



Testimony on HB 2143

School districts; relating to the department of administration; procurement of certain items and services

before the

House Committee on K-12 Education Budget

by

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Mr. Chairman, Members of the Committee:

Thank you for the opportunity to comment on **HB 2143** on behalf of the Kansas Association of School Boards. We oppose the two major provisions of this bill. First, it would direct school districts to make certain purchases through the state Department of Administration, with several exceptions. Second, it would remove the current and long-standing exception for services in the school district bid law, and require school boards to competitively bid services, including professional services.

The first provision appears to attempt to implement one of the Alvarez and Marsal efficiency recommendations. The Governor has used the “savings” estimated last year by A&M to propose a reduction in school district general state aid for FY 2018 and 2019, but there is no linkage in this bill. We are not aware of the reasoning behind the requirement to bid services. We have the following concerns about the bill.

1. **Projected savings are not confirmed.** We are not aware of the any evidence the bill would provide the savings estimated by the A&M study. It appears to be based on a study of seven large, urban districts. We do not know how the study attempted to compare general expenditures in those districts to 279 other districts which have different needs and circumstances. Furthermore, the bill does not include one major area included in the A&M proposal (maintenance repair and operations), which further undermines confidence in projected savings.
2. **School districts are already involved in joint purchasing.** Many school districts are already extensively involved in joint purchasing, whether through the state, education service centers, interlocal agreements and purchasing cooperatives or other programs. Without an analysis of these programs, we believe it is impossible to estimate savings. However, the bill also provides an exception for purchase through an education service center, which is defined as “any entity, whether publicly or privately owned and operated, that provides administrative services for one or more school districts.” This would appear to be so broad it is impossible to determine to what extent procurement patterns would change.
3. **Local purchasing can support local economies, which is in the state’s interest.** When school districts choose to purchase goods and services without going through the state or other joint purchasing programs, it often means local boards have chosen to use local providers.

Reasons include a desire to support the local business community, which in turn supports the school district and its patrons and readier access to services. It may be cheaper to buy fuel through the state, but if the local service station goes out of business, is the state going to come out and work on the district’s vehicles?

Lowering costs is an important goal, but preserving communities and rural economies has been an explicit goal of the state. We believe these competing interests are best made by local officials. These choices do not increase the state’s cost because the local board is determining how to spend dollars provided.

4. **Kansans support local control.** Kansans have explicitly stated they want management decisions about local their schools made at the local level as much as possible. Article Six of the Kansas Constitution states that “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.”

The language approved by the people clearly states local boards should operate public schools, and the cooperative agreements are permissive, not mandatory.

5. **Requiring school boards to bid services would be a major change in policy.** We believe the provision of this bill in Section 2 on page 2, line 16, may be the most troubling provision of the bill. It amends the state law to require school districts use bids to purchases services. It’s one thing to require bidding of goods that can be standardized, such as paper, food, etc. Services are different, because of differences in quality, professional approach, reputation, relationships and other factors which cannot be standardized.

While school districts are not required to always accept the lowest bid, they must accept the lowest “responsible” bid, which is a subjective term that can lead to legal challenges, and potentially increase legal costs to the district. The bidding process for services could also create delays in accessing needed services.

6. **Decisions about district operations should be left to local policies unless there is clear evidence of harm.** We stress that local school boards many times do bid for professional services. The question whether local elected officials – elected by the same voters who elect the Legislature and in some cases the people who elected to both – can be trusted to determine when it is appropriate and when it is not. We believe local boards should have that trust unless there is clear contrary evidence.
7. **While reasonable people may disagree on choices, there is no evidence Kansas districts are operating inappropriately.** Last year, we compared Kansas state spending on areas addressed in the A&M report to other states, including the national average, what we call “aspiration states” (that outperform Kansas on multiple educational measures), and “peer states” (that have similar characteristics to Kansas).

Based on 2013 data from the U.S. Census Bureau, we found that Kansas already spends less on the budget functions that overlap with the Alvarez and Marsal study than other states. These include operations and maintenance (in the A&M report but not this bill), transportation (food) and food service (food). However, Kansas spends less in operating expenditures per pupil than the national average, aspiration states and all groups of peer states (including average peer, student peers, adult population peers and population distribution peers). Yet Kansas overall educational performance is well above the national average and all peer groups.

Kansas ranks 12th in the percent of operating funds used for instruction – higher than any group and equal to or higher than aspiration states. There is no evidence that Kansas school districts are spending more than necessary or reasonable in these areas, or that these expenditures are harming either student outcomes or funding for instruction. In fact, the opposite is true: how local school boards spent money is supporting high achievement and instruction.

Operating expenditures per Pupil, 2013; Kansas, U.S. Average and Comparison States Averages

Dollars per pupil of current expenditures by major function

Geographic area	Current Expend. Per Pupil	Instruction Per Pupil	Pupil Support Per Pupil	Instructional Support Per Pupil	General Admin. Per Pupil	School Admin. Per Pupil	Operations & Maint. Per Pupil	Pupil Transport. Per Pupil	Other Support Per Pupil	Food Service, All Other
United States	10,985	6,652	601	502	204	586	1,009	485	377	570
Aspiration Averages										
Aspiration	13,819	8,524	986	549	315	729	1,244	589	334	549
Aspiration East	16,287	10,036	1,344	654	356	852	1,448	691	341	564
Aspiration MW	10,528	6,508	509	409	260	565	971	452	324	529
Kansas	9,841	6,077	471	377	240	567	954	392	267	497
Peer Averages										
Overall Peers	11,125	6,628	668	514	246	592	1,034	466	424	553
Student Peers	11,144	6,530	743	549	234	596	975	515	446	556
Population Peers	11,211	6,698	660	524	253	599	1,035	476	411	555
Pop. Dis. Peers	10,459	6,108	600	474	278	560	1,023	447	347	622

Percent of current spending per pupil by major function

United States	10,985	60.6%	5.5%	4.6%	1.9%	5.3%	9.2%	4.4%	3.4%	5.2%
Aspiration Averages										
Aspiration	13,819	61.7%	7.1%	4.0%	2.3%	5.3%	9.0%	4.3%	2.4%	4.0%
Aspiration East	16,287	61.6%	8.3%	4.0%	2.2%	5.2%	8.9%	4.2%	2.1%	3.5%
Aspiration MW	10,528	61.8%	4.8%	3.9%	2.5%	5.4%	9.2%	4.3%	3.1%	5.0%
Kansas	9,841	61.8%	4.8%	3.8%	2.4%	5.8%	9.7%	4.0%	2.7%	5.1%
Peer Averages										
Overall Peers	11,125	59.6%	6.0%	4.6%	2.2%	5.3%	9.3%	4.2%	3.8%	5.0%
Student Peers	11,144	58.6%	6.7%	4.9%	2.1%	5.3%	8.7%	4.6%	4.0%	5.0%
Population Peers	11,211	59.7%	5.9%	4.7%	2.3%	5.3%	9.2%	4.2%	3.7%	4.9%
Pop. Dis. Peers	10,459	58.4%	5.7%	4.5%	2.7%	5.4%	9.8%	4.3%	3.3%	6.0%

Source: U.S. Census Bureau, Public Education Finance, 2013

8. **The Governor’s budget proposal would simply cut funding for school operating budgets.** Passage of this bill, combined with reductions in state aid, would not allow districts to shift any savings to “the classroom.” If districts had no savings to absorb any cuts in funding, districts would likely have to cut instructional and student spending or consider closing buildings.

In fact, no proposal has even been made to show how any savings in procurement, which would differ among school districts, would be allocated. Therefore, it appears districts already using the strategies provided by this bill would be penalized along with those who are not.

The problem is not how districts allocate their resources; it is that those resources are not keeping up with rising costs, enrollments, student needs and expectations. As KASB presented previously, school funding per pupil has been lagging behind inflation most years since 2009.

For all these reasons, we urge the committee to reject this bill. We look forward to working with you on developing a school finance system to improve student support and educational outcomes.

Thank you for your consideration.