A photograph of a classroom. In the foreground, a blue plastic chair sits on a wooden floor. Behind it is a long wooden bench. In the background, a large chalkboard is mounted on a wall. The room is dimly lit, with a spotlight effect on the chair and the chalkboard. The number '100' is visible on the wall above the chalkboard.

Public School Funding in Kansas Since 2003:

Students left behind
despite large,
inflation-adjusted
spending increases

by Benjamin Scafidi
Kennesaw State University
December 2022



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Executive Summary

This report analyzes the increases in spending in Kansas public schools since 2003, the ways public school districts used these spending increases, and whether there was a return on this taxpayer investment. The primary finding is that between 2003 and the early 2020s: achievement fell despite large inflation-adjusted spending increases. Specifically,

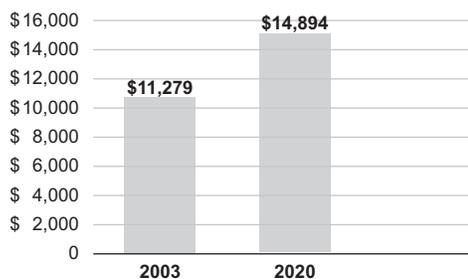
1. Between 2003 and 2020, total inflation-adjusted total spending per student in Kansas public schools increased from \$11,279 to \$14,894. This is a large increase in a short period of time, and the increase in spending in Kansas public schools exceeded the national average and the increases in all neighboring states during this time period.
2. There were also large increases in spending in Kansas public schools prior to 2003, as inflation-adjusted total spending per student almost tripled between 1970 and 2003.
3. Considering differences in purchasing power, expenditures per student in Kansas public schools were \$1,439 more than the national average in 2020. The Kansas courts and policymakers have been very successful at increasing spending on public schools.
4. From 2003 to 2020, current spending per student (which excludes capital and debt service expenditures) increased by 25 percent, adjusted for inflation. However, average teacher salaries fell by almost 1 percent, adjusted for inflation. So, where did the money go? While the number of Kansas public school students increased by 6 percent, the number of district administrators increased by 23 percent, the number of teachers by 12 percent, and the number of all other public school staff increased by 15 percent.
5. The large increases in spending have not been associated with gains on the National Assessment of

Educational Progress (NAEP), regarded by the Kansas State Department of Education and others as the “gold standard of assessments.” While the national average on NAEP Reading and Mathematics scores for grades 4 and 8 increased by 12 points across these four exams between 2003 and 2019, Kansas’ scores dropped 9 points. Arizona and Florida—the states that have the most educational choice in the nation—had very large gains. Kansas ACT scores and college readiness declined during this time period as well.

6. The subpar academic performance in Kansas between 2003 and 2019 continued during the pandemic. National NAEP scores from 2019 to 2022 fell by a collective 19 points across the grades 4 and 8 Reading and Mathematics exams. President Biden’s U.S. Secretary of Education called the national drop in NAEP test scores “appalling” and “unacceptable.” In Kansas, these NAEP test scores fell by 25 points during this time. In addition, NAEP scores fell by only 6 points in Catholic schools nationwide between 2019 and 2022—which suggests private schools appear to have been more resilient than public schools during the pandemic.
7. Based in large part on the “models” of “experts,” the Kansas Supreme Court mandated increased spending; the increase in student learning has thus far failed to materialize.
8. One of these experts, in a new book, ridicules states such as Arizona and Florida for having significantly lower spending per student than Kansas and more taxpayer-funded school choice. However, the “gold standard” NAEP test score gains in Arizona and Florida have been extremely large. Kansas policymakers should look to mimic the policies in these two states (i.e., more educational choice for families) and ignore speculative “models” that have failed to predict the real world.

Figure ES1

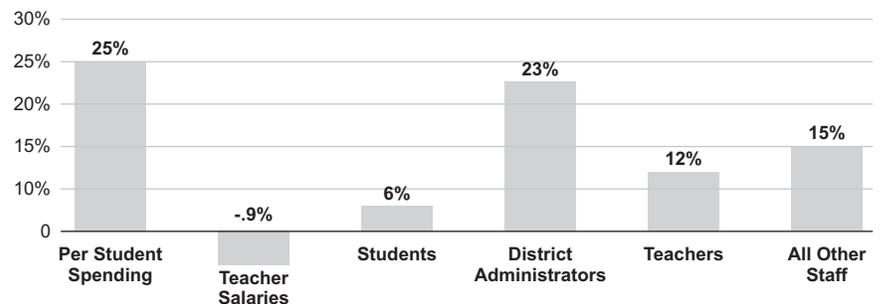
Real (inflation-adjusted) Total Expenditures Per Student in Kansas Public Schools, Academic Years (AY) 2003 and 2020



Source: National Center for Education Statistics at the U.S. Department of Education, <https://nces.ed.gov/ccd/elsi/>.

Figure ES2

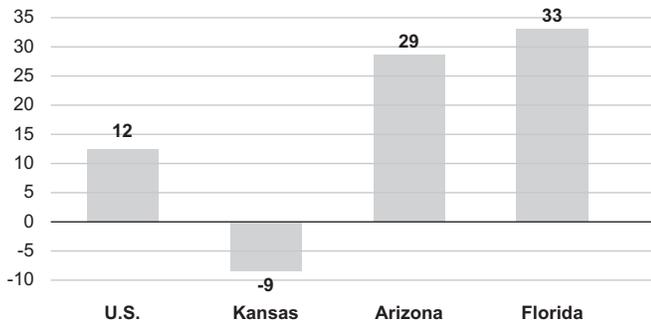
2003 to 2020 Change in Kansas Public School Current Spending Per Student, Average Teacher Salaries, Enrollment, and Staffing



Source and Notes: Data on current spending per student, teacher salaries, enrollment, and staffing come from the *Digest of Education Statistics*, National Center for Education Statistics at the U.S. Department of Education. Spending and salaries adjusted for inflation using the PCE price index, <https://fred.stlouisfed.org/series/PCEPI>. AY 2020 current spending comes from the U.S. Census Bureau, <https://www.census.gov/programs-surveys/school-finances.html>.

Figure ES3

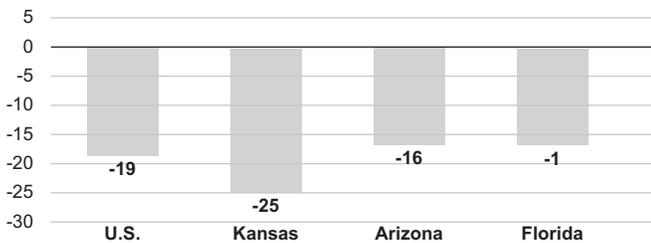
Changes in the Sum of NAEP Grade 4 and Grade 8 Reading and Mathematics Scores, 2003 to 2019



Source: Author calculations from <https://nces.ed.gov/nationsreportcard/data>.

Figure ES4

Changes in the Sum of NAEP Grade 4 and Grade 8 Reading and Mathematics Scores, 2019 to 2022



Source: Author calculations from <https://nces.ed.gov/nationsreportcard/data>.

These models clearly do not hold up to lived experience, and Kansas students are suffering the consequences. Courts and policymakers should enact policies based on real data and real student learning gains. Yes, public schools need funding to exist, but alternatives should be considered, including programs that allow proven educational choice opportunities for Kansas families—such as the opportunities afforded to families in Arizona and Florida. ■

Data Notes and Terms

Unless specified otherwise, all information on expenditures and staffing come from data reported by the Kansas State Department of Education (KSDE) annually to the U.S. Department of Education (USDE) or from KSDE and public school district data reported to the U.S. Census Bureau. Both the USDE and Census report enrollment on a head-count basis, which is higher than the fulltime equivalent reporting from KSDE.

All years mentioned in the report (e.g., 2003 or 2020) indicate an academic year (AY). For example, AY 2003 is the 2002-03 academic year and AY 2020 represents the 2019-20 academic years.

Finally, expenditure and compensation data, when considered over time, are presented in “real” terms, which means they are inflation adjusted. Specifically, a dollar in spending in 2003 was worth more than a dollar of spending in 2020, for example, because a dollar could buy more in 2003. It is routine for researchers and policymakers to use adjusted dollars for changes in the cost of living over time, and across states for differences in purchasing power. Adjusting for changes in the cost of living over time is customarily done using the headline Consumer Price Index (CPI-U) that is reported in the media each month. However, economists have generally understood for many decades that the CPI-U overestimates true changes in the cost of living. That is why the U.S. Federal Reserve System and many others now use the PCE price index (Personal Consumption Expenditures) to measure changes in inflation over time. In this paper, I use the PCE price index to adjust for inflation. The implication of this choice is that the PCE price index increased 36 percent between 2003 and 2020, while the CPI-U increased by 42 percent during this time period. Again, economists generally regard the PCE price index as more accurate of changes in the cost of living over time and the CPI-U as overestimating these changes. Every interest group says that the good or service they provide or purchase is increasing faster than the cost of living (no matter how it is measured). Mathematically, they all cannot be correct, of course. Given that the vast majority of public school spending is for salaries, benefits, and wages paid to employees, it is reasonable to use the average changes in the cost of living, as public school employees—like everyone else—purchase health care, housing, food, clothing, etc., where some of these items have grown faster than the overall rate of inflation, while others have seen slower than average increases.

Organization of this Report

Section I details the change in inflation-adjusted expenditures per student in Kansas public schools since 2003, while section II shows that the share of public school funding that has come from the state of Kansas is well above the national average.

Section III discusses three reasons why it is extremely likely that Kansans will observe significant increases in Kansas public school funding after 2020, when that data becomes available.

The uses of the increased funding given to public school districts in Kansas are presented in section IV.

That K-12 public education, public hospitals, and public colleges and universities have been the priorities of Kansas state and local governments since 2003 is shown in section V—while all other state and local government functions, considered as a group, have not been prioritized.

Section VI discusses the increases in compensation given to Kansas K-12 public school employees since 2003 and shows how these increases far exceeded inflation and the compensation increases received by U.S. private sector workers.

The large increases in funding in Kansas after 2003 did not lead to increased student learning, and these findings are detailed in section VII. Section VII also shows how experts and their speculative models that influenced the Kansas Supreme Court in school funding litigation over the past few decades have predicted the real world extremely poorly and therefore should not be relied upon in future school funding litigation.

Section VIII concludes the report with recommendations that Kansas policymakers mimic the education policies of successful states such as Arizona and Florida—which spend significantly less per student in their public schools relative to Kansas, which have significantly more school choice opportunities for families, and have seen very large relative increases in student learning since 2003.

Section I: Real (Inflation-Adjusted) Expenditures Per Student Since 2003

Public school leaders and others, when referring to K-12 public school funding, commonly quote statistics regarding per student spending that includes some amount of spending that is *less than* the total amount of spending per student. Often, they exclude funding for items such as capital, debt service, etc. However, federal, state, and local elected officials appropriate monies that are provided to local school districts and all of those monies are devoted to educating children. More importantly, taxpayers must sacrifice some of the money they worked to earn in order to fund public schools. Elected officials—and especially taxpayers—have a right to know the total amount of funding they spend on any government endeavor, including public schools. Taxpayers have a right to know because it is their money that they cede to the government to pay for the costs of running public schools, and elected officials have a right to know because voters can hold them accountable every time they are up for an election for the taxing, spending, and policy decisions they make.

Further, knowing the total amount spent will help policymakers, educators, and voters make better resource decisions with taxpayer funds. Of course, it is important to know how public school funds are spent as well. But, the first step is to know the top-line, or total amount spent per public school student. To that end, in this section I analyze changes in total expenditures per public school student, adjusted for inflation, since 2003.

Since 2003, Kansas public school funding has seen three distinct episodes. The first episode was from 2003 to 2009 where funding increased significantly. Then, 2009 to 2017 when funding varied year-to-year, but was essentially flat over the time period. The third episode began in 2017 when funding resumed its rapid increase. Overall, between 2003 and 2020, public schools in Kansas increased their total expenditures per student on an inflation-adjusted basis by 32.1 percent, from \$11,279 in 2003 to \$14,894 in 2020 (figure 1.1).¹ What that increase means is that Kansas

public school students in 2020 had 32.1 percent more in “real” (inflation-adjusted) taxpayer funding devoted to their education relative to Kansas public school students in 2003. This is a very significant increase in real resources per student over a fairly short period of time.

Because NCES reports enrollment on a headcount basis rather than fulltime equivalent, per student expenditures in this report are lower than those reported by KSDE.

Considering the first episode, between academic years (AY) 2003 and 2009, expenditures per student in Kansas public schools increased from \$11,279 in 2003 to \$13,619 in 2009, a 20.7 percent increase (see figure 1.1). This increase is adjusted for inflation, which means that a student in a Kansas public school in 2008-09 (the 2009 academic year) had 20.7 more in real resources devoted to his or her education relative to a Kansas public school student in 2002-03 (AY 2003). This is a very large increase over a very short period of time.

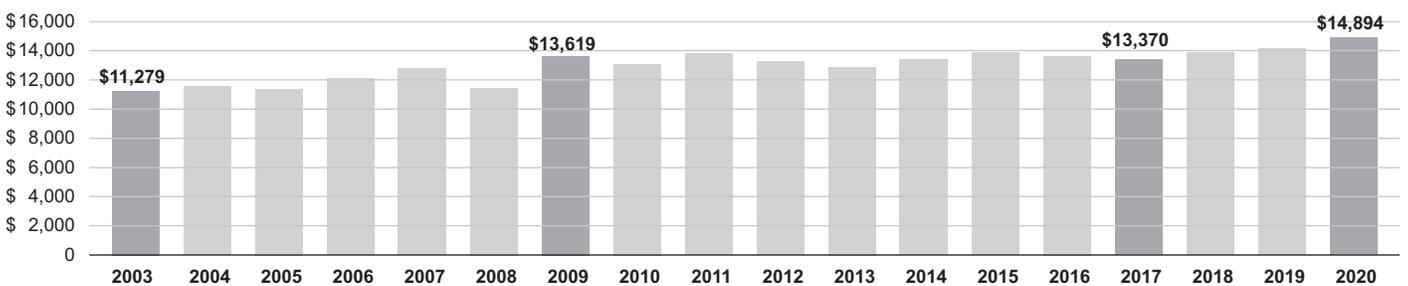
After 2009, expenditures per student took turns moving slightly up and slightly down until 2017. Nevertheless, per student spending was essentially flat during this second episode.

In 2017 expenditures per student adjusted for inflation were 1.8 percent below the 2009 level. However, after AY 2017 a third episode began, and the rapid increases in public school spending resumed. Between the 2016-17 and 2019-20 academic years, inflation-adjusted expenditures per student increased by 11.4 percent—from \$13,370 per student to \$14,894. Putting the three episodes together, as stated above, the cumulative change over the 2003 to 2020 time period was a 32.1 percent real increase on a per student basis—a very large increase over this period of time.

By 2020 (the 2019-20 academic year), Kansas public schools spent \$825 less per student than the national average—the national public school average was \$15,719

Figure 1.1

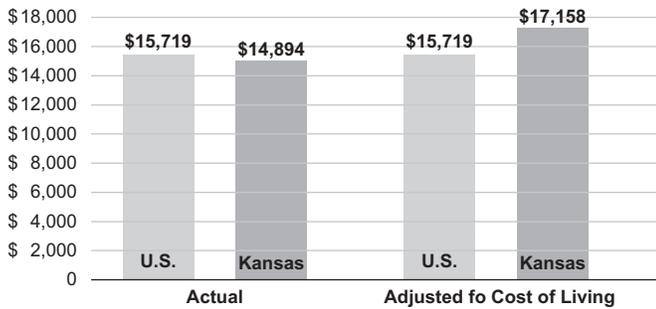
Real (inflation-adjusted) Total Expenditures Per Student in Kansas Public Schools, Academic Years (AY) 2003 to 2020



Source: National Center for Education Statistics at the U.S. Department of Education, <https://nces.ed.gov/ccd/elsi/>.

Figure 1.2

Expenditures Per Student in Public Schools, 2019-20, Actual and Adjusted for Differences in the Cost of Living



Source and Notes: National Center for Education Statistics, U.S. Department of Education, <https://nces.ed.gov/ccd/elsi/>. The cost of living in Kansas was estimated to be 15.2 percent less than the national average in 2020, and this 15.2 percent figure was used to adjust expenditures in Kansas public schools to make them comparable to the national average, (Missouri Economic Research and Information Center,

in per student spending, while Kansas public schools spent \$14,894. Nevertheless, the cost of living in Kansas is estimated to be 15.2 percent below the national average. Adjusting for this difference in purchasing power, Kansas public schools had \$1,439 more real spending per student than the average for public schools nationally in AY 2020 (figure 1.2).

Thus, the significant increases in taxpayer funds given to Kansas public schools after 2003 have propelled their spending to a height well above (\$1,439 and 9.2 percent above) the national average in spending per student. ■

Section II: State Share of Funding in Kansas Public Schools, 2003 to 2020

Public schools throughout America typically receive funding from federal, state, and local governments, where the relative proportion of funding from these three levels of government varies across states. In 2014, the Kansas Legislature discovered that the state-mandated 20 mills of property tax that every district must minimally collect was being recorded as local funding instead of state funding. That error was corrected beginning in 2015 and the shares of local and state funding used in this report have been recast to reflect proper recording since 2003.²

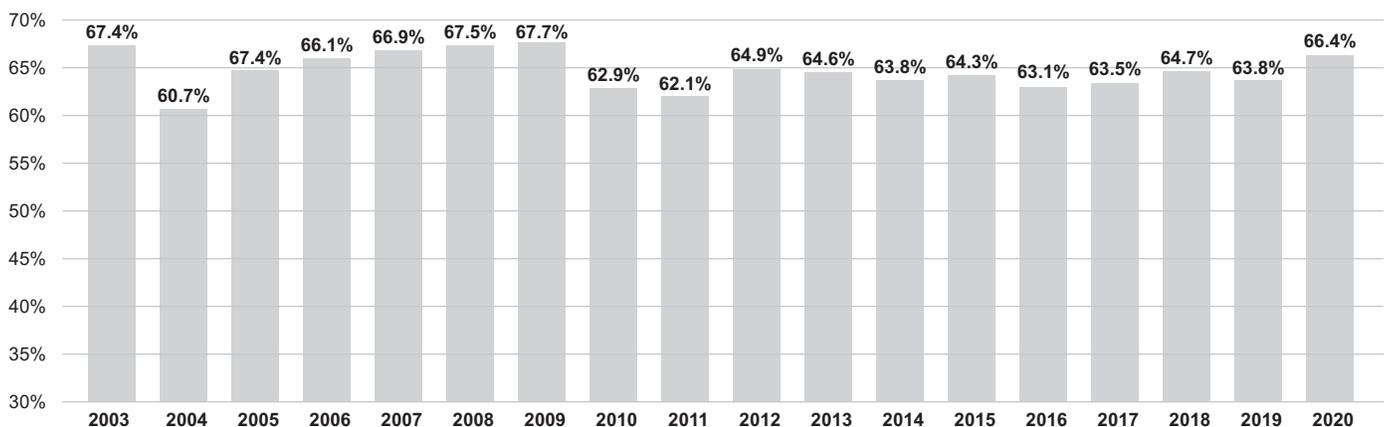
In a series of decisions between 2003 and 2006 and in later court decisions from 2014 to 2019, the Kansas Supreme Court required the Kansas state government to spend more money on public schools. As shown in the previous section, between 2003 and 2020, real (inflation-

adjusted) spending per student in Kansas public schools increased by 32.1 percent. Thus, one result of these state Supreme Court decisions was to increase funding overall—by a lot.

As shown in figure 2.1 below, there was a large reported drop in the state share of public school funding between 2003 and 2004. After 2004, the state’s share of public school funding increased from 60.7 percent to 66.4 percent. However, like states all over the nation, the early years of the Great Recession impacted state tax bases (typically income and sales taxes) more than local tax bases (typically property taxes). Further, under the 2009 American Recovery and Reinvestment Act (ARRA), President Obama and Congress earmarked almost \$100 billion in additional funding for public schools nation-

Figure 2.1

Percent of Kansas Public School Revenues from State Taxpayers, 2003 to 2020



Source: National Center for Education Statistics at the U.S. Department of Education, <https://nces.ed.gov/ccd/elsi/>. Note: In order to be consistent with the state of Kansas and the way they classify revenues, data from 2003 to 2014 are adjusted by counting the 20 mills in property tax revenue required by state law as state funding. Starting with the 2015 academic year, the state reports these property tax revenues as state funds. By making this adjustment for 2003 to 2014, the data are now consistent across all years.

wide, over and above the routine funding that public school districts receive from the federal government. Thus, in the first two years of the Great Recession, the state share of funding for public schools in Kansas fell by 5.6 percentage points, from 67.7 percent to 62.1 percent. The drop in the state share of public school funding nationwide was 4.9 percentage points, very similar to the experience in Kansas. Nevertheless, after 2011, the share of public school funding that comes from Kansas state taxpayers increased from 62.1 percent in 2011 to 66.4 percent in 2020.

Since 2003 the share of Kansas public school revenues that come from state taxpayers has been greater than the state share for public schools nationally. For the 2020 academic year, as shown in figure 2.2, Kansas public schools received 66.4 percent of its revenues from state taxpayers, while the national average is that public schools receive only 47.5 percent of their revenues from state taxpayers.

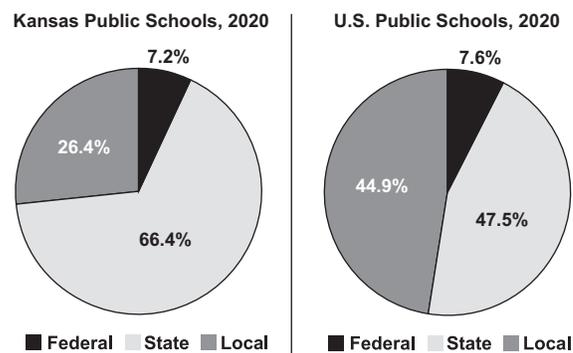
Since Kansas public school districts receive such a large share of their revenue from the state government, they receive a lower share of their revenue from property taxation and other local revenue sources. Specifically, only 26.4 percent of the revenues that flow to Kansas public school districts is raised from local taxpayers, while the average for public school districts nationally is that 44.9 percent comes from local revenue sources.

Kansas public schools are very close to the national average in terms of the share of their funding that comes from federal taxpayers—7.2 percent for Kansas as compared to 7.6 percent for public schools nationally. Federal funding is largely a function of two characteristics of student populations—the percent of students who have special needs and the percent of students who are from lower income households.

Thus, Kansas public schools receive a significantly higher share of their revenues from state taxpayers relative to the national average, and this feature of the school funding landscape in Kansas has been present for decades. ■

Figure 2.2

Share of Public School Revenues from Federal, State, and Local Taxpayers



Source: National Center for Education Statistics, U.S. Department of Education, <https://nces.ed.gov/ccd/elsi>.

Section III: The Post-2020 K-12 Public School Funding Landscape in Kansas

For three reasons, it is very likely that Kansas public schools have experienced extremely large increases in funding in the years after 2020 and that these large increases will continue for at least a few more years after the 2022-23 academic year.

The first reason is due to the large amounts of additional federal funding—*over and above* the federal funding routinely given to public schools—that came to Kansas school districts from three Covid-related bailouts of public schools. The second reason is the declines in public school enrollments that occurred in Kansas after 2020. The third reason is due to the increases in unspent reserves that Kansas public school districts have been accruing at the end of each year. Regarding this third reason, it is possible that Kansas public school districts will not spend their larger reserve balances in the future. However, they will be able to turn to these funds if the national macroeconomy enters an economic recession. That said, Kansas state law offers a wide degree of flexibility for districts in terms of how they spend reserves accrued from prior years.³ For these three reasons, it is extremely likely that expenditures per student have

significantly increased since the 2019-20 academic year and that these increases will continue for at least a few more years after publication of this report.

I consider in turn each of these three reasons why spending in Kansas public schools is likely undergoing another episode of rapid and large spending increases.

Covid-Era Federal Bailouts of Public Schools

The data on expenditures after the 2019-20 academic year are not yet available for all states, and since that time the federal government has provided three large tranches of Covid-related bailout funds for school districts. These additional funds from federal taxpayers—in addition to the typical federal funding given to public school districts—will allow school districts to significantly increase their expenditures between 2020 and 2024 and to increase their unspent reserves that may be spent after 2024.

From the three Covid-era bailouts, the federal government has provided Kansas public school districts a total of \$1,285,529,410 in Elementary and Secondary School Emergency Relief (ESSER) funds. As of August 31, 2022,

Kansas public school districts had only spent 35 percent of this \$1.285 billion from federal taxpayers.⁴ The remaining \$836 million must be spent by September 30, 2024. All across the country, public school districts are using significant portions of these ESSER funds for routine expenditures.⁵ By using these ESSER funds for routine expenditures, districts will be able to increase spending, pad their unspent reserves, and/or reduce property taxes. It will be interesting to see how Kansas public school districts—and districts all across the country—decide to what extent they will engage in net increases in spending and padding their reserves, and to what extent they will reduce property taxes. I will be tracking these trends closely and will share the findings with the Kansas Policy Institute in a few years as the data become available.

Covid-Era Enrollment Declines

Another reason that public school expenditures, on a per student basis, have likely increased significantly since AY 2020 is that Kansas public schools have mirrored national trends and seen an enrollment decline after the onset of Covid-19. Specifically, between academic years 2020 and 2021, public school enrollment in Kansas fell by 3.3 percent, or over 16,000 students (figure 3.1). While enrollments increased between 2021 and 2022 by almost 3,700 students, student enrollment in 2022 remained 2.5 percent below the 2020 level, which is a decline of over 12,500 students. If Kansas public school districts do not see increases in enrollments in AY 2023 and beyond, they will have a large amount of federal funding and any increases in state and local funding that will be spent on fewer students. Further, local school boards are often strongly supported by public school employees, and given that political support, they may be reluctant to reduce property tax rates, except when required by state law, when they serve fewer students—which means local funding could significantly increase on a per student basis. In the next several years, the amount of property tax

revenue raised by local school boards relative to the number of students they actually serve is a trend worth watching carefully.

Unspent School District Carryover Cash Reserves

At the end of each school year, school districts have unspent funds. In Kansas, these unspent funds are called “carryover cash reserves” and reflect revenues received in prior years but not spent. These carryover cash reserves are available to be used to pay future expenses, including debt obligation, capital expenses, and to serve as rainy-day funds. All unspent end-of-year reserves can be placed into one of four categories: federal, capital, debt, and operating.

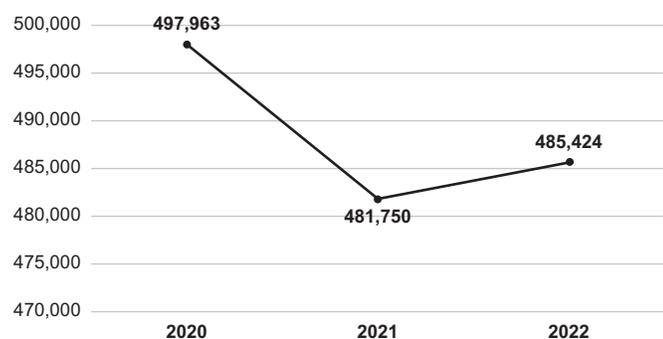
The largest type of carryover cash reserves in Kansas are unspent funds classified for future operating expenses, \$1.1 billion at the end of AY 2021. Unspent federal funds are very minor, \$34.5 million at the end of AY 2021.

Figure 3.2 shows the change in federal and operating carryover cash reserves on a per student and inflation-adjusted basis between 2005 and 2021. Academic year 2005 was a couple of years prior to the Great Recession, and AY 2021 was the most recent year with available data. Figure 3.2 shows that unspent federal and operating reserves held by Kansas school districts at the end of the academic year increased almost 76 percent between 2005 and 2021—from \$1,329 per student to \$2,333 per student, on a real inflation-adjusted basis.

This increase in carryover cash reserves suggests that Kansas school districts collected more funding than needed to educate students between 2005 and 2021, even with the negative economic shock of the Great Recession that occurred during this time period. Every

Figure 3.1

Headcount Enrollment in Kansas Public Schools, AY 2020 to 2022

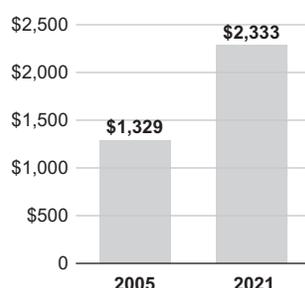


Source: *Digest of Education Statistics*, National Center for Education Statistics at the U.S. Department of Education.

Figure 3.2

Carryover Cash Reserves Per Student Held by Kansas Public School Districts, adjusted for inflation.

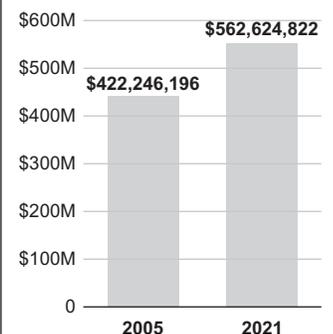
(These unspent year-end cash reserves do not include reserves earmarked for capital and debt service.)



Source: www.KansasOpenGov.org as reported by KSDE, http://www.kansasopen.gov/kog/databank#report_id=25. The 2005 data is adjusted for inflation using the PCE price index.

Figure 3.3

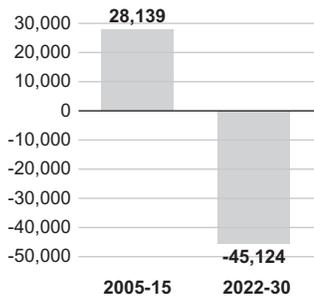
Capital “Carryover Cash Reserves” Held by Kansas Public School Districts, adjusted for inflation



Source: www.KansasOpenGov.org as reported by KSDE, http://www.kansasopen.gov/kog/databank#report_id=25, for academic years 2005 and 2021. The 2005 data is adjusted for inflation using the PCE price index.

Figure 3.4

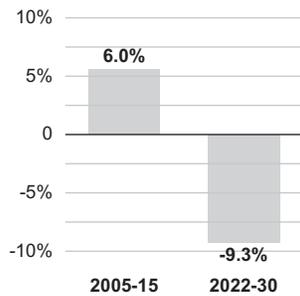
Actual Changes (2005 to 2015) and Projected Changes (2022 to 2030) in Kansas Public School Enrollment



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

Figure 3.5

Actual (2005 to 2015) and Projected (2022 to 2030) Percent Changes in Kansas Public School Enrollment



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

entity needs some degree of cash reserves, but I cannot locate any evidence that districts complained that they had inadequate reserves in 2005. This increase in fiscal health suggests that funding has not been a challenge for school districts during this time period.

Due to the large increase in federal Covid-bailout funds given to Kansas public schools, student enrollment declines, and the increases in reserves in Kansas public school districts in recent years, it is extremely likely that Kansas public schools will experience another episode of rapid increases in expenditures per student, and these rapid increases in spending likely began after the 2019-20 school year.

The above discussion of unspent carryover cash reserves omitted reserves earmarked for future capital and debt service expenditures. Like other unspent reserves, Kansas public school districts have historically large levels of reserves for capital and debt service, \$564 million and \$672.6 million in 2021, respectively. Of course, debt must be repaid. But the figure for future capital expenses is worthy of scrutiny by state policymakers, local school boards, and taxpayers. In 2005, Kansas public school

districts had \$321 million in reserves to be spent on future capital expenses. Adjusted for inflation, this \$321 million in 2005 capital reserves would translate to over \$422 million in 2021. The comparison of inflation-adjusted reserves earmarked for future capital expenditures that were held by Kansas public school districts at the end of 2005 and 2021 is in figure 3.3.

Thus, between 2005 and 2021 public school districts increased their unspent reserves earmarked for future capital projects by 33.6 percent, adjusted for inflation. This increase does not seem warranted given that student enrollments in Kansas public schools are projected to decrease by over 45,000 students between AY 2022 and 2030 (figure 3.4). Clearly it made sense for some Kansas school districts to build new schools to accommodate enrollment growth after 2005, as the number of students served in Kansas public schools increased by over 28,000 students. However, in the immediate future, Kansas public schools are projected to see substantial enrollment declines. Interestingly, the U.S. Department of Education projected enrollment declines in Kansas public schools during the decade of the 2020s prior to the pandemic and school shutdown-induced enrollment declines in fall 2020.⁶

In percentage terms, actual public school enrollments increased by 6 percent between AY 2005 and 2015. From AY 2022 to 2030, the U.S. Department of Education projects that student enrollments will decline by 9.3 percent statewide in Kansas public schools (figure 3.5).

Kansas taxpayers, elected state policymakers, and local school board members should be asking questions about why districts are slated to increase capital expenditures, adjusted for inflation, even as student enrollments are projected to decline significantly after 2022. Of course, public school districts periodically need to repair or replace older school buildings, but given that districts will need to build fewer schools due to projected enrollment declines, careful examination of the large increases in upcoming capital spending is warranted. ■

Section IV: How Have Kansas School Districts Spent the Large Increases in Taxpayer Funding?

In this section I first consider the increase in *current* spending per student in Kansas public schools since 2003. Current spending per student equals total spending per student minus expenditures on capital and debt service. In the most recent year available from the U.S. Census Bureau (2020), 79.1 percent of current spending was spent on personnel in Kansas public schools.⁷ Given publicly available data reported by the U.S. Department of Education, I am able to analyze changes in teacher salaries and staffing in Kansas public schools over time,

and since capital and debt service expenditures are not used for personnel expenses, they are excluded from the analyses below.

Between 2003 and 2020, adjusted for inflation, Kansas public schools saw a 25 percent increase in current spending per student (figure 4.1). Nevertheless, average teacher salaries fell by 0.9 percent, adjusted for inflation, during that time period. While there was a 25 percent higher level of funding for current spending for each Kansas public school student in 2020 as compared to

2003, their teachers were paid about the same on an inflation-adjusted basis. In fact, they were paid almost 1 percent lower in 2020 relative to teachers in 2003, when considering changes in the cost of living.

How could that be? How could Kansas public schools receive such a large increase in funding and not increase teacher salaries? One big reason is that they increased staffing levels. As shown in figure 4.1 below, while the number of students served in Kansas public schools increased by 6 percent between 2003 and 2020, the number of district-level administrators increased by 23 percent—almost four times the rate of increase in the student population. The category of district-level administrators does not include school-level administrators such as principals and assistant principals. The category district-level administrators also does not include district- or school-level administrative support staff such as administrative assistants and clerical workers.

The number of teachers increased by 12 percent during this time period, which meant that Kansas public school students in 2020 at least had the capacity for smaller class sizes relative to their 2003 counterparts, since the number of students increased by only 6 percent. All other staff—defined as all public school personnel who are not district administrators or teachers—increased by 15 percent between 2003 and 2020, 2.5 times the growth in the number of students served.

Taken together, public school students in Kansas had significantly more access to public school staff in 2020 relative to Kansas public school students in 2003. Specifically, the number of full-time equivalent public school staff per 100 students increased from 13.6 in 2003 to 14.6 in 2020 (figure 4.2). This is not a small increase—Kansas public school students in 2020 had access to 7.4 percent more staff than students in 2003. Further, consider a school with 500 students in both 2003 and 2020. The school

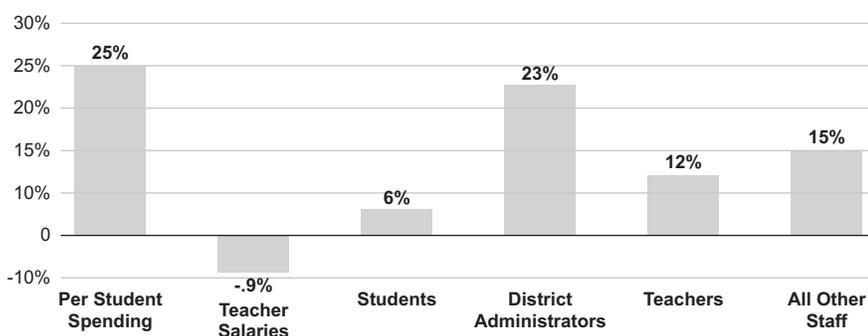
with 500 students in 2020 would have five additional staff relative to a school of the same number of students in 2003.

The increases in staffing since 2003 presented an opportunity cost to taxpayers, but also the public school districts themselves. The opportunity cost to school districts manifested itself as follows. The large increases in taxpayer funds they received went to hire additional staff—well above what was needed to accommodate student enrollment growth—and therefore those large increases in taxpayer funds could not be used to increase teacher salaries or other classroom expenditures. As stated previously, Kansas public school districts received 25 percent more taxpayer funding in 2020 relative to 2003, on an inflation-adjusted and per student basis, while average teacher salaries fell almost 1 percent over this time period, adjusted for inflation.

Thus, the staffing surge in Kansas public schools after 2003 presented a stark opportunity cost, which will be outlined in more detail in the next section. Given the importance of effective teachers⁸ in student learning, it is far from clear that any court-mandated increases in public school staffing were a net benefit to Kansas students, as the increases in taxes paid to finance increases in staffing were not able to be used to fund teacher salary increases that could have perhaps increased the quality of teachers in Kansas public school classrooms. That said, teachers—like anyone else in any other career—are motivated by many things, including their compensation, when deciding whether to move into a given career or remain in a given career. Thus, it would be simplistic to suggest that raising teacher salaries is the single best way to improve student learning. Later in this report, I evaluate to what extent, if any, the large increase in taxpayer resources given to Kansas public schools after 2003 (and the resulting staffing surge and stagnant teacher salaries) increased student learning.

Figure 4.1

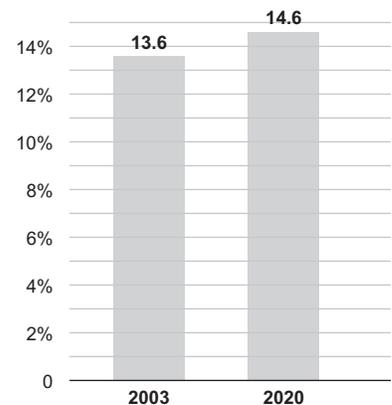
2003 to 2020 Change in Kansas Public School Current Spending Per Student, Average Teacher Salaries, Enrollment, and Staffing



Source and Notes: Data on Kansas public school current spending per student, teacher salaries, enrollment, and staffing come from the *Digest of Education Statistics*, National Center for Education Statistics at the U.S. Department of Education. Current spending per student and teacher salaries were adjusted for inflation using the PCE price index, <https://fred.stlouisfed.org/series/PCEPI>. AY 2020 current spending comes from the U.S. Census Bureau, <https://www.census.gov/programs-surveys/school-finances.html>.

Figure 4.2

Kansas Public School Staff Per 100 Students



Source: *Digest of Education Statistics*, National Center for Education Statistics at the U.S. Department of Education

Increases in Public School Funding in Kansas After 1992—How Did Districts Spend the Money?

The increases in funding—and staffing—in Kansas public schools did not begin in 2003. In prior work, I have shown that the staffing surge began in American public schools in 1950. However, due to inequities in the public school system in 1950 and the decades that followed, I document what I call the “modern staffing surge” since 1992. Between 1950 and 1992, the American public education system integrated special needs students into their schools. Prior to 1970, American public schools largely did not allow students with special needs into their schools. In addition, the American public education system had a long history of forcibly segregating students by race—starting at its inception. During the era of segregation, “public” schools that were set aside to serve African-American students typically received very little taxpayer funding, relative to schools that served white students. Thankfully, by the 1970s and 1980s, the American public education system was finally required to permit school integration. For these reasons, I consider the modern staffing surge after 1992—long after special needs students were allowed in public schools and long after public schools were required to admit students of all races—thus, long after concomitant staffing increases were needed to serve special needs students and also to serve African-American students as well.

As shown in figure 4.3. below, between 1992 and 2020, Kansas public schools received a 66 percent increase in taxpayer funding for current expenditures, on a per student and inflation-adjusted basis. Despite this extremely large increase in funding during this 28-year period, average teacher salaries actually declined 0.3 percent adjusted for changes in the cost of living between 1992 and 2020.

So where did the money go?

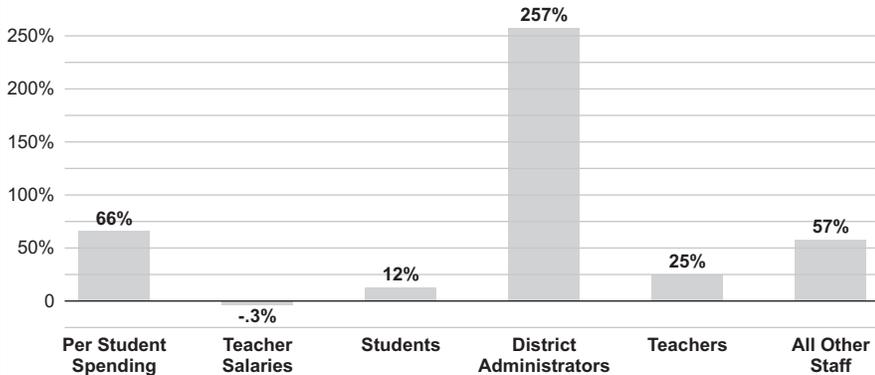
Figure 4.3 also shows that while the number of students increased by 12 percent, the number of district administrators increased by 257 percent, the number of teachers increased by 25 percent, and the number of all other staff (staff who are not district administrators or teachers) increased by 57 percent.

Thus, the staffing surge and teacher salary stagnation have been present in Kansas public schools for almost three decades—despite a massive increase in taxpayer funding for public schools, on an inflation-adjusted and per student basis.

The number of public school staff per 100 Kansas students was 11.6 in 1992, and that figure rose to 14.6 by 2020 (figure 4.4). This change represents a 25.7 percent increase in staffing per 100 students. Considering a public school with 500 students—that school would have 15 more staff to serve 500 students in 2020 relative to 1992. Thus, the increase in staffing after 1992 was very large. ■

Figure 4.3

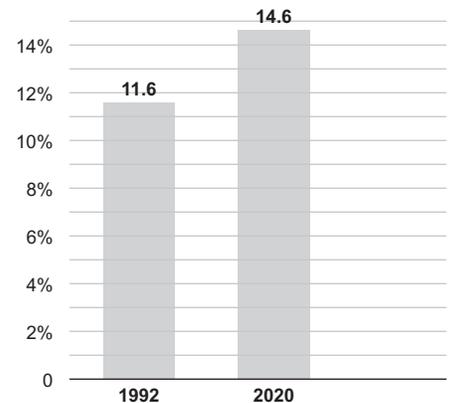
1992 to 2020 Change in Kansas Public School Current Spending Per Student, Average Teacher Salaries, Enrollment, and Staffing



Source and Notes: Data on Kansas public school current spending per student, teacher salaries, enrollment, and staffing come from the *Digest of Education Statistics*, National Center for Education Statistics at the U.S. Department of Education. Current spending per student and teacher salaries were adjusted for inflation using the PCE price index, <https://fred.stlouisfed.org/series/PCEPI>.

Figure 4.4

Kansas Public School Staff Per 100 Students



Source: *Digest of Education Statistics*, National Center for Education Statistics at the U.S. Department of Education

Section V: What Were the State and Local Government Priorities in Kansas Since 2003?

The state government and local governments provide a variety of services to the people of Kansas, including libraries, roads, police and fire protection, courts, corrections, public colleges and universities, water and sewer, parks and recreation areas, protection of natural resources, gas and electricity, administration of programs for and payments to the less fortunate, and K-12 public schools. There are fierce and perennial debates about whether each of these state and local government services receives too much, too little, or about the right levels of taxpayer funding. In this section, I provide information on employment changes and changes in salaries in these government functions after 2003. Changes in the number of employees will allow taxpayers and policymakers to see which state and local government functions have been the highest priorities in Kansas since 2003—and which have not.

Using data from the U.S. Census Bureau's Annual Survey of Public Employment and Payroll (ASPEP), I first show the changes in the number of full-time equivalent (FTE) employees in various state and local government functions between March 2003 and March 2021, where the latter is the most recent data available. The year 2003 was chosen as the reference year to be consistent with the rest of this report. Thus, the March 2021 data includes any decreases in public employment from 2020 to 2021 due to the pandemic. Further, the 2021 data on public school enrollment used below includes the decrease in public school enrollment between academic years 2020 and 2021.

In March 2003, state and local governments in Kansas collectively employed 178,042 FTE employees according

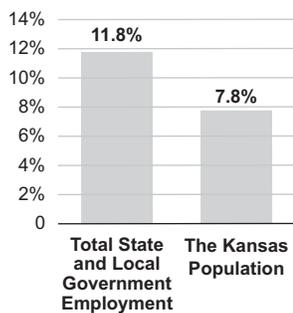
to the U.S. Census Bureau's ASPEP survey. By March 2021, FTE employment had increased to 199,017.⁹ As shown in figure 5.1 below, the increase in state and local government employment from 2003 to 2021 was 11.8 percent, while the increase in the population of Kansas was only 7.8 percent. Thus, in terms of employment in the public sector relative to the size of the population served, state and local government was larger in 2021 in Kansas relative to 2003.

However, the changes in employment varied significantly across government functions. Specifically, three large government functions—public hospitals, public colleges and universities, and K-12 schools—account for all of this government employment growth in Kansas since 2003. While the Kansas population increased 7.8 percent after 2003, employment in public hospitals increased by 127.9 percent, from 9,679 FTE employees to 22,058 (figure 5.2). Interestingly, the number of public hospitals in Kansas fell from 61 to 57 between 2003 and 2020.¹⁰ Kansas taxpayers and state officials should investigate if this large increase in public hospital employment was a wise use of taxpayer funds.

To measure the change in workload for public colleges and universities and separately, K-12 public schools, I report the change in the number of FTE students between 2003 and 2021. Between 2003 and 2021, the number of FTE public college and university employees increased by 12.5 percent, while the number of FTE students served decreased by 1.6 percent (figure 5.3). This increase in employment is also worth further inquiry.

Figure 5.1

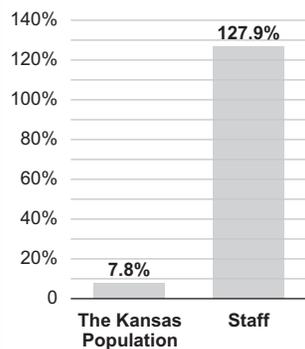
Change in Total FTE State and Local Government Employment and the Population of Kansas, 2003 to 2021



Source: Author calculations using the U.S. Census Bureau's Annual Survey of Public Employment and Payroll (ASPEP) annual data files, <https://www.census.gov/programs-surveys/apes.html> and <https://www.census.gov/programs-surveys/popest/data/data-sets.html>.

Figure 5.2

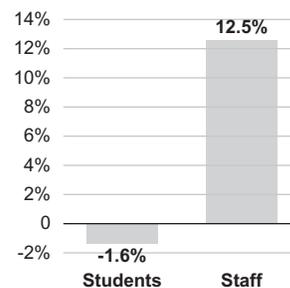
Change in Total FTE Public Hospital Employment and the Population of Kansas, 2003 to 2021



Source: Author calculations using the U.S. Census Bureau's Annual Survey of Public Employment and Payroll (ASPEP) annual data files, <https://www.census.gov/programs-surveys/apes.html> and <https://www.census.gov/programs-surveys/popest/data/data-sets.html>.

Figure 5.3

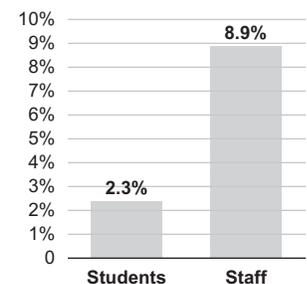
Change in Total FTE Public College and University Employment and the Number of FTE Students Served, 2003 to 2021



Source: Author calculations using the U.S. Census Bureau's Annual Survey of Public Employment and Payroll (ASPEP) annual data files, <https://www.census.gov/programs-surveys/apes.html> and the annual tables from the *Digest of Education Statistics* published by the U.S. Department of Education, <https://nces.ed.gov/programs/digest/>.

Figure 5.4

Change in Total FTE Public K-12 School Employment and the Number of FTE Students Served, 2003 to 2021



Source: Author calculations using the U.S. Census Bureau's Annual Survey of Public Employment and Payroll (ASPEP) annual data files, <https://www.census.gov/programs-surveys/apes.html> and the annual tables from the *Digest of Education Statistics* published by the U.S. Department of Education, <https://nces.ed.gov/programs/digest/>.

K-12 public schools saw an increase in employment that exceeded the increase in students served. As shown in figure 5.4, as the number of FTE public school students increased by 2.3 percent from 2003 to 2021, the number of public school FTE employees increased by 8.9 percent. The changes in students served and public school employment in figure 5.4 differ from analogous data presented earlier in the report for two reasons. First, Figure 5.4 contains one more year of data—from 2003 to 2021, whereas previous figures are only through 2020.

The second reason the data differs is that different data sources were used to measure public school employment. The data on employment in figure 5.4 below come from the U.S. Census Bureau. In prior sections of the report, I used data reported by the Kansas State Department of Education to the U.S. Department of Education. The virtue of the U.S. Department of Education data is that it provides more disaggregation of employees by type (e.g., teachers, administrators, etc.). The U.S. Census Bureau data does not provide this disaggregation, but the virtue of the U.S. Census Bureau data is that it includes 2021—one additional year—and it provides data on employment on all other state and local government functions.

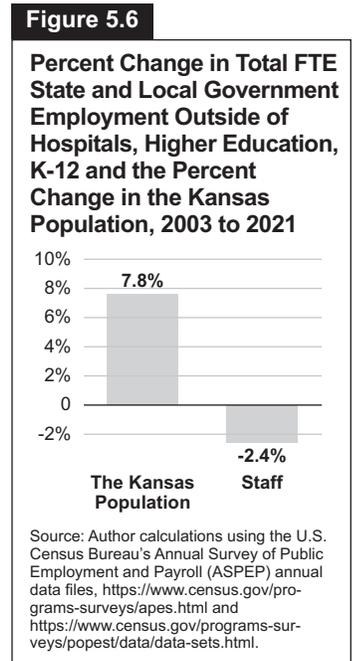
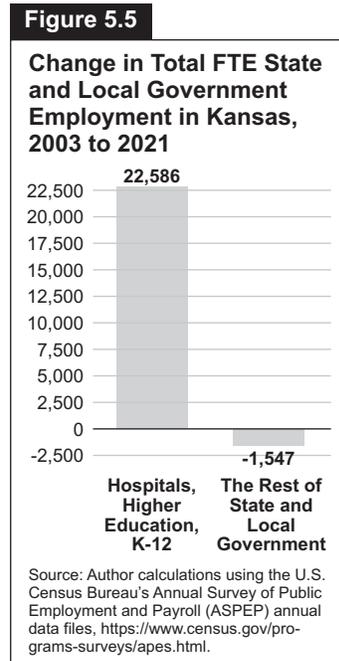
Collectively, the increase in employment in public hospitals, public colleges and universities, and K-12 public schools after 2003 was 22,586 FTE employees—12,379 in hospitals, 3,374 in colleges and universities, and 6,833 in K-12 public schools. Considering all other functions of state and local governments (“The Rest of State and Local Government”), there was a net decrease in the number of FTE employees of 1,547 (figure 5.5).

While Kansas experienced an increase of 7.8 percent in its population between 2003 and 2021, its public employment—outside of public hospitals, public higher education, and K-12 public schools—decreased by 2.4 percent (figure 5.6).

Clearly, the public priorities in Kansas have been public hospitals, public higher education, and K-12 public schools. Given the tremendous employment increases in these services after 2003, the rest of state and local government functions in Kansas experienced a net employment decline between 2003 and 2021.

Section VI: Growth in Compensation for Kansas Public School Employees, 2003 to 2020

The U.S. Census Bureau annually collects the amount of total compensation paid to public school employees in each state, where compensation includes wages, salaries, and benefits. Figure 6.1 shows the increase in total compensation paid, per employee, to Kansas public school staff between 2003 and 2020, and the increase is compared to two measures of the increase in the cost of living—the CPI-U and the PCE price index. While the



Because the focus of this report is on K-12 education in Kansas, I will leave it to others to analyze to what extent the employment increases in public hospitals and higher education were warranted. I will also leave it to future research to analyze to what extent the net decline in employment in all other government services was warranted as well.

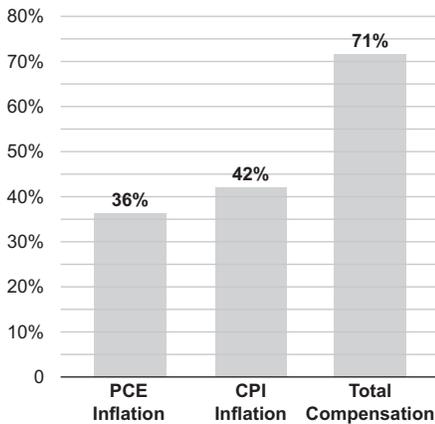
Regardless of the policy preferences of individual voters and policymakers, the actual priorities in Kansas have been to increase employment in public hospitals, public higher education, and K-12 public schools over and above what was needed to accommodate population and student growth. The rest of state and local government collectively has not been a public priority in that as the population has increased, employment in the rest of state and local government collectively declined. Again, I offer no judgment on whether the increases in employment in public hospitals and public colleges and universities were justified or whether the employment declines in most state and local government functions were justified. This report is focused on public K-12 education. ■

twice as much as the increase in the cost of living between 2003 and 2021. I suspect most Kansas residents would have been extremely happy if their compensation has risen twice as fast as the rate of inflation between 2003 and 2021.

The U.S. Bureau of Labor Statistics (BLS) periodically reports hourly compensation for all employed private sector workers. Adjusting hourly compensation by the PCE price index, the average American private sector worker saw an increase in purchasing power of 11 percent between 2003 and 2020 (figure 6.2).

Figure 6.1

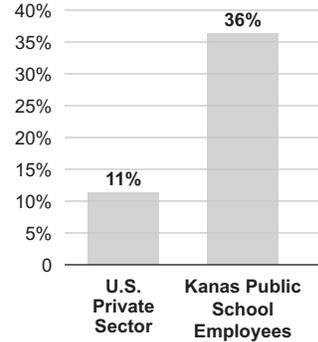
Change in Total Compensation (Wages, Salaries, and Benefits) Per Employee, Kansas Public Schools, 2003 to 2020



Source: U.S. Census Bureau Annual Survey of School System Finances, <https://www.census.gov/programs-surveys/school-finance/data/tables.html>; PCE price index, <https://fred.stlouisfed.org/series/PCEPI>; and the CPI-U, <https://data.bls.gov/cgi-bin/surveymost?bls>.

Figure 6.2

Increase in Real (Inflation-Adjusted) Compensation 2003 to 2020



Source: Authors calculations using data from the U.S. Bureau of Labor Statistics, <https://www.bls.gov/bls/news-release/ecec.htm#2003>, and the U.S. Bureau of the Census, <https://www.census.gov/programs-surveys/school-finance/data/tables.html>. The inflation-adjustment was using the PCE Price Index, <https://fred.stlouisfed.org/series/PCEPI>.

Comparing the two groups, Kansas public school employees experienced a real increase in their purchasing power (36 percent) that was over triple the increase in purchasing power experienced by all American nonfarm workers.

Given that average teacher salaries were stagnant during this time period, the public education system in Kansas must have increased the salaries of administrators and all other non-teachers considerably and/or increased the generosity of benefit packages (health insurance, retirement, etc.) significantly. And the increases in total compensation (salary plus benefits) per Kansas public school employee overall far exceeded the increase in total compensation per American private sector employee, adjusted for inflation, between 2003 and 2020. ■

Section VII: With the Large Influx of Taxpayer Funding are Kansas Students Learning More?

When the Kansas Supreme Court required the State Legislature and Governor to spend more taxpayer dollars on K-12 public schools in recent decades, presumably the Court believed that the increase in funds would improve learning outcomes for students. Presumably the Kansas State Legislature had the same view when it increased funding to public schools of its own volition. In this section I document the large increases in taxpayer funding given to Kansas public schools and the return on those investments. I conclude this section with a consideration of the claims made in a recent book by a staunch advocate of the Kansas Supreme Court’s mandates for higher taxpayer spending on public schools.

Increases in Taxpayer Funding for Kansas K-12 Public Schools Over Time

In the 50-year period between 1970 and 2020, taxpayer funding for Kansas public schools has increased by 236 percent on an inflation-adjusted and per student basis (figure 7.1). For the purposes of this analysis, I am only considering current spending per student, which omits capital and debt service expenditures. An increase of 236 percent represents more than a tripling of spending. That

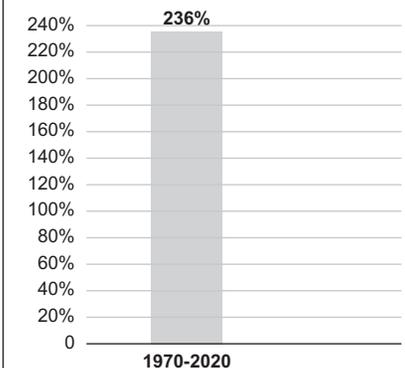
is, a student in a Kansas public school in 2020 had more than three times in real expenditures on their education relative to a Kansas public school student in 1970.

As stated previously, some of these spending increases were likely warranted in the two decades after 1970 when special needs students were allowed into district public schools and when states and school districts could no longer segregate African-American students into separate and highly unequal public schools.

During the long and sordid era of segregation, the public schools that African-American students

Figure 7.1

Inflation-Adjusted Change in Current Spending Per Student in Kansas Public Schools, Academic Years 1970 to 2020



Source: Actual data on current spending per student are from the Digest of Education Statistics, National Center for Education Statistics, U.S. Department of Education. The inflation adjustment was made using the PCE Price Index, <https://fred.stlouisfed.org/series/PCEPI>. AY 2020 current spending comes from <https://www.census.gov/data/tables/2020/econ/school-finance/secondary-education-finance.html>.

were allowed to attend received little or no taxpayer funding. As shown in figure 7.2, taxpayer funding for public schools did increase significantly in Kansas in the 1970s (47 percent) and the 1980s (39 percent); both of these increases are on an inflation-adjusted and per student basis. However, large increases in inflation-adjusted taxpayer spending per student persisted in more recent decades. In the 1990s, the real increase was another 18 percent per student—in addition to the increases in the 1970s and 1980s. From 2000 to 2003, there was yet another 12 percent real increase in current spending per student.

Between 2003 and 2020, current spending per student increased another 25 percent, adjusted for inflation. Thus, the resources available to Kansas public schools have increased quite a bit since 1990, long after special needs students were integrated into public schools and long after forcible public school segregation ended.

To be clear, I am not suggesting that all of these spending increases since 1970 were mandated by Kansas state courts, as many of these spending increases were the will of the state legislatures and governors at the time. The issue for this section is (regardless of whether given spending increases for public schools were voluntarily done by the Governor and the Kansas State Legislature or mandated by the Kansas Supreme Court), was there a return on these large taxpayer investments?

Kansas Public Schools Have Received More Resources in Recent Decades: Are Their Students Learning More? Was There a Return on This Large Taxpayer Investment?

Since 2003, every state has been required by federal law to participate in the National Assessment of Educational Progress (NAEP). NAEP is a battery of exams given to a sample of students in each state, and—as stated by the Kansas State Department of Education and many others—the NAEP exams are “considered the ‘gold standard’ of assessments.”¹¹ Further, research has shown that improve-

ments in state-level NAEP test scores are causally linked to higher rates of economic growth (Hanushek and Woessmann, 2012).¹² That is, the research by Hanushek and Woessmann and the research of others has shown that NAEP test scores measure learning outcomes that are valuable to students.

Since I am able to retrieve student achievement data across states back to 2003 using NAEP test scores, I focus the analysis on the time period after 2003. Thus, all of the large spending increases from 1970 to 2003 are taken as given. Recall that Kansas public schools experienced a 236 percent increase in inflation-adjusted spending per student from 1970 to 2020, more than a tripling in real resources per student. From 2003 to 2020, spending per student went up 25 percent, also adjusted for inflation. However, despite this massive increase in taxpayer resources given to public schools, NAEP test scores declined in Kansas after 2003.

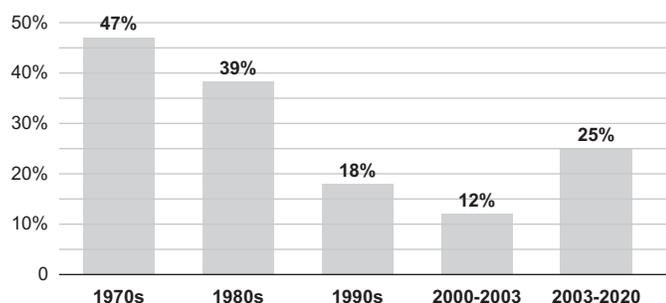
Adding up grade 4 and grade 8 Reading and Mathematics NAEP scores across these four exams and comparing the differences across time, the national average increased 12 points between 2003 and 2019. However, in Kansas, these NAEP scores fell by 9 points—a 21-point difference relative to the national average. While the national gain and the decline in performance in Kansas were both modest, the differential (21 points) is significant. ACT scores also fell very slightly in Kansas during this time period.¹³

As shown in figure 7.3, relative to the states it borders, Kansas had the worst performance on the National Assessment of Educational Progress (NAEP) between 2003 and 2019.

In his recent book, *School Finance and Education Equity: Lessons from Kansas*, Bruce Baker details the history of school funding litigation and policy in the state of Kansas.¹⁴ During his time as a professor of education at the University of Kansas and later when he moved to Rutgers University, Dr. Baker was an important expert in Kansas

Figure 7.2

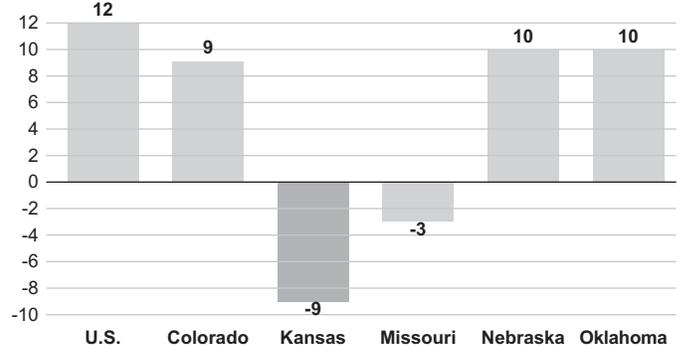
Inflation-Adjusted Change in Current Spending Per Student in Kansas Public Schools by Time Period



Source: Actual data on current spending per student are from the Digest of Education Statistics, National Center for Education Statistics, U.S. Department of Education. The inflation adjustment was made using the PCE Price Index, <https://fred.stlouisfed.org/series/PCEPI>.

Figure 7.3

Change in NAEP 4th and 8th Grade Reading and Math Scores Between 2003 and 2019



Source: Author calculations from <https://nces.ed.gov/nationsreportcard/data/>.

school funding litigation—where plaintiffs have been suing for more equitable funding for districts with low levels of property wealth per student and for more adequate funding (i.e. more state taxpayer funding) for all districts.

Reading his book, it is clear Baker is convinced that the evidence for increased taxpayer spending in public schools is strong. He prominently cites a cost study commissioned by the state of Kansas (Taylor, et al., 2018) that purported to show that a big increase in taxpayer funding in Kansas would lead to big increases in student outcomes. I wrote a review critical of that cost study's methodology (Scafidi, 2018) as have others.¹⁵ However, Baker does not share with readers that there is criticism of the methods used in these cost studies. Despite the lack of evidence that increases in spending in Kansas have translated to actual increases in student outcomes on the NAEP, Baker is also convinced that the quest for more funding for public schools is perpetual (pg. 199).

If Baker's main thesis were correct, then an important reason Kansas students in 2019 scored lower than Kansas students in 2003 was that funding must have decreased in inflation-adjusted terms, or at least not increased. However, as Baker so ably documents, a series of court-mandated increases in state funding led to tremendous increases in school funding in Kansas. As shown in section I of this report, between 2003 and 2019, Kansas public schools received a 32.1 percent increase in inflation-adjusted total spending per student.

In addition, the increased funding in Kansas was the largest increase among states in its region (figure 7.4). Figure 7.4 shows the increases in nominal dollars, as adjusting for inflation would change the increases for each state in a proportional way, which would not change the conclusion that Kansas had the largest increase in spending per student among its neighbors—and larger than the national average—between 2003 and 2019.

As stated previously, adjusted for cost of living (COL), by 2020 Kansas public schools had \$1,439 more in real

spending per student than the average for public schools nationally.

Given the large increases in spending in Kansas public schools, it is noteworthy that student achievement fell in Kansas public schools after 2003. Further, given that Kansas public schools spent significantly more per student than the national average adjusted for differences in purchasing power, and national NAEP test scores increased while Kansas NAEP scores fell, Kansas policymakers need to do something different—other than merely spending more and more taxpayer dollars on public schools—if their policy goal is to increase student learning.

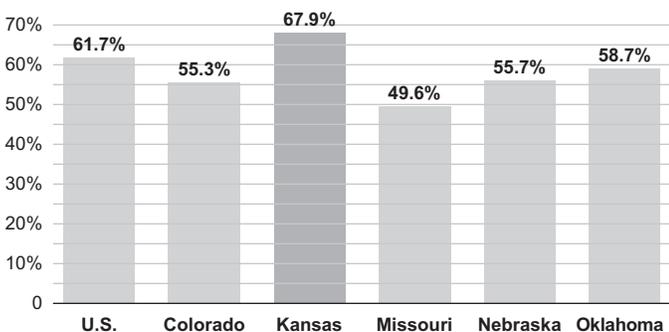
Throughout his book, Baker repeatedly ridicules Arizona (pages 36, 150, 169, etc.) for offering families taxpayer funded choice to charter public schools and private schools. He also ridicules Arizona for not significantly increasing per student spending in public schools in recent decades (as was done in Kansas). However, since 2003, the corresponding NAEP gains in Arizona were 29 points (compared to the 9-point drop in Kansas)!

Clearly, Professor Baker's advice for Kansas is: increase taxpayer funding for public schools even more—and gin up speculative models to convince the Kansas courts to yet again ignore the longstanding historical evidence. And to make false claims that "science" says student learning will increase when spending per student increases, with the real world experience being ignored. Based on the actual and recent historical evidence, Kansas policymakers should adopt policies like those in successful states such as Arizona—where student learning is actually increasing.

Policy recommendations based on experiences in other states are described in the next section. ■

Figure 7.4

Increase in (Nominal) Total Expenditures Per Student, 2003 to 2019



Source: *Digest of Education Statistics*, National Center for Education Statistics, U.S. Department of Education, <https://nces.ed.gov/programs/digest/>.

Section VIII: Policy Recommendations for Kansas

Which policies from other states have been successful—in the real world? Public schools in Arizona and Florida have among the lowest spending per student in the nation, they have among the most taxpayer-funded school choice in the nation, and they have among the largest gains in NAEP test scores since 2003.

As shown in figure 8.1 below, in 2003 public school spending per student in Arizona was 10.6 percent below spending in Kansas public schools and in Florida public school spending was 6.4 percent below Kansas. By 2019, spending in Kansas public schools had increased over 67 percent (from \$8,268 to \$13,879 per student), while per student spending increases were significantly more modest in Arizona and Florida during this time period—\$7,474 to \$10,480 in Arizona and \$7,773 to \$11,119 in Florida from 2003 to 2019.

While Kansas public schools spent more than public schools in Arizona and Florida in 2003, the increases in spending in Kansas were much larger as well between 2003 and 2019. Specifically, the spending increases in Arizona and Florida were “only” 40.2 percent and 43 percent, respectively, during this time period, while spending jumped 67.9 percent in Kansas. By 2019, Kansas public schools spent 32.4 percent more on a per student basis relative to Arizona public schools and 24.8 percent more than Florida public schools.

The spending data in figure 8.1 are actual (nominal) spending numbers and are not adjusted for differences in purchasing power between these states. If I had made this adjustment, the spending differences between Kansas and the other two states would have been about 15 percent larger, as the cost of living in Kansas is about 15 percent below the cost of living in both Arizona and Florida.

State policymakers in Arizona and Florida also give families in their states significantly more educational free-

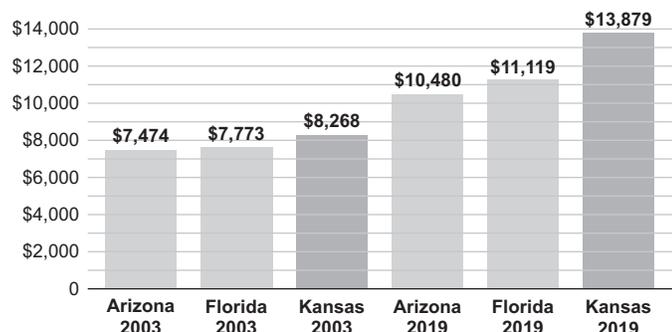
dom relative to what is permitted in Kansas. Figure 8.2 shows the percent of school-aged children in each of the three states who participate in a taxpayer-funded private school choice program (EdChoice share) and the percent of children who attend a charter public school (Charter School Share). Arizona and Florida have the most private school choice in the nation with 6.6 percent of Arizona children and 5.6 percent of Florida children participating in a taxpayer-funded private school choice program. Another 19 percent of Arizona students and 10.4 percent of Florida students attend a charter public school.

Kansas policymakers offer only token educational freedom to Kansas families, with 0.2 percent and 0.6 percent of Kansas students participating in a private school choice program or attending a charter school, respectively.¹⁶ One reason for this low level of educational freedom in Kansas is that charters may only be approved by local school districts, and most do not want parents having a choice outside of their district schools, even the choice of a charter public school. Further, charter schools approved by districts may not be independent of the districts, practically speaking—since they may be closed by those same districts. Thus, even the modicum of educational choice offered to Kansas families and their children may not be much of a choice at all, with respect to charter schools. It would likely take a change in the Kansas Constitution to allow for a truly independent charter authorizer to exist in Kansas.

As stated above, Bruce Baker, who has served as an expert in school funding litigation in Kansas and who chronicled the history of this litigation in a recent book, repeatedly ridicules Arizona. In his book, he also favorably cites models that predicted that higher levels of public school spending would lead to larger learning gains for students.

Figure 8.1

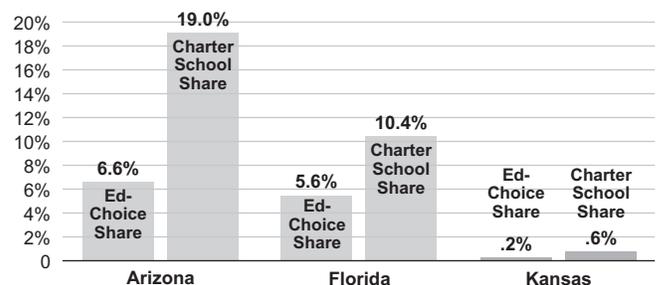
Total Spending Per Student, 2003 and 2019, Nominal Dollars



Source: *Digest of Education Statistics*, National Center for Education Statistics at the U.S. Department of Education, <https://nces.ed.gov/programs/digest/>.

Figure 8.2

Share of School Aged Children Participating in a Private School Choice Program (EdChoice Share) or Attending a Charter Public School (Charter School Share), 2021-22



Source: Catt (2022), [https://www.edchoice.org/engage/2022-edchoice-share-where-are-americas-students-educated/#:~:text=Director%20of%20State%20Research%20and%20Special%20Projects%2C%20EdChoice&text=Catt%20is%20the%20director%20of,parents%20of%20school%2Daged%20children](https://www.edchoice.org/engage/2022-edchoice-share-where-are-americas-students-educated/#:~:text=Director%20of%20State%20Research%20and%20Special%20Projects%2C%20EdChoice&text=Catt%20is%20the%20director%20of,parents%20of%20school%2Daged%20children.).

The predictions from these speculative models turned out to be very wrong, for Kansas as well as for Arizona and Florida. Figure 8.3 shows that Arizona and Florida experienced tremendous gains in student learning on the NAEP exams (29 and 33 points, respectively) between 2003 and 2019, which was well above the national gain of 12 points. And, NAEP scores in Kansas fell 9 points during this time period.

Clearly, based on the real-world evidence, the education policies of Arizona and Florida are worth emulating, if the policy goal is to increase student learning. And the speculative models that suggest otherwise should not be trusted by the courts or by policymakers until they prove they can make accurate predictions—in the real world.

What can Kansas policymakers do to create the conditions favorable for increased student learning in Kansas?

Arizona and Florida both have relatively open policies with respect to charter schools and both have an array of private school choice programs such as education savings account programs and enhanced scholarship programs for special needs students. For the details, readers may consult the following summaries of charter school policy and private school choice programs in Arizona and Florida:

- Private School Choice in Arizona, <https://www.edchoice.org/school-choice/state/arizona/>
- Private School Choice in Florida, <https://www.edchoice.org/school-choice/state/florida/>
- Charter School Policy in Arizona, <https://www.public-charters.org/our-work/charter-law-database/states/arizona>
- Charter School Policy in Florida, <https://www.public-charters.org/our-work/charter-law-database/states/florida>

In short, both states have robust opportunities for families to access education savings accounts and scholarships that may be used to offset tuition payments at private schools or to purchase non-school learning opportunities such as

tutoring that are approved by the state. They also permit charter public schools to exist, and both opportunities—private school choice and charter schools—are funded in a manner that save taxpayers money (as they are less expensive per student relative

to district public schools) yet the funding levels per student are still large enough to provide families with a wide array of educational options.

To date, both Arizona and Florida have done a good job at avoiding burdensome regulations placed on private schools. Often opponents of education choice and some misguided choice supporters advocate for choice programs to contain the same regulations or many of the regulations placed on district public schools. The problem with such regulation is that it would actually take the “choice” out of education choice by turning private schools, other private education providers, and charter schools into entities identical or very similar to the district public schools that families are seeking to leave. Thus, giving families choices that are similar or identical to the schools that they do not believe are the best fits for their children are, in fact, giving them no choice at all.

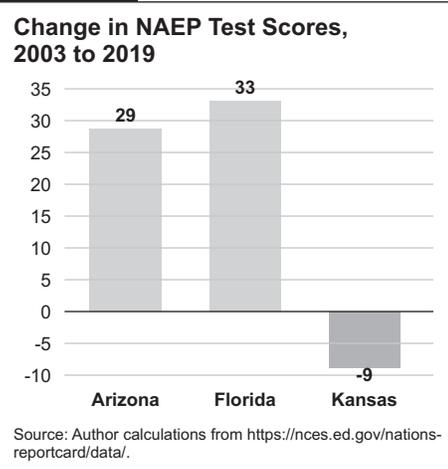
A good place for Kansas to start would be to offer all families the opportunity to receive an educational savings account (ESA) equal to \$8,000 in state funds that they may use if they desire educational settings for their children in private school or approved non-school settings. Such an ESA program would save the state \$382 in enrollment-driven state funding for each student who leaves a public school, and it would lead to more resources for students who remain in public schools since districts would retain local taxpayer funding, a significant portion of state funding, and the majority of federal funding.¹⁷ That is, they retain all local funding, some state funding, and most federal funding, even for students they no longer serve.

There has been a voluminous amount of empirical research by many different researchers on the effects of educational choice programs on students who exercise choice and students who remain in public schools when some students leave via choice programs. The results of this empirical research are overwhelmingly positive:

- Most studies find that student test scores and educational attainment increase among students who exercise choice.
- Almost all studies find that students who remain in public schools experience test score increases when some students leave via choice programs. Twenty-five of 28 empirical studies find this result.
- Six out of seven studies find that choice programs lead to increased racial integration across schools, while the other found no visible effect.

By “empirical” studies, I mean studies that use actual data to analyze actual student, fiscal, or integration outcomes. A discussion and bibliography of this literature may be found here: <https://www.edchoice.org/research-library/?report=the-123s-of-school-choice-2/>.

Figure 8.3



School districts will complain about losing enrollment-driven state funding when some students leave with ESAs, and they will complain loudly. I offer four responses to such complaints:

1. Why are the students leaving? Some students will leave public schools with ESAs because their parents believe they can get a better education elsewhere. Maybe they will not be bullied in their new educational setting like they were in their district public school. Maybe they need to get away from the friends at their former school so they can stop engaging in bad behaviors. Maybe the new school is a better fit academically or is not promoting values that the parents deem immoral. Regardless of the reason or reasons, some students will leave their district public schools because their parents have access to a better school alternative—that is better for the unique talents of their children, the unique interests of their children, and the unique needs of their children. The goal of state education funding should be a better educated Kansas—full stop. State policymakers should put the interests of children first, second, and third and not put the interests of adults over the interests of children.
2. District public schools lose enrollment-driven state aid when families move their residence and send their children to public schools in a different district within the state. District public schools lose enrollment-driven state aid when families move their residence out of state. However, one does not hear the public education lobby try to outlaw moves of families to different public school districts within the state, or out of state. Clearly, such calls to outlaw family residential changes would be ridiculous. Why is it any less ridiculous to outlaw families from remaining in their current residence and moving their child to an educational setting they deem better for their children? Moving is expensive, and requiring families to move in order to achieve a better educational setting is also ridiculous. The state of Kansas does not require families to move their residence in order to see a better doctor or shop at a grocery store that offers a better value in terms of lower prices and fresher meat and produce. Food and medical care are too important to human well-being to be restricted by one's neighborhood location—and so is K-12 education.
3. I am aware of no other enterprise in America—other than K-12 public schools—that gets to keep a substantial fraction of funding for students they no longer serve. I teach at a public university. If a student transfers from Kennesaw State University to Georgia Tech, we lose all funds for that student—state formula funds, tuition and fees, Pell Grants, state scholarship funds, etc. If you buy your groceries at Kroger each week, but next week you switch to Wal-Mart, Kroger does not get to retain

some portion of your future grocery bill. K-12 public schools have the best fiscal deal in America because they get to retain a significant portion of funds for students they no longer serve. An important empirical study found that when more funds were enrollment-driven—so districts retained fewer funds when students left—there were more incentives for districts to improve (so that students would not leave) and student achievement actually increased.¹⁸

4. Of the 77 empirical studies on the topic, 68 find that private school choice programs have a positive fiscal effect on public school districts. Four studies find no visible effects, and five find negative effects. Again, this is not a surprising body of findings given that public school districts retain significant funds when students leave for any reason, including via education choice programs.

In recent years, there has been a large increase in micro-schools and hybrid schools.¹⁹ These private schools cost significantly less than district public schools or traditional private schools. Microschools and hybrid schools typically have students attend in person 2-3 days per week and then learn at home the remaining 2-3 days per week. Given this growing movement of low-cost K-12 schools, parents should be allowed to roll over unspent ESA dollars for future years or for college tuition expenses. They could also be allowed to use ESA funds for their other children if they believe one of their other children has additional needs.

In addition to creating a statewide ESA program, Kansas could permit the creation of charter schools, where districts did not have veto power over their creation and fund them at 90-95 percent of the total funding levels given to the district public schools in their areas.

As noted above, a large body of empirical evidence by a number of different researchers overwhelmingly suggests that giving parents more educational choice leads to district public schools improving and better outcomes for students who remain in district public schools.²⁰ Thus, by providing parents choice, even students whose families choose for them to remain in district public schools would benefit – as has occurred in Arizona and Florida

In conclusion, a system of student-based funding, sometimes referred to as “backpack” funding should be the ultimate goal for the Kansas K-12 education system. Under student-based funding, the control of all taxpayer funds devoted to the education of children would be given to families to allow them to direct those funds to the schools and educational settings they believe are best for their children. Children have different interests and different strengths, so schools and educational settings should be allowed to be different in order to best serve the wide diversity of interests and talents of children who

live in Kansas. That is, Kansas taxpayers should “fund students, not systems” and allow families to decide what educational settings are best for their children, regardless of whether those settings are district public schools, charter public schools, private schools, public or private virtual schools, or some other private educational setting.

As stated above, a state program of \$8,000 ESAs offered to all families would be a good place for state policymakers to start down the road of empowering parents to make the best educational decisions for their families. That said, Kansas could make more of its state funding into “back-pack” or student-based funding. In 2022, the average of state revenues per public school student in Kansas was \$11,914 per student. But only \$8,382 of these funds are enrollment-driven. Kansas policymakers should follow the lead of states such as Tennessee and move to more student-based funding.²¹ That is, Kansas should make virtually all state funds enrollment-driven, which would require a change in state law. Under such a proposal, ESA awards to families could average \$11,000 in the same manner that public school districts would receive \$11,000 in enrollment-driven funding—but districts would also receive another \$914 in state dollars on average for each student, an amount that would not be present in ESA scholarships.

This change would save the state \$914 for each student who left a public school via an ESA and give districts more of an incentive to provide the best education possible. That is, if say \$11,000 of the \$11,914 in average state funds per student in 2022 had been enrollment-driven, then districts would lose \$11,000 for each student who moved to another public school district, charter school, private school, or alternative educational setting. It is simply human nature that public school districts would face much more urgency to provide the best academic and social opportunities for their students if they were subject to losing \$11,000 per student for each student who left versus \$8,382. Again, there is empirical research that suggests such a funding change would be beneficial for students via these incentives.²²

The reason I make this suggestion is that the effects of educational choice programs have been overwhelmingly positive to date—positive for participants in terms of parental satisfaction, test scores, graduation rates, post-secondary outcomes, and civic outcomes and positive for students who remain in district public schools.²³

Policymakers should follow the extensive real-world evidence and not rely on speculative models by experts and offer families more education choice options for their children. ■

Endnotes

- ¹ To be clear, actual spending in Kansas public schools in academic year 2003 was \$8,302 per student—below the \$11,279 dollar amount reported in figure 1.1. Adjusting for the rise in the cost of living between 2003 and 2020, \$8,302 in 2003 was equal to the purchasing power of \$11,279 in 2020. Therefore, to make spending across time apples-to-apples, dollar amounts in the past need to be adjusted upwards in order to make these comparisons. To that end, I used the increase in the PCE price index between 2003 and 2020, 35.9 percent, to increase the \$8,302 in actual dollars spent per student in 2003 to be comparable to the actual dollars spent in 2020.
- ² <https://kansaspolicy.org/wp-content/uploads/2015/10/KPI-Policy-Brief-Student-Focused-Funding-Solutions-for-Public-Education.pdf>
- ³ http://kslegislature.org/li_2012/b2011_12/measures/sb111/
- ⁴ <https://covid-relief-data.ed.gov/profile/state/KS>. This U.S. Department of Education website is updated monthly, and at the time of writing the data were current as of August 31, 2022.
- ⁵ <https://edunomicslab.org/essser-spending/>
- ⁶ https://nces.ed.gov/programs/digest/d20/tables/dt20_203.20.asp.
- ⁷ <https://www.census.gov/programs-surveys/school-finances/data/tables.html>.
- ⁸ There are myriad empirical studies that find the effectiveness of individual teachers is a strong predictor of student learning outcomes. See, for example, Rivkin, et al. (2005), <https://hanushek.stanford.edu/sites/default/files/publications/Rivkin%20Bhanushek%20Kain%202005%20Ecta%2073%282%29.pdf>.
- ⁹ According to March 2020 ASPEP data, state and local governments in Kansas, which includes public school districts, collectively employed 202,712 FTE employees. Thus, total employment in the public sector in Kansas dropped by about 3,700 FTE employees from March 2020 to March 2021, or almost 1.9 percent. Even with this historic drop in employment, the state and local public sector in Kansas in March 2021 was much larger relative to 2003, in terms of public employment.
- ¹⁰ <https://www.kff.org/other/state-indicator/hospitals-by-ownership/?dataView=1¤tTimeframe=17&sortModel=%7B%22collId%22:%22Location%22,%22sort%22:%22asc%22%7D>.
- ¹¹ <https://www.ksde.org/Agency/Division-of-Learning-Services/Career-Standards-and-Assessment-Services/CSAS-Home/Assessments/National-Assessment-of-Educational-Progress-NAEP>.
- ¹² Hanushek and Woessmann (2012) also provide a survey of the literature which consistently shows that higher NAEP test scores are linked to higher economic growth, <https://hanushek.stanford.edu/sites/default/files/publications/Hanushek%20Woessmann%202012%20JConGrowth%2017%284%29.pdf>.
- ¹³ <https://www.act.org/content/dam/act/unsecured/documents/cccr-2019/Kansas-CCCR-2019.pdf> and <https://www.act.org/content/dam/act/unsecured/documents/Natl-Scores-2003-state.pdf>.
- ¹⁴ This book is well-written and is interesting. It is available here, https://www.amazon.com/School-Finance-Education-Equity-Lessons/dp/1682536807/ref=sr_1_1?crd=GWAKAA1AZTIJ&keywords=bruce+baker+lessons+from+kansas&qid=1666186911&sprefix=bruce+baker+lessons+from+kansas%2Caps%2C83&sr=8-1. My review of the book for an academic journal takes issue with the book's ultimate conclusions and may be found here, <https://www.tandfonline.com/doi/full/10.1080/15582159.2022.2063573>.
- ¹⁵ My review of the 2018 cost study commissioned by the state of Kansas may be found here, <https://kansaspolicy.org/wp-content/uploads/2018/05/KPI-Paper-Cost-Functions-Should-Not-Be-Used-to-Make-Education-Spending-Decisions-3.pdf>.
- ¹⁶ <https://www.edchoice.org/engage/2022-edchoice-share-where-are-americas-students-educated/#:~:text=Andrew%20D.,parents%20of%20school%20Daged%20children>.
- ¹⁷ From page 127 of the FY 2023 Governor's Budget Report to the state of Kansas, the total of State Foundation Aid plus the total of Supplemental General State Aid (LOB) equaled \$8,382 per student for FY 2022. If some students left public schools with \$8,000 ESAs, the state would save \$382 for each student who leaves.
- ¹⁸ <https://www.sciencedirect.com/science/article/abs/pii/S0047272707000977>. An earlier and ungated version of this study may be accessed here, https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr300.pdf.
- ¹⁹ For more on the microschool and hybrid school movement, please see: <https://www.amazon.com/Defining-Hybrid-Homeschools-America-Platoons/dp/1793606331> or <https://www.ajc.com/education/get-schooled-blog/opinion-hybrid-schools-could-be-americas-future/UGRFH2AVU5FKVJBEPNG5XDE3KU/>.
- ²⁰ The organization EdChoice has helpfully compiled a list of all the academic studies of the effects of choice programs on student achievement among students who remained in public schools, <https://www.edchoice.org/school-choice-bibliography/#testscores>. As you will see at this link, there are 28 academic studies listed, and almost all of them find that when some students leave district public schools via a choice program that the students who remain in the district public schools experience modest test score gains.
- ²¹ <https://www.tn.gov/education/tnedufunding.html>
- ²² <https://www.sciencedirect.com/science/article/abs/pii/S0047272707000977>. An earlier and ungated version of this study may be accessed here.
- ²³ A survey of the voluminous amounts of academic research on this topic and lists of all of this research may be found here, <https://www.edchoice.org/research-library/?report=the-123s-of-school-choice-2/>.



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