 in fiscal year 2018 and continuing to adjust for inflation by increasing that base to \$5,055 in fiscal year 2019.”
- In addition, the LPA study found a “nearly one-to-one correlation” between increased funding and outcomes.

**State Board budget request.** The Court noted the elected State Board of Education Board requested for fiscal year 2018 approximately \$565 million (base per pupil of \$4,604) and for fiscal year 2019 an additional approximately \$328 million (base of \$5,090).

**Expert testimony.** Both the Supreme Court and trial court, a three-judge panel, have cited the testimony of school finance experts and educators actually working with students in Kansas schools.

In addition to evidence considered by the Court, there are at least three other indicators that increased funding will increase educational attainment in Kansas: past Kansas experience in school funding and educational outcomes, examples of other states and evidence from specific programs.

**Past Kansas history.** Generally, past experience is the best predictor of future results. K-12 education funding has historically increased more than inflation (which attempts to measure price changes for the *same* “basket of goods and services”) to provide *better* services and outcomes. Both in Kansas and nationally, total per pupil funding has historically increased one to two percent more than inflation annually, which has supported increasing levels of educational attainment through improved programs and services.

- Between 1990 and 2016, total K-12 funding increased by 58 percent more than inflation to provide expanded early childhood, at-risk/special education/bilingual programs, smaller class size, more specialized CTE/academic programs, improved facilities, technology, and social services.
- On a per pupil basis, Kansas total K-12 funding increased an average of 1.5 percent more than inflation per year and general fund, local option budgets and special education aid increased an average of 1.0 percent more than inflation.
- Over that same period, the number of Kansans over age 24 with high school completion increased 35.2 percent; those with any college experience increased 60.8 percent and those with a four-year degree or higher increased 181 percent.
- The percent of Kansans over 24 with high school completion increased from 80.9 to 90.5 percent; Kansas with any college experience increased from 48.5 to 64.4 percent and Kansans with a four-year college degree or higher increased from 14.1 to 32.8 percent.

**Examples from other states.** Every state ranking higher than Kansas on 15 measures of educational attainment spends more than Kansas, and the states with higher levels of college completion spend the most on K-12 education. The lowest spending states, on average, have lower achievement.

**Effective programs.** Studies of specific programs aimed at helping students do better in school, such as early childhood, reading interventions like Reading Roadmap, promoting graduation with programs such as Jobs for America’s Graduates and AVID, and student supports like Communities in Schools and many others show improved academic results. However, all entail additional costs and are limited by funding.

**4. How is additional funding provided by the 2017 Legislature already helping, but still falling short of what is needed to restore achievement levels and compete with other states?**

The \$300 million increase spread over the 2017-18 and 2018-19 school years is the largest increase in general operating funding in a decade. It has been helpful in restoring salaries and positions and expanding programs to assist students. However, it is important to put this increase in context.

**Compared to previous cost studies and State Board request.** As the Kansas Supreme Court noted, the \$300 million increase is an “outlier.” Funding remains between \$500 million and \$1.4 billion below estimates based on cost studies adjusted for inflation, and \$600 million below the State Board’s request.

**Compared to past Kansas support of K-12 education.** Since 2009, total funding per pupil has fallen over \$700 million behind inflation through 2017; general fund, local option budgets and special education per pupil have fallen \$640 million behind inflation through 2018 (even after adding more than \$200 million in additional state aid). Kansas K-12 funding will remain below the inflation-adjusted per pupil amount in 2007 for all funding and in 2006 for general fund, local option budget and special education.

**Comparing Kansas funding to other states, especially those with higher overall educational outcomes.** For 2015, the most recent year data is available for all states, Kansas per pupil funding trailed the average of nine states that outperformed Kansas on 15 performance indicators by \$1.6 billion for total funding and \$1.67 billion for current operating expenditures.

Four of the nine higher performing states are also considered Kansas “peers” because of similar demographics, Kansas trailed those states by over \$600 million for total funding and \$845 million for current operating expenditures. (State funding has been adjusted for regional cost differences. The actual gap would be much greater.)

Between 2009 and 2015, Kansas funding per pupil declined to the lowest percent of the U.S. average since 1992. Kansas ranked 39<sup>th</sup> in the nation for the increase in funding between 2008 and 2015, and dropped from 24<sup>th</sup> to 32<sup>nd</sup> in total revenue per pupil.

**Positions and salaries.** Kansas K-12 funding has fallen **behind** inflation most years between 2009 and the current year, resulting in cuts to positions and programs, salaries falling behind inflation.

- Between 2009 and 2017, school districts reduced total staff by about 1,400 licensed positions, while student enrollment increased by 4.3 percent, low income enrollment by 16.7 percent and special education students by 10.3 percent. The Kansas State Department of Education reports that districts added about 470 licensed positions this year. (Non-licensed positions have not yet been reported.)
- Between 2010 and 2017, average teacher salaries (base pay, supplemental contracts and fringe benefits) declined \$4,479 when adjusted for inflation, or nearly 8 percent. KSDE expects teacher salaries to increase 4.5 percent this year, or about 2.6 percent after adjusting for inflation.

**Kansas personal income.** From 1990 to 2016, Kansas total school funding averaged 4.66 percent of total personal income of Kansas residents. Basic operating budgets – general fund, local option budgets and special education aid – averaged 3.5 percent of personal income. Over the period, education attainment improved.

However, total K-12 funding was 4.47 percent of personal income in 2017, or \$617 million below the 26-year average. General fund, local option budgets

and special education is projected to be 2.98 percent of personal income in 2018, or nearly \$658 million below average (even after adding approximately \$200 million in additional state aid). As K-12 funding has declined compared to personal income, student performance indicators have also declined.

This means Kansans are investing a much lower percentage of income in K-12 education than the average over the past 25 years, even after increased funding last session.

Because currently approved funding will remain well below 2009 levels when adjusted for inflation, it is highly unlikely school districts will be able to restore student achievement to prior levels, to increase the number of students leaving high school college and career ready, and to narrow achievement gaps.

#### **5. How will additional funding help students, families, communities and the state economy, as part of a comprehensive plan to meet the goals of Kansas?**

KASB believes the Legislature should increase state funding for school operating budgets as justified by cost studies, State Board of Education requests, previous Kansas funding and achievement, states with higher achievement, and effective programs, over a reasonable phase-in period, with inflationary adjustments in base state aid per pupil.

This funding should be part of a long-term plan for the goals Kansas needs to achieve and a credible estimate of the resources required to reach those goals. Such a plan would involve a partnership among the three institutions with constitutional responsibility for K-12 education in Kansas (State Board, local boards, Legislature) as well as higher education, other state agencies and local communities.

This additional funding should support the following:

- Continued increasing funding of early childhood education.
- Targeted resources for high need, at-risk students, including students with physical and mental health and other social-emotional issues.

- Support for individual plans for study, career counseling and college preparation, full funding for students in postsecondary career technical education programs, and higher education affordability.
- Full funding of special education state aid for the additional costs of students with individual education plans without reducing funding for other students.
- Increases to enhance educator compensation to attract and retain high quality professionals and support staff, measured by inflation, comparable professions and other states; and support for professional development and teacher mentoring.

This level of reinvestment in education will restore funding to previous, constitutional levels of educational funding and improvement and allow Kansas to compete with other states for educators and high skill/high wage employment.

The Kansas economy has grown faster than average after large increases in school funding, and grown more slowly in recent years when education funding has fallen behind inflation.

- Kansas generally experienced higher than average growth per capita income after large increases in school funding following the 1992 school finance act and the 2006 *Montoy* school finance decision.
- Following the 2012 Kansas income tax cuts, which kept school funding below the rate of inflation, Kansas experienced low personal income growth and declined compared to the national average.

State aid to K-12 education has remained at approximately 50 percent of the state general fund since the mid-1990s (when the state assumed a larger role in school finance to reduce local property tax). That means K-12 funding has changed at about the same rate as overall state expenditures.

However, the state general fund has declined compared to state personal income, which means Kansas are spending a smaller share of their total

income on all state programs, including K-12 education.

Rather than removing dollars from the Kansas economy, additional state funding will be reinvested in the Kansas economy by hiring more employers, paying higher wages and purchasing more goods and services – improving employment, income and business activity.

**6. Why could amending the Kansas Constitution to reduce school finance litigation harm educational opportunity and achievement?**

School districts and citizens use the court system to enforce or clarify the constitution, just as the state of Kansas challenges laws under the federal constitution.

Limiting the ability of the courts to enforce equity and adequacy could mean any child or district’s educational opportunity is determined solely by a shifting Legislative majority; or that the Legislature could ignore the constitutional requirement to support education improvement.

The “cycle of litigation” in school finance over the past 50 years really has been just four cases.

- In the 1970’s, the state passed the School District Equalization Act to address major disparities in property taxes before any court even ruled.  
In 1992, the Legislature adopted a new finance system in response to significant disparities in property taxes before a trial was held. (That action was later upheld by the Kansas Supreme Court.)

- The *Montoy* case in the 2000s was based primarily on a cost study the Legislature commissioned specifically to determine constitutionally suitable funding and then failed to follow; and to address wide disparities in student achievement. The Legislature approved funding increases based on a cost study conducted by the Kansas Legislative Post Audit Division and the case was dismissed.
- The *Gannon* case in the 2010’s has been based on the Legislature’s failure to maintain funding levels accepted by the court to end the *Montoy* case (using a second legislative cost study), which the court found increased disparity in local property taxes and resulted in declining student achievement.
- The length of time for resolving these cases is a result of the state’s decision on whether to take the case to trial and to appeal from the trial court to the Supreme Court, and the division of the *Gannon* case into adequacy and equity components.

**Conclusion**

Responding to the Gannon decision in the 2018 will be challenging. As this document has shown, school funding is a critical component of student success, and improving the success of our students in both K-12 and postsecondary education will strengthen individuals, families, communities and the state as a whole.

KASB stands ready to help policy-makers answer this challenge.