



KPI Analysis: Top Ten School Funding Points

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1. Funding was increased by nearly \$2 billion over the last ten years, yet student achievement remains relatively unchanged and for most students, unacceptably low.
2. It will take centuries to close achievement gaps between Low Income students and everyone else, and some gaps will never close at the current pace.
3. Achievement in Kansas overall is about average in a nation that doesn't perform well.
4. No one – not a single superintendent, legislator, policy analyst or judge – knows how much money schools need to achieve required outcomes while also making efficient use of taxpayer money because that analysis has never been performed in Kansas.
5. There is no definitive research proving that simply spending more money or spending at a faster pace will produce better outcomes. There are, however, many examples of states and districts spending significantly less money but achieving the same or better results than those that spend more.
6. The State Supreme Court in *Gannon* ruled that outcomes matter more than spending, all funding sources must be considered in determining adequacy and the Augenblick & Myers cost study is no longer the basis for determining adequacy.
7. The District Court has consistently ignored State Supreme Court guidance on adequacy and equity in *Gannon*.
8. School funding continues to set records, even without counting a dollar of KPERS, and is well above historic funding levels adjusted for enrollment and inflation.
9. Only 54 cents of every school funding dollar is spent on Instruction, and that measurement has remained unchanged over the last ten years.
10. Local school boards – not legislators or governors – determine how to allocate spending between Instruction and other cost centers, as well as how much teachers are paid.

1. Funding was increased by nearly \$2 billion over the last ten years, yet student achievement remains relatively unchanged and for most students, unacceptably low. Acknowledging the true state of academic outcomes is seen by some as an attack on public education, and while defense of the system is understandable, students cannot be prepared for college and career unless the gap between the present and the goal is clearly understood.

Kansas Education Commissioner Randy Watson recently said “Maybe education needs to focus on the individual student and not the system.”¹ Honestly examining achievement results should not be seen as an attack or attempt to assess blame, but the starting point of giving every student the opportunity to be prepared for college and career. Where things stand today is no one’s fault, but it is everyone’s responsibility to get students where they need to be.

Some students do quite well in Kansas, but only 32% of the 2015 graduating class who took the ACT test are considered college-ready in English, Reading, Math and Science. That is slightly above the national average (30%) but not at all where students need to be. The ACT composite scores for all students as well as the major demographic groups are relatively unchanged over the last ten year.

With one exception, scores on the National Assessment of Educational Progress are also not much different than in 2005; the same is true of proficiency levels, which are quite low.

Ten points on the NAEP scale score is considered a year’s worth of learning; low income 4th graders are therefore 3 years behind their peers in Reading and 2.2 years behind in Math.

Kansas NAEP Results				
Subject / Demographic	Scale Score		% Proficient	
	2005	2015	2005	2015
4th Grade Reading - low income	208	208	20%	20%
4th Grade Reading - not low income	230	238	42%	54%
4th Grade Math - low income	235	231	30%	27%
4th Grade Math - not low income	254	253	59%	58%
8th Grade Reading - low income	254	256	21%	22%
8th Grade Reading - not low income	275	278	43%	47%
8th Grade Math - low income	270	272	19%	19%
8th Grade Math - not low income	293	295	43%	46%

Source: National Assessment of Educational Progress (NAEP)

The most recent data (2013) from the Kansas Board of Regents shows that 27% of students who graduated from Kansas high schools in 2013 and attended university in Kansas signed up for remedial training²; no one knows how many others also needed remedial training who went to college elsewhere or went straight into the workforce.

Finally, the 2015 state assessment shows 75% of Kansas tenth graders still need remedial training in Math and 69% need remedial training in English language arts (see handout for breakdown by grade level).³

2. It will take centuries to close achievement gaps between Low Income students and everyone else, and some gaps will never be closed at the current pace.

National Assessment of Educational Progress - scale scores					
Grade Level / Subject	2005	2015	Average Annual Change	Target: Not Low Income 2015	Years to Catch up
4th grade Reading - low income	208	208	0	238	Never
4th grade Math - low income	235	231	-0.4	253	Never
8th grade Reading - low income	254	256	0.2	278	110
8th grade Math - low income	270	272	0.2	295	115

National Assessment of Educational Progress - Percent Proficient					
Grade Level / Subject	2005	2015	Average Annual Change	Target: Not Low Income 2015	Years to Catch up
4th grade Reading - low income	20%	20%	0.0%	54%	Never
4th grade Math - low income	30%	27%	-0.3%	58%	Never
8th grade Reading - low income	21%	22%	0.1%	47%	250
8th grade Math - low income	19%	19%	0.0%	46%	Never

Source: U.S. Department of Education, National Center for Education Statistics

ACT Scores					
Student Group	2005	2015	Average Annual Change	Target: White 2015	Years to Catch up
Hispanic	19.1	19.2	0.01	22.8	360
African American	17.4	17.6	0.02	22.8	260

Source: ACT; breakouts by income level not published

3. Achievement in Kansas overall is about average in a nation that doesn't perform well.

Student Group	Kansas National Rank		2015 NAEP Proficiency	
	4th Grade Reading	8th Grade Reading	4th Grade Math	8th Grade Math
Low Income	#36	#21	#16	#25
Not Low Income	#15	#22	#17	#25

Source: National Assessment of Educational Progress

Student Group	Percent Proficient		2015 NAEP	
	4th Grade Reading	8th Grade Reading	4th Grade Math	8th Grade Math
KS Low Income	20%	22%	27%	19%
U.S. Low Income	21%	20%	24%	18%
KS Not Low Income	54%	47%	58%	46%
U.S. Not Low Income	52%	47%	58%	48%

Source: National Assessment of Educational Progress

KS National Rank	2015 ACT
Student Group	Compsite Score Rank
Overall	#21
White	#24
Hispanic	#26
African American	#22

Source: ACT

4. No one – not a single superintendent, legislator, policy analyst or judge – knows how much money schools need to achieve required outcomes while also making efficient use of taxpayer money because that analysis has never been performed in Kansas. Augenblick & Myers was supposed to base their 2001 recommendations on efficiency but as then-KPI Scholar Caleb Stegall discovered in 2009, A&M admittedly abandoned their methodology and produced inflated numbers. This information may have prompted the State Supreme Court in *Gannon* to declare that the A&M cost study was “more akin to estimates than the certainties envisioned by the panel.”⁴

Legislative Post Audit prepared school funding estimates in 2006 but was careful to note that efficient use of taxpayer money was not taken into account: “It’s important to remember that these cost studies are intended to help the Legislature decide appropriate funding levels for K-12 public education. They aren’t intended to dictate any specific funding level, and shouldn’t be viewed that way. Finally, within these cost studies we weren’t directed to, nor did we try to, examine the most cost-effective way for Kansas school districts to be organized and operated. Those can be major studies in their own right.”⁵

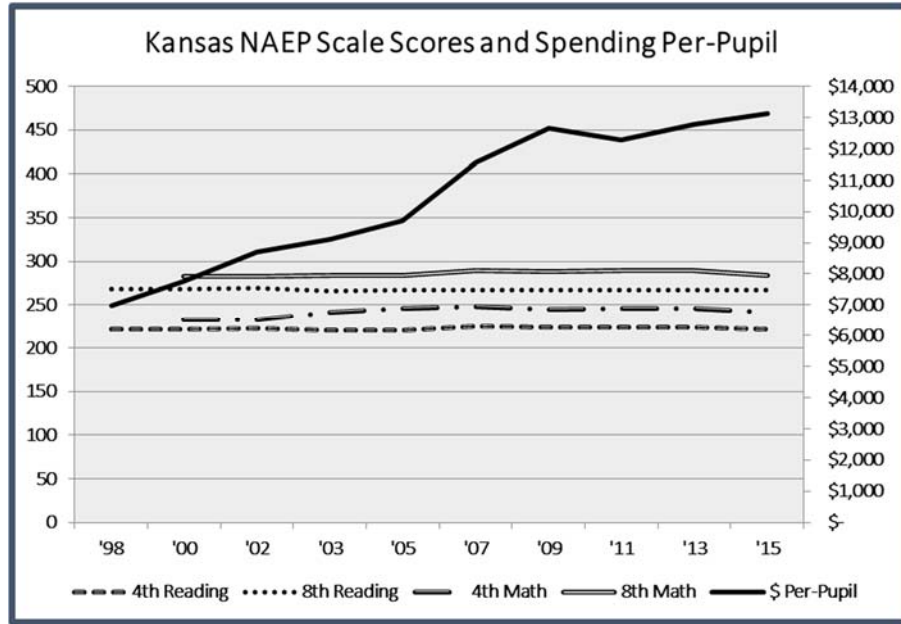
5. There is no definitive research proving that simply spending more money or spending at a faster pace will produce better outcomes. The 2006 Legislative Post Audit report on school funding found a correlation between funding and outcome gains on the state assessment but we don’t know if LPA was aware that the State Board of Education reduced performance standards in 2002 and 2006, rendering comparisons to prior years’ invalid. (See “Removing Barriers to Better Public Education” published June 2012 by KPI for documentation of performance standards being reduced.) We do know, however, that LPA could not possibly have found that increased spending drove achievement gains if they had looked at ACT scores or the National Assessment of Educational Progress (NAEP), as scores on those tests were relatively unchanged during the period in question.

Lest this statement about the lowering of state standards be misunderstood, Obama Administration Sec. of Education Arne Duncan has publically and repeatedly said that multiple states did this very same thing in response to No Child Left Behind. It further squares with an examination of state standards produced by USDE which said in 2009 that Kansas had some of the lowest performance standards in the nation.

Legislative Post Audit also made this statement in their 2006 report: “Educational research offers mixed opinions about whether increased spending for educational inputs is related to improved student performance. Well-known researchers who have reviewed that body of research have come to opposite conclusions. Likewise, individual studies of specific educational inputs we reviewed sometimes concluded

additional resources were associated with improved outcomes, and sometimes concluded they weren't.”⁶

This chart shows that NAEP scores have remained relatively unchanged while both actual and inflation-adjusted spending have grown significantly.



Source: NAEP, KSDE. Kansas began participating in NAEP in 1998, which is now given biannually. Pre-2005 spending is adjusted upward for KPERS.

There is also similarity of NAEP scores (scale of 0 to 500) for states with widely disparate spending levels. New York spends the most but gets lower scores on 4th Grade Reading than Florida, which spends the least in this example. This is just a handful of states but there are some remarkable statistics for all 50 states. The high spend (\$22,902) is three times greater than the low spend (\$7,232), yet the variance between the high and low scores is just 13% and 9%, respectively, for Low Income and Not Low Income 4th Grade Reading and only 10% and 9% for 8th Grade Math.

2013 Census Spending and NAEP Score Comparison of Select States					
State	Total Spend Per-Pupil	4th Grade Reading		8th Grade Math	
		Low Income	Not Low Income	Low Income	Not Low Income
US average	\$ 12,346	207	236	270	297
Kansas	\$ 11,496	210	238	276	301
Texas	\$ 10,313	206	234	279	300
Florida	\$ 9,420	218	242	271	294
New York	\$ 22,902	211	238	269	293
Alaska	\$ 20,337	193	226	267	294
Pennsylvania	\$ 16,584	211	239	273	301
Minnesota	\$ 13,430	209	237	275	304

Spending based on headcount (FTE not available); US score is National Public

6. The State Supreme Court in *Gannon* ruled that outcomes matter more than spending, all funding sources must be considered in determining adequacy and the Augenblick & Myers cost study is no longer the basis for determining adequacy. See the blog post entitled “Supreme Court ruling on school finance – some very good news and a few questions” for documentation.⁷

7. The District Court has consistently ignored State Supreme Court guidance on adequacy and equity in *Gannon*. See “Kansas school funding decision ignores facts in arriving at a political decision” (December 2014)⁸ and “School funding decision ignores facts and the Supreme Court” (July 2015)⁹ for further discussion.

8. School funding continues to set records, even without counting a dollar of KPERS, and is well above historic funding levels adjusted for enrollment and inflation. School funding between 2005 and 2015 as reported by the Kansas Department of Education¹⁰ is shown on the adjacent tables. All of the State and Local money is either provided by or authorized by the state legislature. The effective difference between the two columns is a matter of how money is distributed. Local revenue represents taxes, fees and other charges authorized by the State that are distributed from county treasurers or collected directly by school districts; State Aid is provided through various state funds. There were very small recession-driven total aid reductions in the 2010 and 2011 school years (2.6% per-pupil and 0.38% per-pupil, respectively) but total aid rebounded in 2012 and has increased every year since.

Total Funding (millions of dollars)					
School Year	State Aid	Federal Aid	Local Revenue	Total Spending	Total w/o KPERS
2005	2,362.2	398.7	1,526.0	4,289.4	4,168.4
2006	2,658.0	382.8	1,650.9	4,689.3	4,547.8
2007	2,889.0	385.4	1,869.0	5,142.1	4,973.4
2008	3,131.5	377.0	1,940.1	5,446.5	5,252.7
2009	3,287.2	413.6	1,965.6	5,666.7	5,453.0
2010	2,867.8	726.6	1,995.1	5,589.5	5,373.4
2011	2,961.8	666.6	1,958.7	5,587.0	5,401.0
2012	3,184.2	447.4	2,139.4	5,771.0	5,407.4
2013	3,198.1	460.3	2,194.1	5,852.5	5,573.7
2014	3,268.0	485.6	2,222.0	5,975.5	5,663.3
2015	3,968.9	510.2	1,607.0	6,080.0	5,765.2

Source: KSDE. The 20 mill mandated property tax collection (\$563 million per Division of Budget) was moved by the Legislature from Local to State for proper recording in 2015.

Claims that funding would have declined if not for increased money spent on KPERS retirement plans are simply not true, as non-KPERS aid per-pupil set records the last two years; total non-KPERS school funding set records each of the last three years.

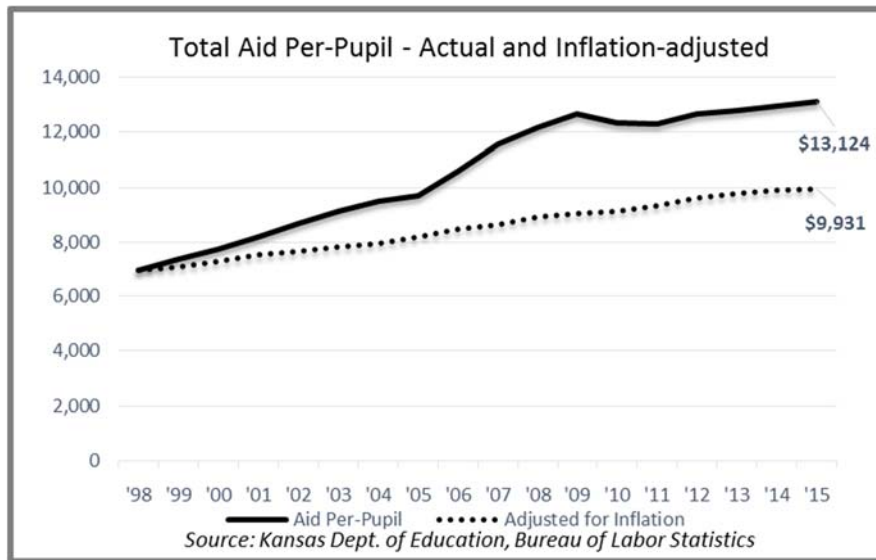
School funding has also grown much faster than inflation and enrollment. The following chart

goes back to 1998, which was the first year that Kansas began participating in the National Assessment of Educational Progress. Aid reported by KSDE did not include KPERS prior to 2005 but we obtained those amounts from KSDE and increased total aid accordingly to provide a consistent comparison.

To put the difference between actual funding of \$13,124 per-pupil and the inflation-adjusted amount of \$9,931 in perspective, funding would have been \$1.48 billion less last year if 1998 funding per-pupil had just been increased for inflation each year.

Spending Per Pupil					
School Year	State Aid	Federal Aid	Local Revenue	Total Spending	Total w/o KPERS
2005	5,346	902	3,454	9,707	9,434
2006	6,006	865	3,730	10,596	10,276
2007	6,494	866	4,201	11,558	11,179
2008	7,008	844	4,341	12,188	11,754
2009	7,344	924	4,391	12,660	12,182
2010	6,326	1,603	4,401	12,330	11,853
2011	6,511	1,465	4,306	12,283	11,874
2012	6,983	981	4,692	12,656	11,858
2013	6,984	1,005	4,792	12,781	12,173
2014	7,088	1,053	4,819	12,960	12,282
2015	8,567	1,101	3,469	13,124	12,445

Source: KSDE.



The gap between actual and inflation-adjusted spending will vary depending upon the selected starting point, and education lobbyists like to use 2009 as their starting point to claim that funding has lagged inflation and more money is therefore needed. Of course, such claims are only valid if 2009 funding was truly what schools needed to achieve required outcomes while also operating efficiently – and we know that that is

not true. The large funding increase between 2005 and 2009 resulted from a court order predicated upon a cost study that has since been abandoned by the State Supreme Court. We also know that every Legislative Post Audit study on school efficiency has found schools to be inefficiently operated and organized.

9. Only 54 cents of every school funding dollar is spent on Instruction, and that measurement has remained unchanged over the last ten years. Spending is broken out by nine major cost centers defined by the U.S. Department of Education and adopted by KSDE: Instruction, Student Support, Staff Support, Administration, Operations & Maintenance, Transportation, Food Service, Capital Outlay and Debt Service. In 2006, the Legislature set an aspirational goal to get a larger share of resources where students would benefit the most. Schools allocated 54 percent of spending to Instruction in 2005 and the Legislature encouraged them to use their court-ordered *Montoy* windfall to put a much larger portion toward the long-standing KSDE definition of Instruction spending. Ten years and nearly \$2 billion later, local school boards still only allocate 54 cents of every education dollar to Instruction.

School Year	Instruction Spending	Total Spending	Instruction % of Total	Instruction @ 65%	Instruction Shortfall from 65% Goal
2005	\$2,323,989,206	\$4,289,414,543	54.18%		
2006	\$2,543,489,758	\$4,689,294,566	54.24%	\$3,048,041,468	\$504,551,710
2007	\$2,843,285,537	\$5,142,076,915	55.29%	\$3,342,349,995	\$499,064,458
2008	\$3,013,958,870	\$5,446,453,325	55.34%	\$3,540,194,661	\$526,235,791
2009	\$3,117,741,435	\$5,666,731,992	55.02%	\$3,683,375,795	\$565,634,360
2010	\$3,073,242,473	\$5,589,549,135	54.98%	\$3,633,206,938	\$559,964,465
2011	\$3,083,311,512	\$5,587,044,330	55.19%	\$3,631,578,815	\$548,267,303
2012	\$3,180,045,823	\$5,771,010,808	55.10%	\$3,751,157,025	\$571,111,202
2013	\$3,213,488,845	\$5,852,470,791	54.91%	\$3,804,106,014	\$590,617,169
2014	\$3,294,134,766	\$5,975,517,681	55.13%	\$3,884,086,493	\$589,951,727
2015	\$3,280,614,377	\$6,079,997,660	53.96%	\$3,951,998,479	\$671,384,102
					\$5,626,782,286

Source: Kansas Department of Education

One of the nation’s leading experts on school finance, Dr. Eric Hanushek of The Hoover Institution at Stanford University, says “It’s absolutely true that if you spend money well, it has an effect ... But just putting money into schools and assuming it will be spent well isn’t necessarily correct and there is substantial evidence that it will not happen.”¹¹ Given that a large body of research shows that nothing makes more difference to students than having effective teachers, it’s reasonable to question whether spending is being allocated in students’ best interests.

This comparison of employment and enrollment trends goes to the same concern.

Percentage Change in Enrollment and Employment		
Categories	2005-2015	1993-2015
FTE enrolled	5%	7%
Classroom teachers	5.4%	14%
Other teachers	10%	38%
Total teachers	6%	17%
Management	11%	34%
Other non-teachers	10%	42%
Total non-teachers	10%	41%
<i>Source: KSDE; Management includes superintendents, asst. superintendents, principals, asst. principals, directors, instruction coordinators and curriculum specialists.</i>		

Whether over the last ten years or the duration of the old school funding formula, non-teacher employment grew much faster than teacher employment. It's also interesting to see that classroom teacher employment outpaced enrollment. The fact that the student-to-teacher ratio therefore fell while parents are complaining that class sizes are getting larger is indicative of a resource-allocation problem rather than a lack of funding.

10. Local school boards – not legislators or governors – determine how to allocate spending between Instruction and other cost centers, as well as how much teachers are paid. Under both the old school funding formula and the temporary block grant system, calculations were made to determine the amount provided to each district but the school boards alone decide how to spend the money. Some aid categories, such as Bond & Interest Aid, can only be spent for that specific purpose but that is still a choice made by local school boards to sell bonds and cause some state aid to be allocated accordingly.

There is no legislation or other guidance that directs how the billions in unrestricted money was to be spent under the old formula and the temporary block grant system provides even greater flexibility.

¹ <http://www.kansascity.com/news/government-politics/article38015937.html>

² Data obtained from KSDE available here by district

<http://www.kansasopengov.org/SchoolDistricts/PostsecondaryRemedialCoursework/tabid/2199/Default.aspx>

³ Students in Level 1 and Level 2 still need remedial training to be considered college and career ready

<http://www.ksde.org/Home/QuickLinks/NewsRoom/tabid/586/aid/131/Default.aspx>

⁴ <http://www.kscourts.org/Cases-and-Opinions/opinions/SupCt/2014/20140307/109335.pdf> page 76

⁵ <http://www.kslpa.org/assets/files/reports/05pa19a.pdf> page 2

⁶ Ibid, page 107

⁷ <http://www.kansaspolicy.org/KPIBlog/115773.aspx>

⁸ <http://www.kansaspolicy.org/KPIBlog/124008.aspx>

⁹ <http://www.kansaspolicy.org/PressRoom/Commentary/127588.aspx>

¹⁰ Funding data prior to 2015 available here

http://www.ksde.org/Portals/0/School%20Finance/data_warehouse/total_expenditures/d0Stateexp.pdf; 2015 data and KPERS amounts provided in emails.

¹¹ <http://blogs.rgj.com/factchecker/2012/08/26/does-more-money-lead-to-better-school-results/>