

# POLICY PAPER

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## K-12 SPENDING AND ACHIEVEMENT IN KANSAS: 2007 EDITION

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### *Executive Summary*

Discussions about education in Kansas typically involve two assertions. The first is that schools are performing well. The second is that Kansas taxpayers are excessively frugal. This paper challenges both assumptions by laying out some basic facts about the history of school spending and achievement for Kansas schools. It uses information from both the Kansas State Department of Education and the U.S. Department of education.

Since 1993, a benchmark that has been used in earlier policy papers on the subject, changes in student enrollment have been modest. In the 2006-07 school year, Kansas government-run public schools had a full-time equivalent (FTE) enrollment that was just 1.8 higher than the same number in 1993. The infusion of an additional \$2.5 billion to the yearly budget has meant that per-pupil funding has increased from \$5,987 to \$11,558, or 93 percent.

While Kansas schools have achieved modest gains their performance on mathematics in the fourth grade, progress has stalled. Currently, half of all students are not proficient on math. If possible, performance on reading has been worse. In the 1997-98 school year, per-pupil spending was \$6,828. Two out of three students were not proficient in reading. During the 2006-07 school year, per-pupil spending was 69 percent higher, at \$11,558. Two out of three students were not proficient in reading.

Local school districts have had a privileged position as recipients of tax dollars spent on education. This is in contrast with both pre-school and higher education, in which families have a much larger say in where their children use those dollars. It is time to give those families a larger say in K-12 education by promoting truly independent charter schools and letting the funds follow the child to any school, private or public.



## Introduction

School spending is never far from the legislative agenda, or from the interests of Kansas families and taxpayers. This paper offers a review of the history of spending on K-12 schools in Kansas. In light of calls for increased funding, both at the state and local levels, it is important to look at past spending and performance to provide perspective to make informed decisions for the future.

## Enrollment Trends

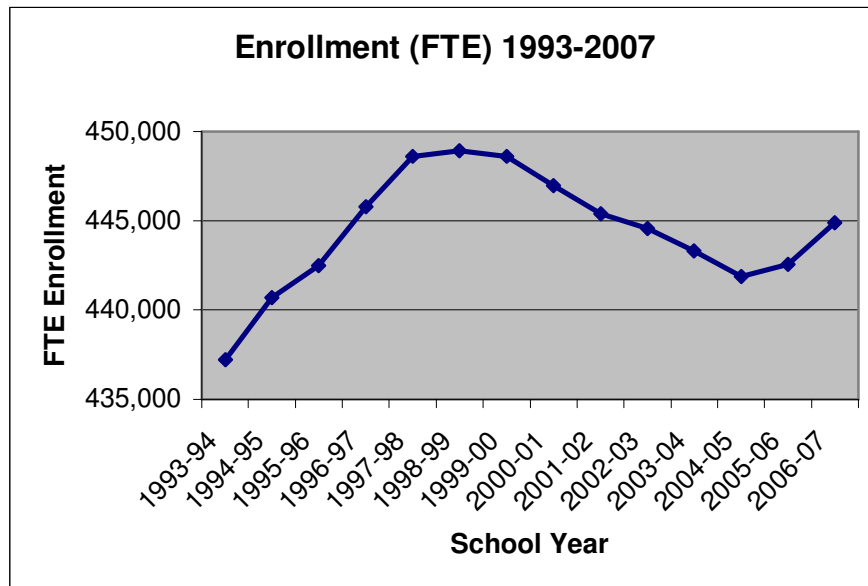
The most comprehensive picture of spending on schools can be found in the report called "Total Expenditures by District,"<sup>1</sup> which is published by the Kansas Department of Education (KSDE).<sup>2</sup> It is also published, in an enhanced form, by the Kansas Legislative Research Department. It includes spending in over 30 fund categories, ranging from the obvious and large (general funds) to the relatively small and obscure (tuition reimbursement). KSDE staff prepare the report using information they receive from school districts, vetting the numbers so that money transferred among various funds (usually to or from the general fund) is not double counted.

The first thing we need to consider in any discussion of school finance is the number of students. For financial reporting purposes, a common measure of student enrollment is the FTE, or full-time equivalent, number of students.

Since 1993, the number of public school students in Kansas has both increased and decreased from time to time, changing by an average of roughly one-third of one percent each year. Between the 1993-94 and the 2006-07 school year, enrollment in Kansas schools increased a total of 1.8 percent, ending at 444,879.<sup>3</sup> In other words, student enrollment did not change much in the last 12 years.

School Year	FTE Students
1993-94	437,210.1
1994-95	440,684.2
1995-96	442,456.9
1996-97	445,767.3
1997-98	448,609.0
1998-99	448,925.7
1999-00	448,610.3
2000-01	446,969.9
2001-02	445,376.6
2002-03	444,541.4
2003-04	443,301.8
2004-05	441,867.6
2005-06	442,555.7
2006-07	444,878.7





**Funding From Sources Has Increased**

In contrast with the modest change in student enrollment, school spending rose considerably. The changes are more or less dramatic depending on which pot of money one chooses to examine.

***Federal Funding***

Traditionally, state and local governments have taken the lead in the responsibility for setting education policy. But in recent decades, national politicians of both major political parties have put a federal stamp on K-12 education.

Consistent with the trend towards more federal involvement in education, total federal aid to Kansas schools rose as well. For the latest year available, schools spent nearly three times as many federal dollars as they did in the early 1990s. Federally financed spending increased from \$137.3 million in 1993-94 to \$398.7 million for 2004-05 before dropping slightly to \$385.3 million during the 2006-07 school year.

School Year	Federal Aid
1993-94	\$137,260,114
1994-95	\$140,485,296
1995-96	\$150,316,623
1996-97	\$181,533,320
1997-98	\$189,120,462
1998-99	\$202,565,725
1999-00	\$220,780,350
2000-01	\$261,038,153
2001-02	\$310,104,678
2002-03	\$340,728,648
2003-04	\$376,908,121
2004-05	\$398,667,040
2005-06	\$382,782,642
2006-07	\$385,393,086

### ***State and Local Funding***

The largest portion of education funding, however, continues to come through state and local governments. Though spending from these sources has not increased as dramatically as was the case with federal dollars, state and local dollars still fund the bulk of school spending.

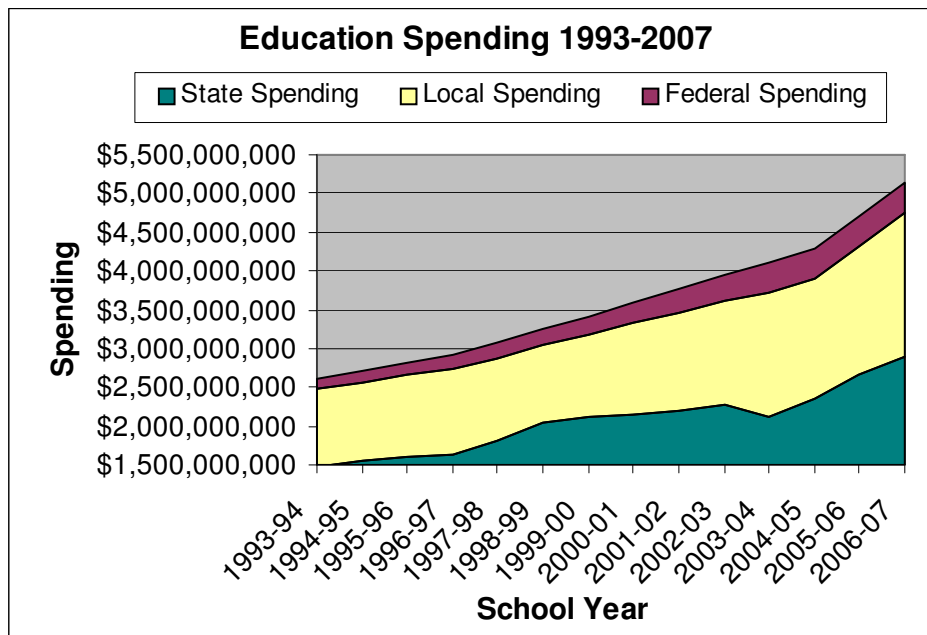
In 1993, school spending from state aid was \$1.5 billion; in 2007 it was up to \$2.9 billion, an increase of 97 percent.

School Year	State Aid
1993-94	\$1,468,606,823
1994-95	\$1,558,335,916
1995-96	\$1,604,933,171
1996-97	\$1,618,449,030
1997-98	\$1,815,684,144
1998-99	\$2,035,194,082
1999-00	\$2,110,484,390
2000-01	\$2,152,622,486
2001-02	\$2,200,529,799
2002-03	\$2,277,804,680
2003-04	\$2,124,578,761
2004-05	\$2,362,223,172
2005-06	\$2,657,971,383
2006-07	\$2,888,960,769



Local aid was up as well, by 85 percent. In 1993, local aid to schools was \$1 billion, but that amount increased to \$1.9 billion by 2007.

School Year	Local Aid
1993-94	\$1,011,858,024
1994-95	\$1,012,554,570
1995-96	\$1,061,918,793
1996-97	\$1,121,816,183
1997-98	\$1,058,428,663
1998-99	\$1,004,736,639
1999-00	\$1,071,444,132
2000-01	\$1,172,918,480
2001-02	\$1,269,928,113
2002-03	\$1,335,185,546
2003-04	\$1,592,564,728
2004-05	\$1,528,524,331
2005-06	\$1,648,540,541
2006-07	\$1,867,723,060

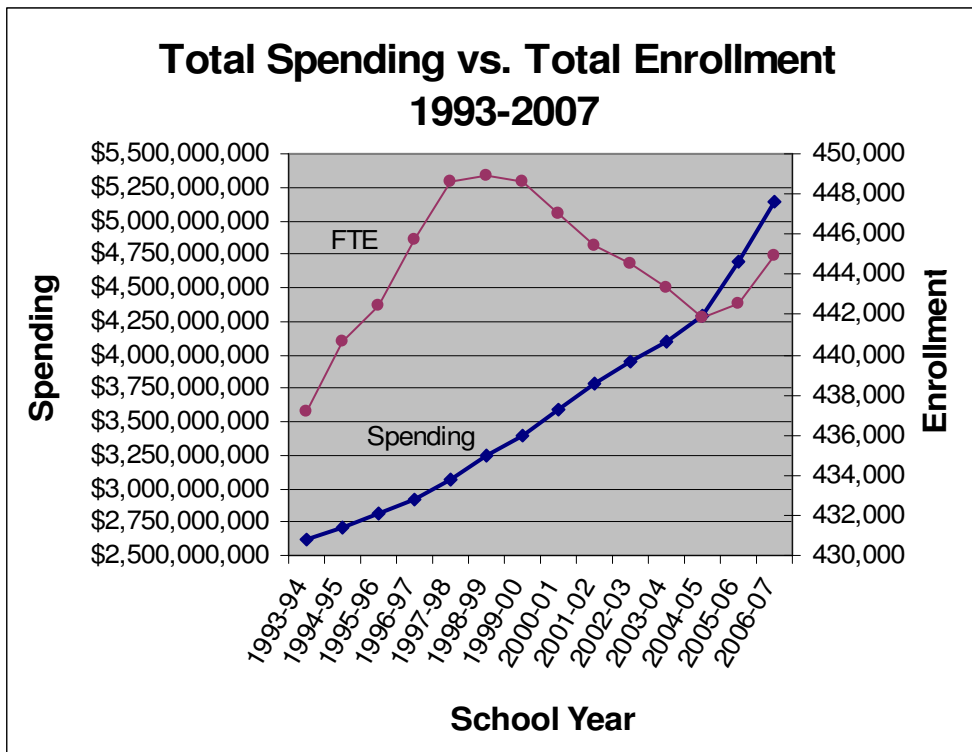


### **Total Spending Up 96 Percent, Per-Pupil Spending, 93 Percent**

As a result of increases at the local, state, and federal level, total support for schools increased 96 percent between 1993 and 2007. While the total effort was \$2.6 billion in 1993, it was \$5.1 billion in 2007.

<b>School Year</b>	<b>Total Spending</b>
1993-94	\$2,617,724,961
1994-95	\$2,711,375,782
1995-96	\$2,817,168,587
1996-97	\$2,921,798,533
1997-98	\$3,063,233,269
1998-99	\$3,242,496,446
1999-00	\$3,402,708,872
2000-01	\$3,586,579,119
2001-02	\$3,780,562,590
2002-03	\$3,953,718,874
2003-04	\$4,094,051,610
2004-05	\$4,289,414,543
2005-06	\$4,689,294,566
2006-07	\$5,142,076,915





The combination of meager growth in student enrollment and significant growth in total aid to schools means that per-pupil spending increased. In 1993, per-pupil spending by Kansas public schools was nearly \$6,000 (\$5,987) per student. As of the 2006-07 year, the total was almost double that amount, at \$11,588 per student.

Throughout this time, the median increase in per-pupil spending was 4.9 percent. In the last two years, spending rose by almost 10 percent each year. It should be emphasized that this number does not reflect total spending, but total spending per student. For every dollar that schools spent in 1993, they spent that amount and then another 93 cents in 2007.



<b>School Spending 1993-2007</b>					
<b>School year</b>	<b>Students</b>	<b>State Aid</b>	<b>Local Aid</b>	<b>Federal Aid</b>	<b>Per-Pupil Funding</b>
1993-94	437,210.1	\$1,468,606,823	\$1,011,858,024	\$137,260,114	\$5,987
1994-95	440,684.2	\$1,558,335,916	\$1,012,554,570	\$140,485,296	\$6,153
1995-96	442,456.9	\$1,604,933,171	\$1,061,918,793	\$150,316,623	\$6,367
1996-97	445,767.3	\$1,618,449,030	\$1,121,816,183	\$181,533,320	\$6,555
1997-98	448,609.0	\$1,815,684,144	\$1,058,428,663	\$189,120,462	\$6,828
1998-99	448,925.7	\$2,035,194,082	\$1,004,736,639	\$202,565,725	\$7,223
1999-00	448,610.3	\$2,110,484,390	\$1,071,444,132	\$220,780,350	\$7,585
2000-01	446,969.9	\$2,152,622,486	\$1,172,918,480	\$261,038,153	\$8,024
2001-02	445,376.6	\$2,200,529,799	\$1,269,928,113	\$310,104,678	\$8,488
2002-03	444,541.4	\$2,277,804,680	\$1,335,185,546	\$340,728,648	\$8,894
2003-04	443,301.8	\$2,124,578,761	\$1,592,564,728	\$376,908,121	\$9,235
2004-05	441,867.6	\$2,362,223,172	\$1,528,524,331	\$398,667,040	\$9,707
2005-06	442,555.7	\$2,657,971,383	\$1,648,540,541	\$382,782,642	\$10,596
2006-07	444,878.7	\$2,888,960,769	\$1,867,723,060	\$385,393,086	\$11,558
<b>Total Change</b>					<b>+ 93%</b>

The point-to-point comparison between 1993-94 and 2006-07 shows a substantial increase in spending. What about the objection that an arbitrary starting point can distort the numbers used in the comparison?

One option is to look to rolling averages. The successful high school graduate usually takes four years to complete the requirements for a diploma. So one way to get an idea of the increases in district spending is to see how much spending over the four years of a high school program. By looking at how the financial effort spent over the four-year high school career of successive classes of graduates has changed, we get another series of snapshots of resources spent on schools.



Four Year Spending Starting In:	Growth in Per-Pupil Spending
1993	10%
1994	11%
1995	13%
1996	16%
1997	18%
1998	18%
1999	17%
2000	15%
2001	14%
2002	19%
2003	25%

What we find is that since the 1993-94 school year, if not before, per-pupil spending has increased at double digits over the career of every high school graduate. In fact, not only are schools in Kansas spending more for each student, the rate at which they increase that spending is itself increasing.

### **Discussion and Recommendations**

Analysis of total expenditure and student performance can tell us a lot.

We have seen that student enrollment has barely increased since 1993, at just under 2 percent. By contrast, total spending on education has increased 96 percent, leading to a per-pupil increase of 93 percent. Local funding increased the least, over 85 percent; state funding went up 97 percent; and federal funding, the smallest percentage of overall funding, went up 180 percent.

Over the years, policy makers at all levels of government have tweaked the funding formula in a number of ways. One thing they have done is add specific funding streams to funnel more resources to specific needs. The goal has been to address factors thought to be additional barriers to education: to overcome poverty, to help students whose first language is not English, to assist small-enrollment districts, to assist large-enrollment districts. The list goes on.

Have these changes, as well as the increased funding, resulted in improved performance or reduced the political tension over schools? They have not prevented school funding from becoming a legal and political football, pitting school districts, state legislators, and the courts in a battle over political power and the distribution of taxpayer funds. If the goal of reforming funding formulas and creating new funds was to achieve political and legal peace, the efforts have not been successful.



Neither have these changes brought satisfactory results in achievement. One way of testing the performance of schools is to look at results on the National Assessment of Educational Progress (NAEP), a test supervised by the National Center for Education Statistics within the U.S. Department of Education.<sup>4</sup>

Kansas has participated in the NAEP since 1998 in reading and since 2000 in mathematics, giving us an opportunity to view the performance of Kansas schools through a third-party assessment.

First, the good news. Since 2000, the percentage of students who are proficient in mathematics increased. In 2000, only 34 percent of students were proficient at the eighth grade. In the 2007 test, 41 percent were. Even greater gains were seen at the fourth-grade level: In 2000, only 28 percent were proficient, but by 2007, 47 percent were.

These encouraging numbers, however, cannot hide some sobering facts: Even by the test in which Kansas has made the most progress (grade 4 mathematics), half of the students are still not performing adequately.

<b>Mathematics - Grade 4 (NAEP)</b>				
<b>Scale score and percent of students at each level</b>				
	<b>2000</b>	<b>2003</b>	<b>2005</b>	<b>2007</b>
Scale score	232	242	246	248
Below basic	24	15	12	11
Basic+	75	86	88	89
Proficient+	28	42	47	51
Advanced+	2	6	8	9
Not proficient	71	59	53	49

Contrary to the experience of the fourth-graders, progress among eighth-grade students has stalled. For three successive tests, two of every three students were not proficient, though there was a slight improvement in the 2007 test.

<b>Mathematics -- Grade 8</b>				
<b>Scale score and percent of students at each level</b>				
	<b>2000</b>	<b>2003</b>	<b>2005</b>	<b>2007</b>
Scale score	283	284	284	290
Below basic	24	24	23	19
Basic+	76	76	77	82
Proficient+	34	34	34	41
Advanced+	5	6	5	9
Not proficient	66	66	66	59

Even in the video age of YouTube, reading is a fundamental skill for acquiring information, making logical connections, and understanding our world. Yet the performance of Kansas on the NAEP reading tests remains unacceptably low. For both grade 4 and grade 8, roughly two of every three students are not at the proficient level.



<b>Reading - Grade 4</b>						
<b>Scale score and percent of students at each level</b>						
	<b>1998</b>	<b>2000</b>	<b>2002</b>	<b>2003</b>	<b>2005</b>	<b>2007</b>
Scale score	221	na	222	220	220	225
Below basic	30	na	32	34	34	28
Basic+	70	na	68	66	66	72
Proficient+	34	na	34	32	32	36
Advanced+	7	na	7	7	8	8
Not proficient	66	na	66	68	68	64

The results are the same for eighth-grade students: Two of three are not proficient in reading, limiting their opportunities for both academic and professional success.

<b>Reading - Grade 8</b>						
<b>Scale score and percent of students at each level</b>						
	<b>1998</b>	<b>2000</b>	<b>2002</b>	<b>2003</b>	<b>2005</b>	<b>2007</b>
Scale score	268	na	269	266	267	267
Below basic	19	na	19	23	22	19
Basic+	81	na	81	77	78	80
Proficient+	36	na	38	35	35	35
Advanced+	2	na	3	3	3	2
Not proficient	64	na	62	65	65	65

The percentage of students in each category (below basic, proficient or better, etc.) has remained roughly the same during the time Kansas has participated in the NAEP. The percentage of fourth-grade students who are proficient in eighth grade increased slightly from 62 to 65 percent between 2002 and 2003, but has remained stuck since. The percentage of students proficient in fourth grade has increased only two points between 1998 and 2007.

In short, spending increases have greatly outpaced improvements in performance. In the 1997-98 school year, per-pupil spending was \$6,828. During the 2006-07 school year, per-pupil spending was 69 percent higher, at \$11,558. Adjusted for inflation, that's a 33 percent increase. When it comes to reading proficiency, increased spending accomplished little.

So should we be satisfied with this history? There is still much room for improvement. It is a fair question for citizens to ask whether spending over \$11,000 per pupil while still getting such poor results is acceptable. The Flint Hills Center for Public Policy believes that it is not.

One response to these numbers is likely to be "See what happens when we increase our investment? Results happen." Yet given the near-exclusive right that local districts have over the use of education dollars, more serious improvements are called for. Parents cannot use public money to educate their children at private schools. Under current Kansas law charter schools have no financial or legal independence from school districts, which means in their current form, charter schools offer little alternative for parents and children.



The lack of parental options in how to direct the spending of public money towards the K-12 education of their children is in stark contrast with how we treat pre-school programs and higher education. In both cases, families are free to send their children to a variety of providers, public and private, religious and secular, traditional and progressive.

We could simply continue to pump more money into an approach that results in stagnant or at best modest gains in improvement. But the school career of a child is too short and the resources of Kansas taxpayers too limited to continue sending good money after bad. Kansas students and children and parents deserve better. They deserve the freedom of education choice.

### **About the Author**



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## Appendix

The Comparative Performance & Fiscal System allows the user to select information from 30 different funds. Each of the funds has a code associated with it. This list is a good example of the variety of funds used in school accounting.

- General (06)
- Federal (07)
- Supplemental General (08)
- Adult Education (10)
- At-risk, 4-year old (11)
- Adult Supplemental education (12)
- At-risk, K-12 (13)
- Bilingual Education (14)
- Capital Outlay (16)
- Driver Training (18)
- Extraordinary School Program (22)
- Food Service (24)
- Professional Development (26)
- Parent Education Program (28)
- Summer School (29)
- Special Education (30)
- Vocational Education (34)
- Gifts and grants (35)
- Area Vocational School (36)
- Special Liability Expense (42)
- School Retirement (42)
- Extraordinary Growth Facilities (45)
- Special Reserve (47)
- KPERS Special Retirement Contribution (51)
- Contingency Reserve (53)
- Textbook and Student Material Revolving (54-55)
- Bond and Interest #1 (62)
- Bond and Interest #2 (63)
- No-Fund Warrant (66)
- Special Assessment (67)



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**Notes:**

<sup>1</sup> The Total Expenditures by District reports are available through Department of Education's web site at [http://www.ksde.org/leaf/data\\_warehouse/total\\_expenditures/SFExpend.html](http://www.ksde.org/leaf/data_warehouse/total_expenditures/SFExpend.html). The Legislative Research Department takes this information and adds adjustments for inflation. See "School District Financing Data by District," from the page <http://skyways.lib.ks.us/ksleg/KLRD/Education.htm>.

<sup>2</sup> The footnote of these reports explains which funds are included in the "Total Expenditures" column, and by extension, the funds included in this discussion. "Total expenditures include the following funds (less transfers): General, Supplemental General, Adult Education, Adult Supplemental Education, Bilingual Education, Capital Outlay, Driver Draining, Extraordinary School Program, Food Service, Professional Development, Parent Education Program, Summer School, Special Education, Vocational Education, Area Vocational School, Special Liability Expense, School Retirement, Extraordinary Growth Facilities, Special Reserves, KPERS Special Retirement Contribution (beginning 2004-05 and thereafter), Contingency Reserve, Textbook and Student Material Revolving, Tuition Reimbursement, Bond and Interest #1, Bond and Interest #2, No-Fund Warrant, Special Assessment, Temporary Note, Cooperative Special Education, unbudgeted federal funds, and Gifts and grants, which were collected beginning with 2002-03. Local revenue is computed by determining the total expenditures minus state and federal aid."

<sup>3</sup> Aggregate amounts of local, federal, and state spending have been rounded to the nearest half-billion; per-pupil figures to the nearest dollar. All numbers come from the Kansas Department of Education's "School Finance Data Warehouse," available online at [http://www.ksde.org/leaf/data\\_warehouse/data\\_warehouse.htm](http://www.ksde.org/leaf/data_warehouse/data_warehouse.htm).

<sup>4</sup>For information on the National Assessment of Educational Progress, see <http://nces.ed.gov/nationsreportcard/>. For the performance of Kansas schools on the NAEP, see <http://nces.ed.gov/nationsreportcard/states/>.

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