



# MEMORANDUM

Legislative Division of Post Audit  
800 SW Jackson, Suite 1200  
Topeka, KS 66612-2212  
voice: 785.296.3792  
fax: 785.296.4482  
web: [www.kslpa.org](http://www.kslpa.org)

TO: Members, House Committee on Education  
FROM: Scott Frank, Legislative Post Auditor  
DATE: February 7, 2017  
SUBJECT: Neutral Testimony Regarding House Bill 2242

**I appreciate the opportunity to provide neutral testimony on House Bill 2242**, which would create the classroom-based funding act. Legislative Post Audit is completely neutral toward the bill’s policy components, but would like to provide a few comments regarding the classroom cost audit described in Section 3 of the bill, including a request for a clarifying amendment.

## **2006 LPA Cost Study and Revisions to the School Finance Formula**

To understand the classroom cost audit requirement in House Bill 2242, it seems helpful to compare it to the last time Legislative Post Audit was directed to study the cost of K-12 education—our 2006 cost study. School finance legislation enacted by the 2005 Legislature directed Legislative Post Audit to conduct two professional cost study analyses to estimate the cost of providing a public elementary and secondary education in Kansas.

- An inputs-based study to estimate how much it should cost school districts to deliver the curriculum, services, and programs mandated by state statute, as well as high school graduation requirements developed by the State Board of Education and state scholarship and college admissions requirements developed by the State Board of Regents.
- An outcomes-based study to estimate how much it should cost school districts to meet the educational performance outcome standards set by the Board of Education.

According to 2005 House Bill 2247, the purpose of these two studies was to “assist the legislature in the gathering of information which is necessary for the legislature’s consideration when meeting its constitutional duties to: (1) provide for intellectual, educational, vocational and scientific improvement in public schools established and maintained by the state; and (2) make suitable provision for the finance of educational interests of the state.” As we noted on page 2 of our final report:

In other words, it’s important to remember that these cost studies are intended to help the Legislature decide appropriate funding levels for K-12 public education. They aren’t intended to dictate any specific funding level, and shouldn’t be viewed that way. [LPA Report #05PA19, page 2]

We presented our final results in January 2006. Those results helped inform the Legislature's debate during that session, which eventually resulted in the passage of 2006 Senate Bill 549. Several components of the bill were clearly related to our audit results, including an increase in base state aid per pupil (BSAPP), an increase in the at-risk weighting, and the creation of a new high-density at-risk weighting. Although many of the changes to the school finance formula were informed by our results, the Legislature retained the ultimate decision making authority.

### **Proposed LPA Cost Audit in House Bill 2242**

Section 3 of House Bill 2242 requires Legislative Post Audit to complete a classroom cost audit on or before January 15, 2018. The purpose of the classroom cost audit is to determine the average classroom cost of instruction for districts in each congressional district. The audit "shall focus on the actual cost of instruction in each classroom audited regardless of the type of classroom, curriculum, subject matter taught, grade level or class size." The section also requires the audit be repeated once every 10 years.

The cost study being proposed in House Bill 2242 is very different than the 2006 cost study. The 2006 cost study produced results that merely informed the Legislature's debate on the school finance formula. The results of the classroom audit in House Bill 2242 would be directly used by the State Board of Education to determine the state aid for each district. This is not necessarily a problem, provided the bill clearly specifies how classroom costs are to be calculated and does not leave it up to Post Audit to make any critical judgments or assumptions. As we noted in our 2006 report:

It's important for the reader to understand that any study involving the estimation of costs for something as complex as K-12 education involves a significant number of decisions and assumptions. Different decisions or assumptions can result in very different cost estimates. *[LPA Report #05PA19, page 2]*

With one exception (noted below), it is our opinion that House Bill 2242, as it is currently written, provides the kind of clear guidance we would need to calculate average classroom costs and does not leave it up to us to make any critical judgments or assumptions.

### **Request for a Clarifying Amendment to House Bill 2242**

House Bill 2242 uses the standard federal definition for instructional costs and provides an auditable definition of what constitutes a classroom. The one key aspect that is not specified is the list of school district funds that should be included in the analysis. Some district funds should clearly be included, such as the general fund, supplemental general fund (LOB), at-risk fund, and bilingual fund. However, other funds are less clear, including districts' gifts and grants funds, vocational education funds, and adult education funds.

We would ask the committee to consider adding an amendment to House Bill 2242 that clarifies which school district funds should be included in the classroom cost audit.