

Report of the Special Committee on K-12 Student Success to the 2016 Kansas Legislature

CHAIRPERSON: Representative Ron Highland

VICE-CHAIRPERSON: Senator Steve Abrams

OTHER MEMBERS: Senators Tom Arpke, Molly Baumgardner, Jim Denning, Anthony Hensley, Ty Masterson, Laura Kelly (substitute), and Steve Fitzgerald (substitute); Representatives Tony Barton, Sue Boldra, Larry Campbell, Dennis Hedke, Jerry Lunn, Ron Ryckman, Jr., Ed Trimmer, Valdenia Winn, Joe Siewert (substitute), Ken Corbet (substitute), and Nancy Lusk (substitute).

STUDY TOPIC

The objective of this study committee is to generate discussion, input, and research to further child-centric education that makes students the top priority.

This committee is to study the following, but would not be limited to (these topics):

- The Rose Standards set by the Kansas Supreme Court as the goal Kansas schools will meet;
- Best funding mechanism by formula or other criteria to ensure adequate Kansas taxpayer dollars are invested in the classroom;
- Definition of what comprises as a “suitable” education;
- Outcomes to ensure that students are well-prepared for their future endeavors; and
- Uniform accounting across all districts so best practices to achieve student success can be replicated.

2015 Special Committee on K-12 Student Success

REPORT

Conclusions and Recommendations

General

A new school funding mechanism should:

- Focus on each individual student;
- Include accountability and reporting measures to ensure aid is being distributed according to the needs of each individual student; and
- Provide for multi-year funding to provide budget stability to the State and USDs.

Accountability and Assessments

State Level

- The current state assessment testing approach should be reevaluated and revised as necessary to avoid “teaching to the test,” inconsistent standards of proficiency, untimely return of test results, and cumbersome technology requirements.
- The State should provide funding for each student to take the ACT exam.
- The State should encourage other measures of outcome achievement, such as the Work Keys exam.
- An exam aligned with the *Rose* capacities should be developed by an objective third party with no connection to the State Department of Education or the Federal Department of Education.

District Level

School districts should:

- Arrange for all students to take the ACT exam;
- Administer a recognized third-party assessment that provides immediate, usable feedback for teachers and students;
- Track, report, and improve graduation and remediation rates; and

- Track, report, and improve dropout rates for all grade levels.

At Risk Funding

- At risk funding should be based directly upon a student 's ability to learn, rather than the poverty level of the student.
- Alternately, any poverty measure for at risk funding should be based upon information provided by the Kansas Department of Revenue and the Kansas Department of Labor and should be available for audit. All applications by parents or guardians for a school district to receive at risk funding should be available for audit.
- All at risk funding should be used for no purpose other than one which is demonstrably intended to reduce achievement gaps of at risk students. All expenditures of at risk funding should be limited to programs which have a measurable effect on reducing achievement gaps of at risk students. The Department of Education should provide an annual report summarizing these expenditures and their measurable effects.

Bonding by Local School Districts

- The Legislature should repeal the current statute for state aid for the payment of principal and interest on bonds for capital improvements.
- A new state aid statute for bond and interest payments should be created to specifically define and limit what projects may be funded with state aid for capital improvement.
- The new state aid statute should be limited to a specific dollar amount each fiscal year to avoid unforeseen demands on the state general fund.
- A state building architect and project manager should be used in any new building project to reduce the costs associated with the project.
- A special committee of the legislature should be created to oversee and approve any bond issue before the issuance is placed on a ballot before local voters.

Accounting

- A simpler budget document should be developed that shows major expenditure categories and is published by each USD on its website and is available at each local school board meeting in the form of a balance sheet.
- A single, central accounting interface should be developed and be used by all school districts to allow the financial information of the school districts to be retrieved and evaluated in a single system for all local school districts in the state.
- An independent financial audit should be conducted annually of each school district and the report of the audit should be published with other school district budget documents. The audit should:

- Certify that the school district is correctly following the State Accounting manual;
- Certify that the published budget documents accurately reflect the finances of the school district;
- Provide an inventory of all assets of the school district; and
- Provide a separate listing of all unused equipment, supplies, and property of the school district.

Efficient Use of Taxpayer Money

A new school funding mechanism should:

- Be based upon an efficient use of taxpayer money and should reward school districts who provide necessary services and commodities at the best possible price; and
- Require that functions such as transportation, accounting, information technology, food service, building and grounds maintenance, payroll, human resource services, and purchasing are coordinated between districts and/or provided through regional service centers or a statewide purchasing office.

Standards

The State Board of Education should use school district compliance with the *Rose* capacities as criteria for accreditation.

Other

The appropriate standing committees of the Kansas Legislature should form special sub-committees to examine and report on each of the following topics:

- Teacher pay;
- At risk funding;
- Special education;
- Bond and interest state aid eligibility;
- The cost-benefit ratio of the receipt of federal funds;
- The relationship between school districts and interlocals, cooperatives, and service centers;
- The current and future implications of school district staffing levels on KPERS;

- Establishing the *Rose* capacities as the definition of a suitable education;
- Amending KSA 72-1127 to include personal finance as a mandatory area of instruction;
- Analyzing U.S. Securities and Exchange Commission (SEC) regulations concerning Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP) to ensure all school districts are in compliance; and
- Investigating all extracurricular and co-curricular activities on the basis of efficiency and efficacy to deliver a suitable education to the students.

Proposed Legislation:

BACKGROUND

The 2015 Special Committee on K-12 Student Success was charged by the Legislative Coordinating Council (LCC) to study the following:

- The *Rose* Standards set by the Kansas Supreme Court as the goal Kansas schools will meet;
- Best funding mechanism by formula or other criteria to ensure adequate Kansas tax payer dollars are invested in the classroom;
- Definition of what comprises a “suitable” education;
- Outcomes to ensure that students are well prepared for their future endeavors; and
- Uniform accounting across all districts so best practices to achieve student success can be replicated.

The Committee began its work by reviewing the foundation upon which school districts in Kansas operate, that is, Article 6 of the *Kansas Constitution*, as well as the seven *Rose* capacities, which were originally set out in *Rose v. Council for Better Education, Inc.*, 790 S.W.2d 186 (Ky. 1989) and held by the Kansas Supreme Court in *Gannon v. State* to be the standards against which to evaluate the adequacy of the K-12 funding system. Further, the 2014 Kansas Legislature in

House Bill 2506 stated the purpose and intention of the Legislature was to provide a K-12 funding system that provides students with these capacities. Both Article 6 and the *Rose* capacities appear below.

Article 6.—EDUCATION

§ 1. Schools and related institutions and activities. The legislature shall provide for intellectual, educational, vocational and scientific improvement by establishing and maintaining public schools, educational institutions and related activities which may be organized and changed in such manner as may be provided by law.

§ 2. State board of education and state board of regents. (a) The legislature shall provide for a state board of education which shall have general supervision of public schools, educational institutions and all the educational interests of the state, except educational functions delegated by law to the state board of regents. The state board of education shall perform such other duties as may be provided by law.

(b) The legislature shall provide for a state board of regents and for its control and supervision of public institutions of higher education. Public institutions of higher education shall include universities and colleges granting baccalaureate or post-baccalaureate degrees and such other institutions and educational interests as may be provided by law. The state board of regents shall perform such other duties as may be prescribed by law.

(c) Any municipal university shall be operated, supervised and controlled as provided by law.

§ 3. Members of state board of education and state board of regents. (a) There shall be ten members of the state board of education with overlapping terms as the legislature may prescribe. The legislature shall make provision for ten member districts, each comprised of four contiguous senatorial districts. The electors of each member district shall elect one person residing in the district as a member of the board. The legislature shall prescribe the manner in which vacancies occurring on the board shall be filled.

(b) The state board of regents shall have nine members with overlapping terms as the legislature may prescribe. Members shall be appointed by the governor, subject to confirmation by the senate. One member shall be appointed from each congressional district with the remaining members appointed at large, however, no two members shall reside in the same county at the time of their appointment. Vacancies occurring on the board shall be filled by appointment by the governor as provided by law.

(c) Subsequent redistricting shall not disqualify any member of either board from service for the remainder of his term. Any member of either board may be removed from office for cause as may be provided by law.

§ 4. Commissioner of education. The state board of education shall appoint a commissioner of education who shall serve at the pleasure of the board as its executive officer

§ 5. Local public schools. Local public schools under the general supervision of the state board of education shall be maintained, developed and operated by locally elected boards. When authorized by law, such boards may make and carry out agreements for cooperative operation and administration of educational programs under the general supervision of the state board of education, but such agreements shall be subject to limitation, change or termination by the legislature.

§ 6. Finance. (a) The legislature may levy a permanent tax for the use and benefit of state

institutions of higher education and apportion among and appropriate the same to the several institutions, which levy, apportionment and appropriation shall continue until changed by statute. Further appropriation and other provision for finance of institutions of higher education may be made by the legislature.

(b) The legislature shall make suitable provision for finance of the educational interests of the state. No tuition shall be charged for attendance at any public school to pupils required by law to attend such school, except such fees or supplemental charges as may be authorized by law. The legislature may authorize the state board of regents to establish tuition, fees and charges at institutions under its supervision.

(c) No religious sect or sects shall control any part of the public educational funds.

§ 7. Savings clause. (a) All laws in force at the time of the adoption of this amendment and consistent therewith shall remain in full force and effect until amended or repealed by the legislature. All laws inconsistent with this amendment, unless sooner repealed or amended to conform with this amendment, shall remain in full force and effect until July 1, 1969.

(b) Notwithstanding any other provision of the constitution to the contrary, no state superintendent of public instruction or county superintendent of public instruction shall be elected after January 1, 1967.

(c) The state perpetual school fund or any part thereof may be managed and invested as provided by law or all or any part thereof may be appropriated, both as to principal and income, to the support of the public schools supervised by the state board of education.

Rose Standards or Capacities

(1) Sufficient oral and written communication skills to enable students to function in a complex and rapidly changing civilization;

(2) sufficient knowledge of economic, social, and political systems to enable the student to make informed choices;

(3) sufficient understanding of governmental processes to enable the student to understand the issues that affect his or her community, state, and nation;

(4) sufficient self-knowledge and knowledge of his or her mental and physical wellness;

(5) sufficient grounding in the arts to enable each student to appreciate his or her cultural and historical heritage;

(6) sufficient training or preparation for advanced training in either academic or vocational fields so as to enable each child to choose and pursue life work intelligently; and

(7) sufficient levels of academic or vocational skills to enable public school students to compete favorably with their counterparts in surrounding states, in academics or in the job market.

[Note: The legislation also stated

Nothing in this section shall be construed as relieving the state or school districts from other duties and requirements imposed by state or federal law including, but not limited to, at-risk programs for pupils needing intervention, programs concerning special education and related services and bilingual education.]

COMMITTEE ACTIVITIES

The LCC initially approved three meeting days, and later approved two additional days. The Committee met all five days, with the first meeting on October 23, 2015, and the last on January 5, 2016.

Following is a brief description of the information and testimony presented in each of the meeting dates.

October 23, 2015

School District Expenditures and Personnel. Randy Watson, Commissioner, Kansas Department of Education presented a review of school district expenditures and personnel, including:

- Eleven school years (2005-06 through 2015-16) of classroom expenditure data by district. Classroom expenditures included costs in the following categories:
 - Instruction - Activities dealing directly with the interaction between teachers and students;
 - Student Support Services - Activities directly supporting students, including: social work, guidance, health, psychological, speech pathology, and audiology; and
 - Instructional Support Services - Activities related to improving instruction, such as library, media instruction-related technology, and academic student assessment services
- Two school years (2014-15 and 2015-16) of non-classroom expenditures;
- Superintendent and principal salaries;
- Numbers of certified and non-certified staff in school districts, as well as staff to student ratios;
- Expenditures for athletic-related items, such as supplemental salaries for educators working as coaches and assistant coaches, costs to maintain facilities, and transportation; and
- Expenditures for textbooks.

Historical information presented included historical information for at risk students counts as well as bilingual students. Committee members spent time discussing the use of free lunch eligibility as a proxy for determining at risk funding compared to the use of poverty as a determiner of such funding.

Expenditures for preschool programs also were discussed. (KSA 72-67,115 states school districts may offer and teach preschool programs.)

Information related to special education expenditures was discussed, including the fact that school districts serving as special education cooperatives have higher expenditures per pupil because the special education expenditures from several districts are represented in the hosting district's expenditures. To gain a clearer picture of actual expenditures per pupil for each district, the Department of Education provided information with each district's special education costs shown in the originating district, rather than in the sponsoring district.

Bond and Interest Information. Revisor of Statutes staff reviewed Kansas statutes related to capital improvement state aid, sometimes referred to as bond and interest state aid. Department of Education staff provided information on outstanding bonds by school district, as well as 2014-15 school year's bond and interest total expenditures, bond and interest state aid, bond and interest state aid percentage rates, and local revenue for bond and interest payments. Information related to the cost per square foot for recently-completed school district construction projects also was reviewed.

Kansas Public Employees Retirement System (KPERs). KPERs' Executive Director, Alan Conroy, addressed the Committee on the history of the KPERs School Group, as well as the current status of KPERs unfunded liability, particularly related to the school employees share of that liability.

November 10, 2015

The Committee began with a review of information requested at the October 23rd meeting.

Student Assessments, Standards, and Outcomes. Kansas Department of Education Deputy Commissioner, Brad Neuenswander, presented information on student assessments and Kansas students' results on NAEP, ACT, and SAT tests. In addition, a review of standards, curriculum, and accreditation was undertaken.

KSA 72-6439 requiring the State Board of Education to establish curriculum standards and statewide assessments reflecting high academic

standards in core areas of mathematics, science, reading, writing, and social studies was presented.

Testing of Kansas students was discussed at length. Department of Education staff described the history of state assessments and the purchase of assessment services *via* the Center for Educational Testing and Evaluation (CETE) at the University of Kansas. A new test aligned with current College and Career Ready Standards was administered in the spring of 2015.

The most recent National Assessment of Educational Progress (NAEP) test results were discussed. The annual state assessment and the NAEP test are the only required tests for Kansas students. While 99 percent of Kansas students take the annual state assessment, approximately 3,000 Kansas students take a NAEP test every other year. In addition, approximately 75 percent of Kansas students take the ACT. Neither the ACT nor the SAT is administered on a statewide basis, and typically students must cover the cost of these exams. Other testing and assessments are done during a school year to assess a student's progress.

In summary, Deputy Commissioner Neuenswander told the Committee that Kansas student drop-out rates and remediation rates at Kansas colleges and universities are over 50 percent, an unacceptably high percentage. The College and Career Ready Standards and accompanying assessments are designed to raise the bar on student academic success.

Review of School District Audits. Committee members reviewed efficiency audits of school districts conducted by the Legislative Division of Post Audit (LPA).

At a subsequent meeting, the Legislative Post Auditor, Scott Frank, presented information indicating school districts had implemented 25 percent of the LPA efficiency recommendations. If all recommendations were implemented, approximate savings could be \$7.8 million, so the actual savings are approximately \$2.0 million. Mr. Frank told members while past implementation of recommendations were skewed toward those of lower impact not affecting students or community members, lately more higher impact

recommendations have been implemented, such as closing a school building.

December 9, 2015

The Committee began with a review of information requested at the November 10th meeting.

Educational Standards. Revisor of Statutes staff reviewed the constitutional standards for school finance, including the *Rose* capacities listed above, and the status of the ongoing *Gannon* litigation.

Standards, Curriculum, Lesson Plans, and Assessments. Deputy Commissioner Neuenswander explained that standards are established at the state level, and, by statute, local districts determine their own curriculum. He differentiated the two saying standards are what students should know at each grade level, while curriculum is how students are taught. Lesson plans are teachers' daily guide for student instruction. With that explanation, Deputy Commissioner Neuenswander reviewed the process the state follows for developing standards and referenced the state law requiring the state board to provide for statewide assessments compatible with those standards.

The state contract with CETE costs \$5.8 million, with less than \$1.0 million of that amount paid with state funding. The remainder is paid with federal funds. The average cost per student for Kansas assessments in math, English language arts, science, and history is \$17. Surrounding states costs per student are: Colorado - \$33; Nebraska - \$33; Oklahoma - \$32; and Missouri - \$31.

Information presented on the most recent NAEP state rankings showed Kansas' Grade 4 Mathematics ranking dropping from 11th in 2013 to 25th in 2015. A similar drop from 12th in 8th Grade Math in 2013 to 22nd in 2015 occurred. NAEP 4th Grade reading results saw Kansas dip from 23rd to 35th; and 8th grade reading saw an increase in the ranking from 29th to 28th.

Review of 2006 LPA K-12 Education Cost Study. Mr. Frank provided a summary of the

process LPA used in 2006 to conduct its cost study, as well as key results. LPA found a strong association between the amounts districts spent and the outcomes they achieved. A 1.00 percent increase in performance was associated with a 0.83 percent increase in spending per student, and all else equal, districts with better outcomes spent more. He noted the results were statistically significant with a p value of less than 0.01.

He concluded with a reminder that the intent of the cost study was to help the Legislature decide appropriate funding levels, rather than to dictate a specific funding level. He also recognized the study is ten years old, and an updated study would likely produce similar, but not identical results.

Funding, Outcomes, and Efficiencies. Representatives of the Kansas Association of School Boards (KASB) and Kansas Policy Institute (KPI) presented information to the Committee on the relationship between funding and outcomes, as well as opportunities for efficiencies in Kansas' school finance system.

The KASB representative presented the result of its analysis comparing overall success of students in states performing better than Kansas ("aspiration states") and in states most like Kansas ("peer states"). Compared to the peer states, the two states ranking higher than Kansas provided more funding per pupil. Nearly half (4) of those peer states ranking below Kansas spent more, and (5) spent less. Based on this information, the analysis concluded Kansas is both a higher achieving state and a highly efficient state based on results for dollars spent. All of the aspiration states spent more per pupil than Kansas, but also tend to have lower rates of childhood poverty and eligibility for free and reduced lunch.

The testimony of the KPI representative critiqued the results of the LPA cost study, saying correlation is not the same as causation. Many factors aside from funding levels contribute to outcomes, including teacher effectiveness, how money is spent, and differences in curriculum. Further, the representative noted the LPA cost study concedes that it did not "examine the most cost-effective way for Kansas school districts to be organized and operated." The KPI representative

also stated cost study relied on data that misrepresented student performance on NAEP. To conclude, the KPI representative provided graphics showing funding and test scores over time to demonstrate that increased spending has not led to increased test scores and again emphasized that how money is spent ultimately is more important than how much is appropriated.

On the issue of efficiencies, the KASB representative reiterated his earlier assertion that districts already have found significant efficiencies as they are achieving better results, spending more on instruction and keeping class sizes small, and spending less in many support areas. The representative also stated data suggests more adults per student, whether teachers, administrators, or other support staff, are more likely to improve student outcomes than reducing positions by consolidating districts, closing schools, or combining programs. He concluded saying few choices will result in savings without some type of trade-off and urged a balance between the Legislature's duty to provide suitable funding and that of local boards to "maintain, develop, and operate" local public schools.

The representative of KPI defined efficiency as providing the same or better quality service at the best possible price and offered information on spending differences, staffing variances, and efficiency opportunities. Because districts under local control can divert dollars in ways that remove funds from classroom instruction, KPI thinks it is important that the new funding mechanism contain some form of accountability to assure money is being spent both effectively and efficiently with a focus on student needs.

Public Testimony. The meeting concluded with oral and written testimony from private citizens and school district representatives.

December 16, 2015

Public Testimony. The Committee again received oral and written testimony from the public, including testimony from representatives of Game On for Kansas Schools, KASB, Kansas Parent Teachers' Association, KPI, Kansas Superintendents Association, and United School Administrators, as well as several school districts

and a number of private citizens. Representative Trimmer also provided testimony.

January 5, 2016

The Committee met briefly to discuss a draft report and recommendations proposed by Committee members. The Committee moved to table the draft and resume discussion of the Committee's recommendations to be held at a future meeting date.

Where To Find Meeting Minutes

All the Committee's meeting minutes including all attachments to the minutes can be found on the Kansas Legislature's website and by locating the 2015 Session Year and the Special Committee on K-12 Student Success.

CONCLUSIONS AND RECOMMENDATIONS

General

A new school funding mechanism should:

- Focus on each individual student;
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