



Oral Testimony as Neutral before the  
**Senate Committee on Education**

on

**SB 352 - Requiring transportation funding for school districts from the state general fund**

by

**Mark Tallman, Associated Director**

February 13, 2018

Madam Chair, Members of the Committee:

Thank you for the opportunity to testify on **SB 352**, which would replace highway funding currently going to school district aid with state general dollars and prohibit such transfers in the future.

We appear as neutral because we believe our members understand and share concerns about state transportation infrastructure. However, we also believe passage of this bill alone could absorb general fund dollars that will likely be necessary to restore school funding in order to reach state education goals.

The shift of state highway funding to support K-12 education occurred because the Governor and Legislature passed deep tax cuts without offsetting revenue at a time when state aid to schools had already been sharply reduced. It was a way to avoid even more severe cuts in the public school system.

KASB does not oppose ending highway fund transfers to support public education, but we are deeply concerned that this bill alone – without other revenue changes – could make it much more difficult to comply with the Kansas Supreme Court’s *Gannon* decision and achieve the education outcomes defined by the Court in the “Rose” capacities. These same goals are reflected in the Governor’s call for leading the nation in graduation and postsecondary attainment, leading our neighboring states in teacher salaries, adding counselors and social workers, and giving all students a start on college at no cost. These steps are necessary to compete economically with other states and to ensure a prosperous future for Kansas.

Although school leaders commend and appreciate the difficult decisions made last session to raise revenue and provide the first substantial increase in school funding in almost a decade, we do not believe the work is complete. By many measures, K-12 education remains underfunded compared to where it needs to be – based not only on the Supreme Court’s ruling, but by past Kansas experience, evidence from other states and successful targeted programs. **SB 352** by itself would help solve one of the state’s concerns – adequate transportation infrastructure – but without a plan in place to address the long-term funding needs of K-12 education, which really means workforce development, income and economic security.

We would like to share some facts for the committee to consider.

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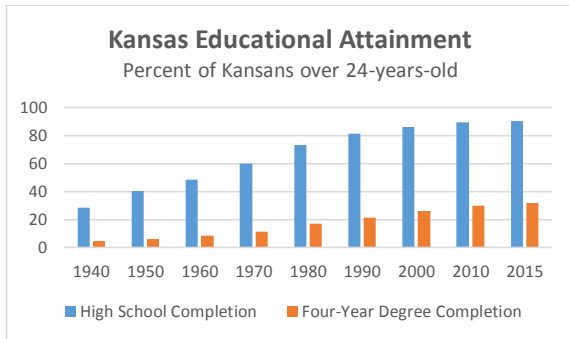
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- I. **First, the good news: Kansas educational achievement over the long-term is at an all-time high.** Consider high school and college completion, which strongly correlate to higher incomes, less poverty and lower unemployment:



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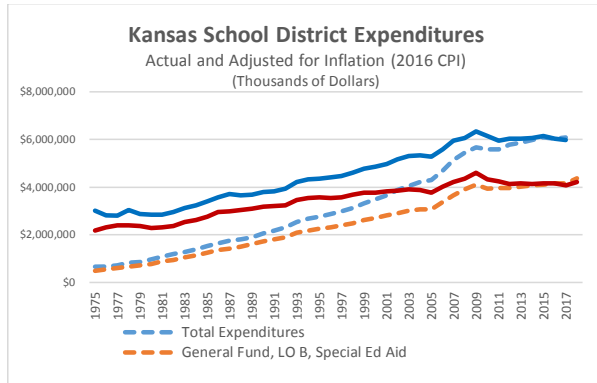
- II. **Improvements in educational levels since 1990 alone, have moved more Kansans into higher earnings levels, which have increased Kansas personal income by more than \$6 billion per year.**

Education Level	Percent of Population, 1990 and 2016	Average Income, 2016
No High School Diploma	18.7% (1990), 9.4% (2016)	\$23,426
High School Graduate Only	32.5% (1990), 26.2% (2016)	\$28,685
Some College, Associate's Degree	27.3% (1990), 31.5% (2016)	\$32,765
Bachelor's Degree	14.4% (1990), 20.7% (2016)	\$46,773
Graduate or Professional Degree	7.0% (1990), 12.2% (2016)	\$57,533

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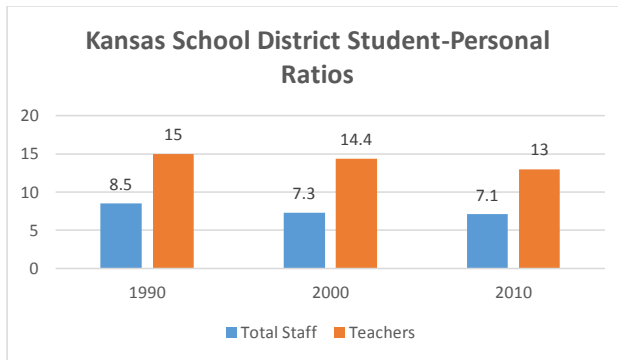
- III. **These improvements have been supported by additional funding.** From the mid-1970s (our earliest reliable records) to 2009, Kansas consistently increased total K-12 funding more than inflation.

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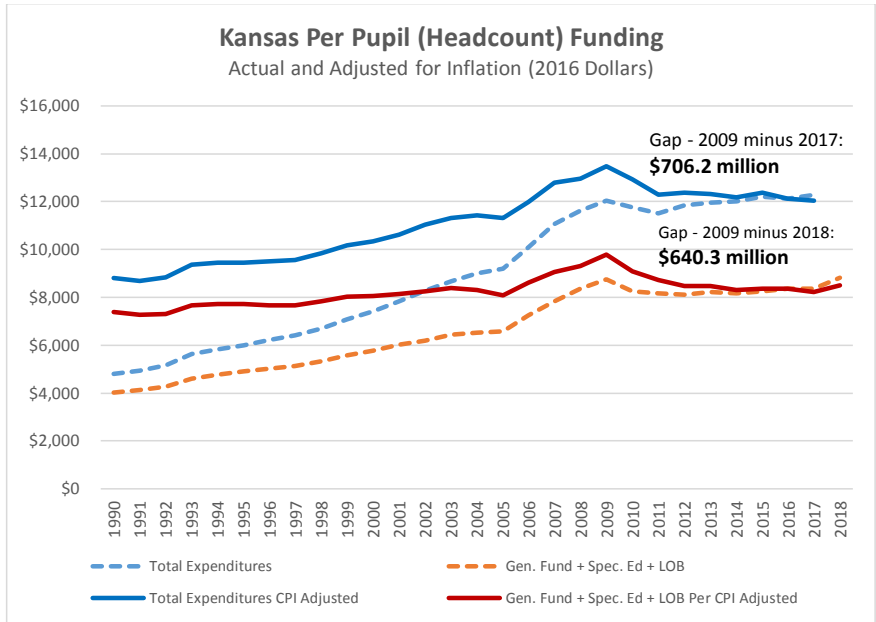
IV. **Higher funding has allowed school districts to do things that help more students reach higher levels.** These include: more special education services, preschool and all-day kindergarten, lower class size, more individualized attention before, during and after the school day, more paras and aides to assist teachers, more transportation services to get students to school safely and on time; more advanced and technical courses. Here is a chart on how additional funds were used:



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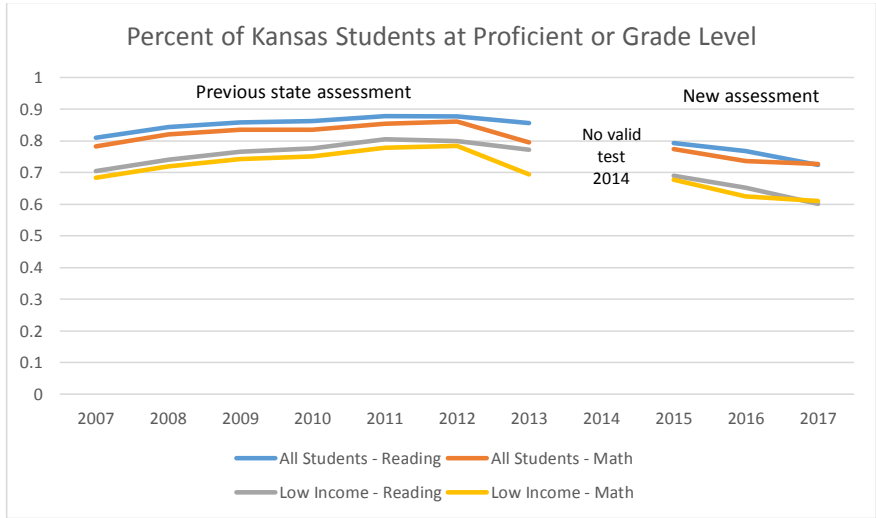
V. **This upward trend in real (more than inflation) increases stopped in 2009, and per-pupil funding has never recovered (even with highway fund transfers).** Even with this year's increase, general fund, LOB and special education funding are \$640 million below 2009 on a per pupil basis, adjusted for inflation:

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VI. **There is growing evidence that Kansas educational progress is either declining or leveling off while other states improve.** First, state assessment scores have dropped below where they were a decade ago:



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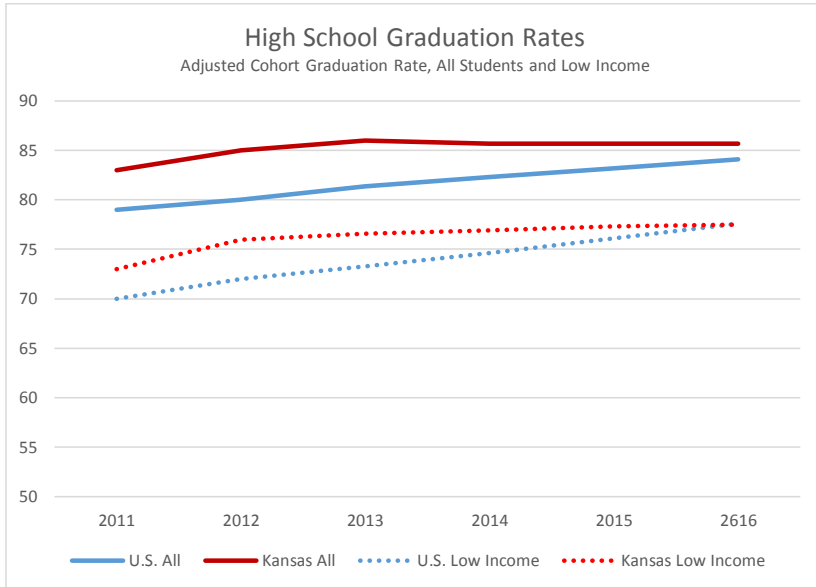
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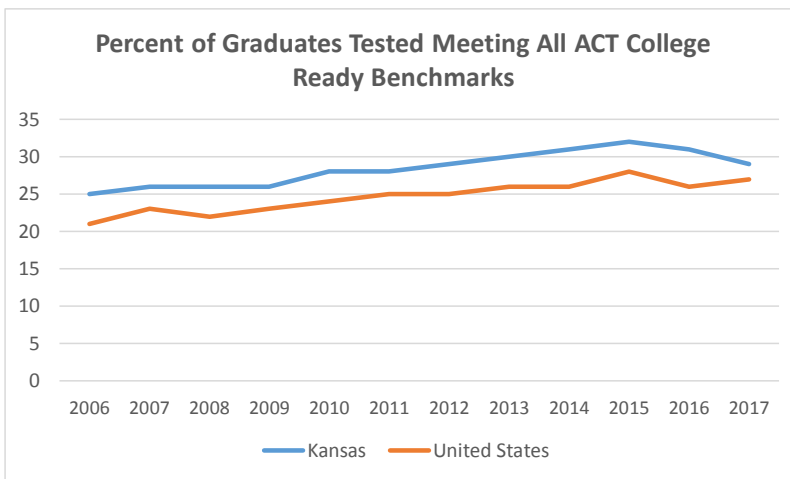
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Second, our graduation rate has stalled while other states are improving:



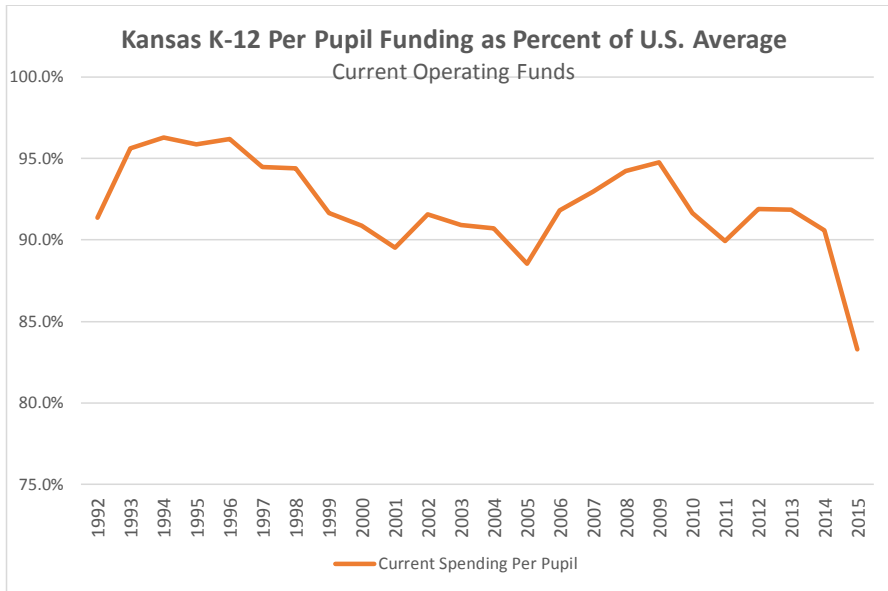
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Third, the percent of Kansas students meeting all four college ready benchmarks on the ACT has declined the past two years and the national average is catching up, even as a higher percentage of students nationally are taking the ACT:



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VII. **These trends have occurred as Kansas has begun to fall behind the national average.** Since 2008, Kansas has ranked 39<sup>th</sup> in per pupil funding increases, falling from 95 percent of the U.S. average to less than 85 percent – even before two years of frozen funding under the block grants.



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In fact, all the states that outrank Kansas in overall educational achievement spend more than Kansas, even after adjusting for state cost of living differences. On a per pupil basis Kansas is over \$600 million below the average of just the “peer” states that outperform Kansas on KASB’s Comparing Kansas report.

Overall Student Success Ranking	Highest achieving States	School Spending 2015 State Cost of Living Adjusted (RPP)			
		Total Revenue Per Pupil	Total Revenue per Pupil Rank	Current Spending Per Pupil	Current Spending Per Pupil Rank
		1	Massachusetts	\$17,200	9
2	New Jersey	\$18,604	6	\$16,080	6
3	Iowa (Peer)	\$14,142	20	\$12,120	23
4	New Hampshire	\$15,570	13	\$13,997	12
5	Vermont	\$19,971	4	\$17,755	3
6	Connecticut	\$19,764	5	\$16,906	4
7	Nebraska (Peer)	\$14,690	17	\$13,185	15
8	Illinois (Peer)	\$15,386	15	\$13,796	13
9	Wisconsin (Peer)	\$14,060	22	\$12,218	21
	Top Nine Average	\$16,599		\$14,516	
10	Kansas	\$13,335	25	\$11,106	26
	Kansas below Top Nine average	\$3,263		\$3,410	
	<b>KS Shortfall x enrollment (490,000)</b>	<b>\$1,599,089,116</b>		<b>\$1,670,779,278</b>	
	Peer States in Top Nine average	\$14,569		\$12,830	
	Kansas below Top Peers	\$1,234		\$1,724	
	<b>Peer Shortfall x 490,000</b>	<b>\$604,806,520</b>		<b>\$844,599,196</b>	

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This raises troubling questions about our state’s ability to compete with other states in attracting and retaining high skills jobs – which are the only jobs that have been increasing since the end of the Great Recession, according to the Georgetown University Center for Education and the Workforce.

**VIII. The declining investment in K-12 education compared to inflation, past Kansas experience and competing states is partially a result of a weak Kansas economy, which produced some of the lowest income personal income growth in the nation in recent years. But it has also occurred because Kansas is investing a lower percentage of personal income in K-12 education.**

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As the chart on the following page shows, Kansas school districts’ funding is now over \$600 million below the average compared to total personal income of all Kansans since 1990. This means that the share of total income of Kansas residents invested in K-12 education now is less than we have provided in the last quarter-century – at a time when educational attainment has never been more import to the economy of our nation and state, and the standard of living of our children and grandchildren.

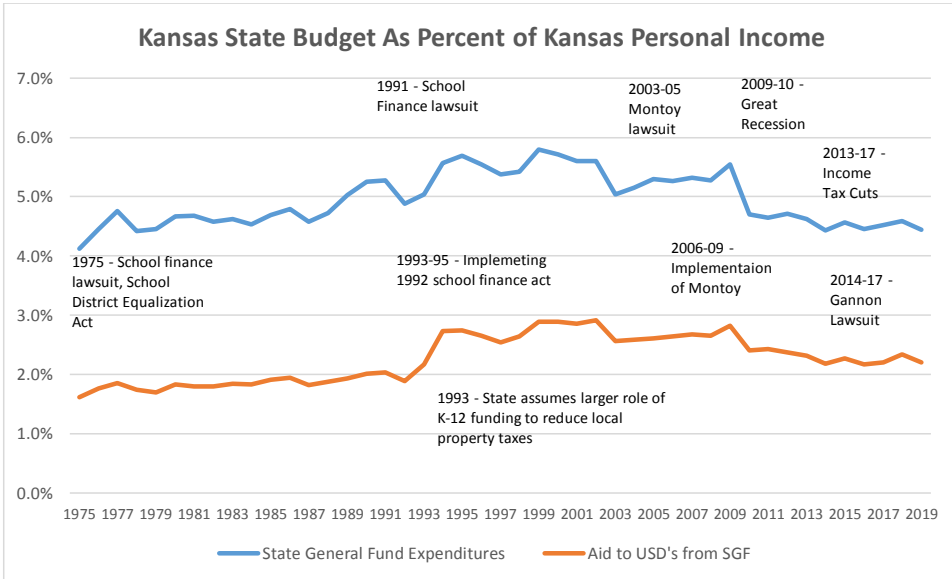
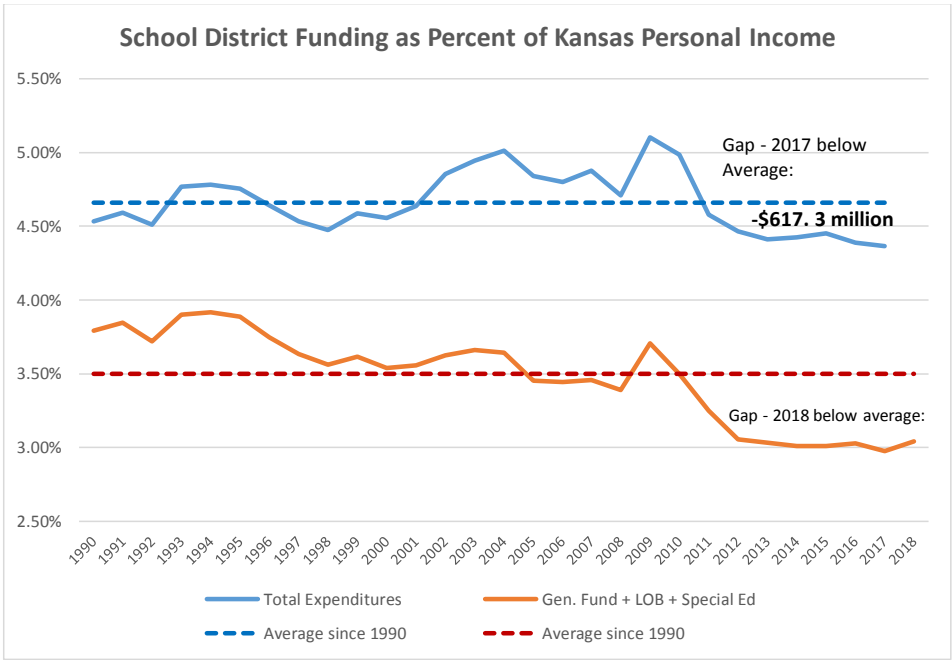
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The second chart on the next page shows a similar trend in the state general fund. State spending has been declining as a percentage of personal income, just like K-12 funding. There are a number of reasons: tax rates have been cut (income tax rates are still lower than 2012), sales tax growth has been limited by shift from goods to services and internet sales, and the number and amount of exemptions for property, sales and income have dramatically increased.

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Our concern is that both K-12 funding, highway funding and other state needs all demand a comprehensive plan based on what we want to achieve and what it will cost – not simply reallocating existing resources regardless of whether they are adequate.





Finally, we would like to address another, more narrow issue about transportation funding that should be considered with this bill.

As we are sure the committee is aware, the Legislative Post Audit study of school district transportation funding found that the State Department of Education has been making minimum payments to certain district not specifically authorized in statute. It is important to also note the LPA said those payments were probably justified but said such payments should be stopped after this year unless the Legislature acts to restore them. KSDE has agreed.

Just as important, the LPA study found evidence that the entire transportation formula is probably underfunded: “Based on our sample, the current funding formula appears to understate the comparative cost of transporting students who live at least 2.5 miles from school.” That means removing the long-standing “practice” of minimum payments would simply make a likely underfunded transportation aid formula even more underfunded, at a time when the Kansas Supreme Court has found the entire finance system inadequate.

Remember, this study is not from the plaintiffs, or KSDE, or KASB. It is from the Legislature’s own audit staff, from an audit passed as part of last year’s SB 19; one of a series of audits the state says in its defense the Legislature will use to provide evidence-based funding in the future.

Finally, we have heard suggestions that school districts should be required to pay back the additional aid payments. This would be punishment without guilt. We believe this is a misreading of the intent of statute, which is to make sure errors in distribution of state funding are corrected. The additional payments represent long-standing practice, supported by evidence of costs. If they were not supported by the actual law, they are what the law was intended to be.

The Legislature can, and should, make clear these funds do not need to be repaid, just as the Legislature every year waives aspects the school finance law by underfunding or prorating state aid – underfunding which has exceeded \$850 million since 2009. The Legislature should immediately remove the threat of forcing repayment of funds that were used in good faith by school districts to transport students safely to and from school as required by state law – by passing legislation, if necessary.

Thank you for your consideration.