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SPENDING AND ACHIEVEMENT IN WICHITA: 2007 EDITION

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Executive Summary

In 2000, voters in Wichita approved a \$284.5 million bond issue for USD 259. In March, 2006, a working group compiled a wish list of another \$400-600 million.

Meanwhile, the overall budget of the district has risen. The *Montoy* decision forced the legislature's hand into putting more money into the schools. Some of the schools that brought the *Montoy* lawsuit have expressed an interest in keeping together a coalition to lobby the state for increased funding.

At the local level, the district will receive an additional 7.1% from the state. In August of this year, the USD board used its legal authority to raise property tax burdens by 2 mills. It has also expressed an interest in floating a bond levy.

In light of these recent developments, Wichita residents ought to review the budget history and performance of USD 259 well in advance of any bond issue.

Since 1990, enrollment has been essentially flat. Total spending has increased by at least 115%, even though inflation has been less than half that amount, or 52%. Depending on which figures are used, the current year budget is \$516 or \$577 million, meaning that per-pupil spending is somewhere from \$11,809 to \$12,698. Teacher pay, meanwhile, has increased nearly 50% since 1998.

Has this spending, which would amount to over \$300,000 for a 25-student classroom, brought satisfactory results? Voters will decide, but consider these facts: One out of five students who starts high school does not finish four years later with a regular diploma. Depending on the subject matter and grade level, 26 to 48 percent of students cannot read or perform mathematics at grade level.

USD 259 has many programs that would be attractive in an open market. Before they grant the district yet another extension on its allowance, voters might consider asking the district to support greater school choice.



Introduction

With the start of the new school year, it's time to ask about the return that Wichita residents are getting from USD 259. While that's always a relevant question, it takes on increased significance this year, for several reasons.

First, parents and taxpayers deserve an independent presentation of the facts. District administrators have a professional self-interest in being the chief source of information about district performance, whether that is academic or fiscal. That can lead to an advocacy-based presentation of the facts. The "Parent Budget Manual," currently available on the USD 259 web site, has some "just the facts" attachments, including a timeline that explains the various milestones in preparing a budget, a description of the budget preparation process, and a brief explanation of the major budget funds. The document concludes with a page titled "Writing to your legislators." It encourages parents to "Please take ten minutes to send a message to Topeka: *Wichita schools deserve increased funding.*" One of the suggested talking points is "I am willing to pay more taxes if the dollars are spent in our schools."¹ While the professional and financial self-interest of district employees can coexist with a commitment to educating students, the blatant use of advocacy in an official document is troubling.

A second reason for looking at the finances of USD 259 stems from recent increased taxpayer commitment to the district.

In April 2000, voters approved a bond issue of \$284.5 million (6 mills) for capital needs. The goal was "to air condition all schools, eliminate most portables, replace five schools, build two new schools, add 19 multipurpose rooms, nine libraries, and upgrade science labs and building infrastructure throughout the district."²

In response to the *Montoy* school finance lawsuit, in 2005 the Kansas Legislature approved a multi-year program for increasing state funding for schools. As a result of this program, USD 259 will receive an \$18.4 million (or 7.1 percent) increase from state funds during this current school year.³ Further increases will come as well.

Montoy's biggest legacy, however, may be the establishment of a permanent organization, financed by taxpayers, to increase school funding even more. As reported by the *Topeka Capital-Journal*, Schools for Fair Funding, which filed suit against the state, decided in July of this year to "shift the emphasis away from litigation and toward lobbying."⁴ An attorney serving as general counsel for the group said that school district superintendents in 12 cities—including Wichita—expressed their support. The *Capital-Journal*, in fact, has tangled with the same group over open-records requirements.⁵ Given the secretive nature of a group that uses tax money in secret, citizens ought to be diligent in the matter of school finance, including those of USD 259.

Increased local commitment to USD 259 was upped again this summer. In mid-July the USD 259 board contemplated a \$31, or 6.4% increase for the 2007-08 school year, bringing the budget up from \$485 million to \$516 million. This was said to be necessary to give employees a 4% raise in salary and, shoulder increased costs for health insurance and add staff.⁶

The board proposed funding these increases through raising taxes by 2 mills, thus raising its local option budget from 27 percent of its general fund to 30 percent.⁷



In a July 25 editorial, the Wichita Eagle, observed that citizen unrest of rising tax rates “should give the Wichita school board pause” before it raised tax rates again.⁸

In an August 5 op-ed, district officials argued that the *Montoy*-inspired increases in state funding were insufficient:

The additional \$18 million in state funding the district will receive this year is certainly a large sum. However, these resources will disappear very quickly due to the increased costs of doing business, including utilities and fuel, increased school resource officer funding and the investment in key teaching and support positions.⁹

So while the district may have paused, as the Eagle requested, it didn't pause for long. On August 13, the board used its power to increase the property tax by 2 mills, without a vote by the public. This action is estimated to bring another \$13.9 million to the district treasury. The increased money will go, in part, to pay for increasing teacher pay and benefits by 6.51 percent.¹⁰

A third reason for revisiting the USD 259 history is that the administration and members of the board are contemplating yet another spending increase. This one would require going to the taxpayers for a bond election, which would mean another increase in the tax load.

On August 27, the board decided to review its Facilities Master Plan, a wish list of buildings and building improvements. It will be working from a previously compiled list that is already rather large. In March 2006, the Facilities Master Plan committee presented the board with a list of “\$400-600 million”¹¹ for facilities changes. It's likely that the committee will expand upon that list.

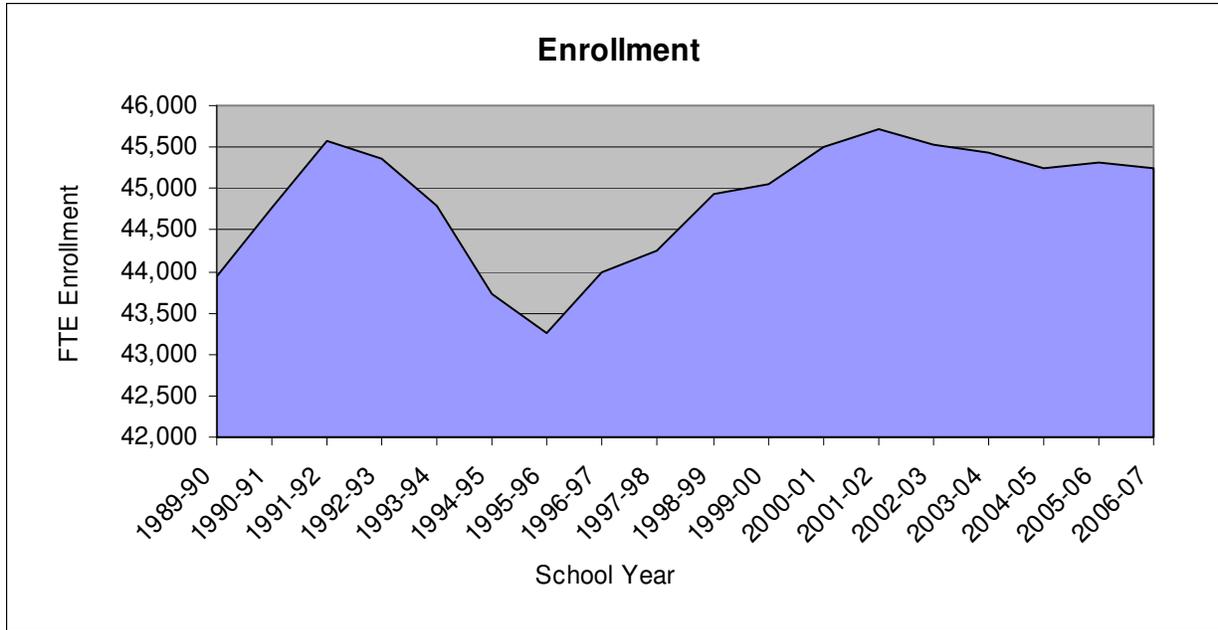
While the initiative is being talked about as a capital campaign, the issuance of more bonds will likely increase operating expenses as well. One example of such a capital expense is “class size reduction spaces.” Such space won't do much good without the hiring of extra teachers, which of course implies further expenses.

In short, then, USD 259 has been enjoying an ever-larger stream of funding from the public in the form of taxes. It's appropriate, then, for the public to ask whether further funding increases are deserved.

Enrollment

One factor driving spending is enrollment. Between the 1989-90 school year and 2005-06 school year (the latest year for which we have comparable numbers available), enrollment increased a total of 3 percent. That is, for well over a decade, enrollment has been essentially flat. From 1990 to 2006, enrollment grew only 3 percent.



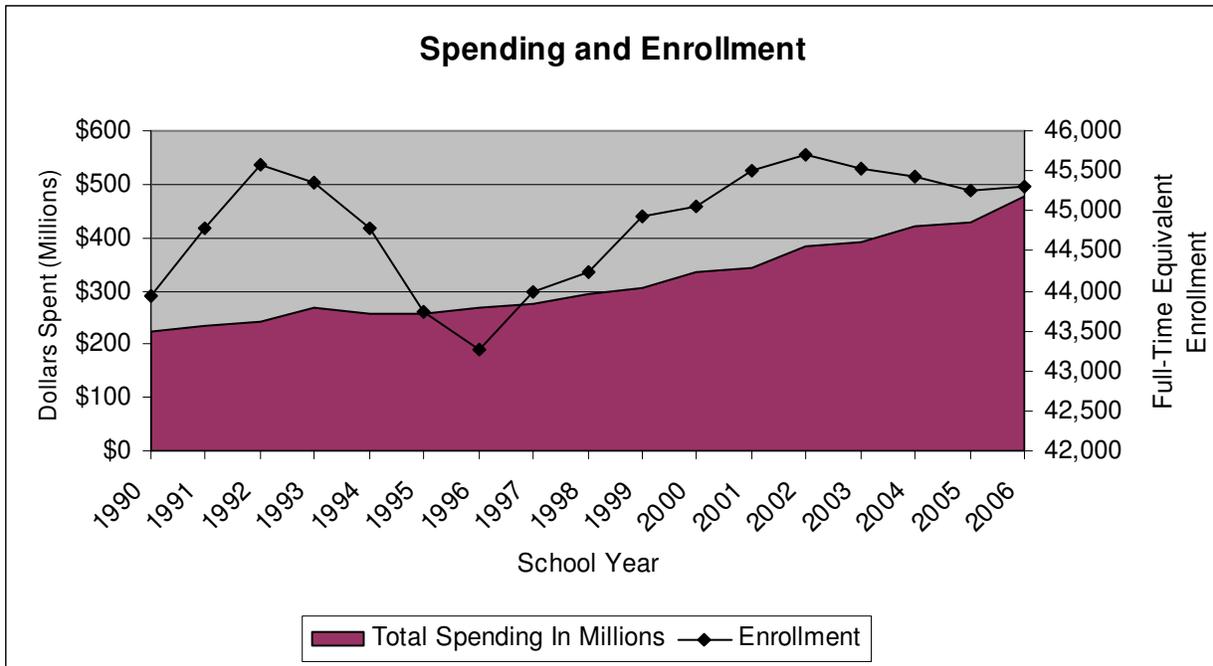


While certain neighborhoods of the city are growing, USD 259 is responsible for roughly the same number of students now as it was nearly 20 years ago. It is true that the composition of the study body has changed over that time. The number of English Language Learners has increased, for example. At the same time, funding has been adjusted to accommodate those changes.

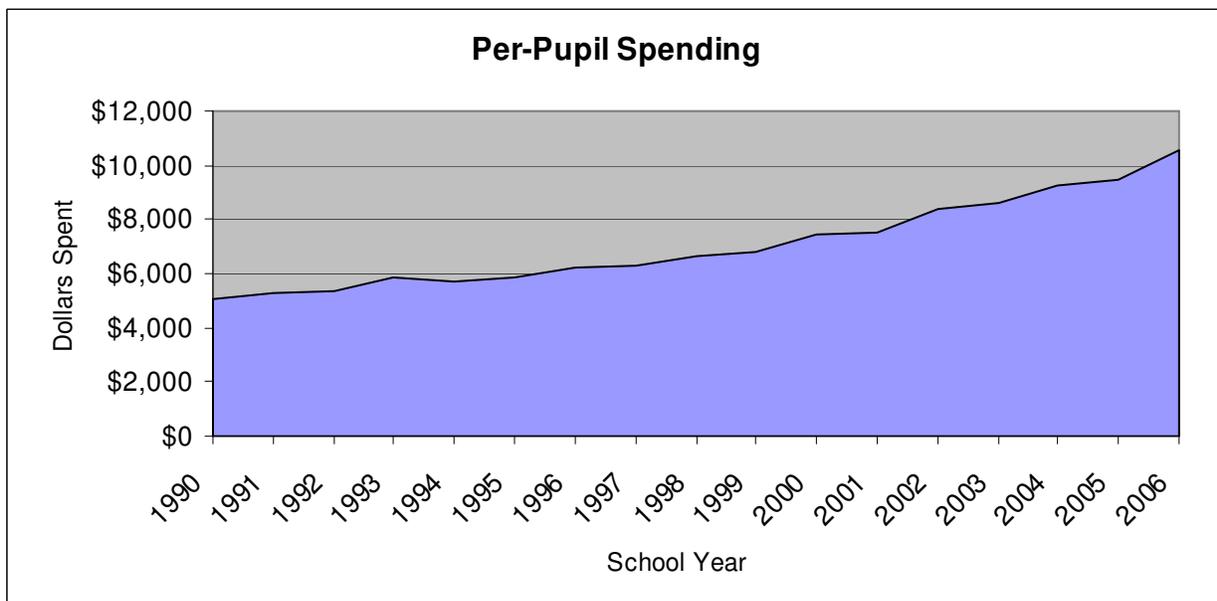
Spending

Since 1990, spending has increased dramatically. Total expenditures increased by 115 percent, going from \$222 million in 1989-90 to \$478 million in 2005-06. By contrast, inflation during the years 1990 through 2006 was 52%.¹²





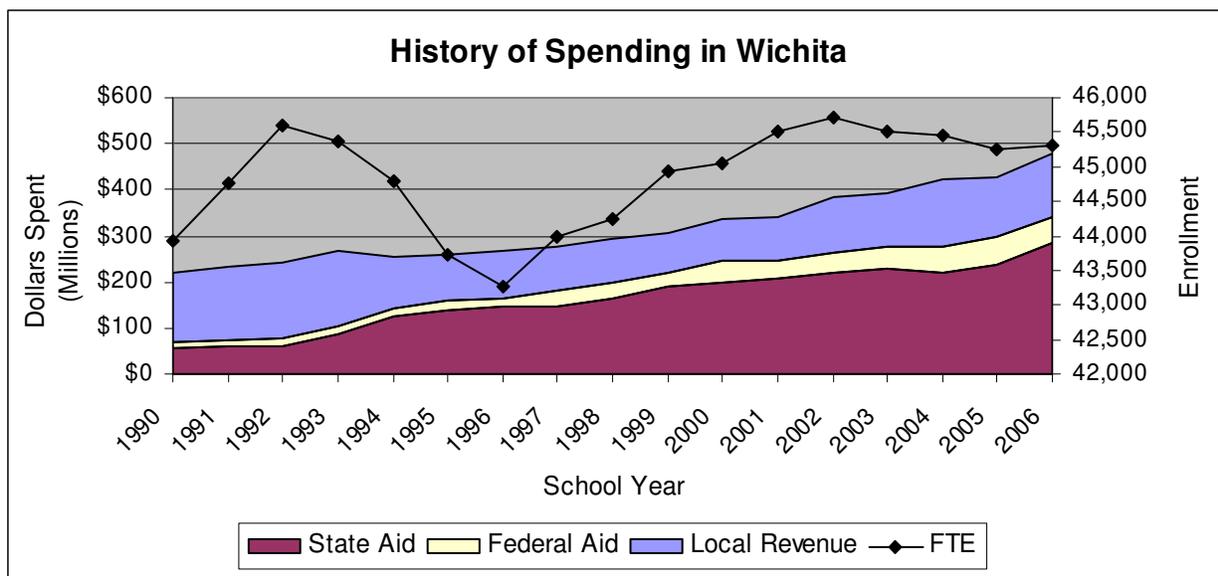
Given the minimal growth of student enrollment and the large increase in total spending, it's no surprise that per-pupil spending soared during that time, going up 108 percent, or more than doubling. It started at \$5,058 in 1989-90 and topped out at \$10,545 in the 2005-06 school year.



Since 1990, the mix between state and local funds has changed, with state funds becoming more important and local funds less important. Federal funding has increased in its importance as well. Still, it's important to not overstate the amount of federal aid. Though No Child Left



Behind, a federal law, dominates news about education, the overwhelming amount of money for education still comes through state and local taxes.



Over time, the responsibility for providing revenue has changed across units of government. Local funds are now responsible for roughly one-third of all revenue for the district.

History of Local Revenue in USD 259		
Year	Local Revenue	% of total revenue
1990	\$154,335,595	69%
1991	\$160,730,482	68%
1992	\$167,424,096	69%
1993	\$163,907,773	61%
1994	\$114,274,856	44%
1995	\$98,289,221	38%
1996	\$103,819,758	39%
1997	\$96,950,329	35%
1998	\$95,841,155	33%
1999	\$84,877,534	28%
2000	\$92,115,099	27%
2001	\$98,320,326	29%
2002	\$119,728,703	31%
2003	\$114,711,327	29%
2004	\$146,467,433	35%
2005	\$129,155,812	30%
2006	\$135,567,759	28%

State funds have become more important.

History of State Revenue in USD 259		
Year	State Aid	% of total revenue
1990	\$56,301,480	25%
1991	\$60,987,529	26%
1992	\$60,532,050	25%
1993	\$87,719,872	33%
1994	\$125,403,986	49%
1995	\$139,557,674	54%
1996	\$144,917,934	54%
1997	\$145,105,347	52%
1998	\$163,930,856	56%
1999	\$191,648,685	63%
2000	\$199,727,951	59%
2001	\$207,636,388	61%
2002	\$219,945,877	57%
2003	\$227,838,591	58%
2004	\$217,683,675	52%
2005	\$238,655,580	56%
2006	\$283,781,924	59%

Federal funds have seen a long-term increase as well.

History of Federal Revenue in USD 259		
Year	Federal Aid	% of total revenue
1990	\$11,635,539	5%
1991	\$13,153,153	6%
1992	\$15,180,456	6%
1993	\$15,109,070	6%
1994	\$17,479,255	7%
1995	\$19,364,205	8%
1996	\$19,302,374	7%
1997	\$34,899,801	13%
1998	\$32,879,081	11%
1999	\$27,964,983	9%
2000	\$44,107,558	13%
2001	\$36,797,321	11%
2002	\$44,005,935	11%
2003	\$49,101,697	13%
2004	\$57,465,726	14%
2005	\$60,103,438	14%
2006	\$58,487,758	12%



Precise year-to-year comparisons are of limited value due to fluctuating conditions such as capital expenditures, but the trend is unmistakable: Spending growth has been dramatic.¹³

Underestimated Efforts

If anything, the popular understanding of the school budget underestimates the public effort in funding the schools. This was captured in a *Wichita Eagle* article about a board vote to approve the new budget. The article first mentioned that the USD 259 board “voted to publish a proposed \$516 million budget for the 2007-08 school year.”

The same story later includes a note that may appear to be merely technical, but which has great significance:

Chief financial officer Linda Jones said the published figures will differ from the numbers in the district’s budget-at-a-glance book. State law requires the district to include grant money in its totals. The state also asks that funds for the Kansas Public Employees Retirement System be listed.

‘They wire the funds into our bank account and wire them out the same day, but they want them shown on our books,’ she said.

These requirements mean that the published budget will be about \$577 million, Jones said.”¹⁴

The difference between the budget-at-a-glance figure of \$516 million and the published budget figure of \$577 million is \$61 million. In other words, the current budget of USD 259 is 12% higher than commonly understood. The explanation that the states wires “wire[s] the funds into our bank account and wire them out on the same day” makes it sound as if the funds are not actually spent. Yet they are in fact obligations incurred in running the district. As a result, in the 2007-08 school year, we can expect USD 259 to spend well over \$10,000 per pupil. That’s either \$11,809 if headcount is used, or \$12,698 if FTE enrollment is used.¹⁵

The district also enjoys non-tax revenues. Less than a month after this article was published, the district received more grant money: \$25,000 for middle school sports, \$85,000 for a “fine-arts technology model classroom,” and two grand pianos for a middle school, and \$84,271 “to support innovative and creative classroom lessons.”¹⁶ This is just the latest round of contributions to the Education EDGE Foundation, which has received over \$1.4 million in contributions.

Staffing Levels and Compensation

Discussions of education often focus on inputs: How many students are in a classroom? What is the level of experience of the teachers? What are teachers paid? While it is easy to think that each of these items has some bearing on student outcome, the focus should be on outcomes, not inputs. After all, the purpose of a school should be learning and not employment.



That said, what has happened to the compensation of certified staff? The need to increase was (and continues to be) a rationale for budget increases. According to the Comparative Fiscal & Performance System, teacher compensation in USD 259 has increased roughly 50 percent in the last ten years.¹⁷ By contrast, inflation during that time was less than half that amount. Contrary to the popular understanding the teacher pay is languishing, teacher pay is in fact going up.

One seldom-mentioned form of compensation increase is the funding in the new budget for an extra 163 positions. In effect, this is a pay raise for existing employees, since it means a slightly smaller workload for each person. In most sectors of the economy, the rule is productivity increases, as fewer people do more work. In education, by contrast, decreased productivity is expected, as more money is spent in the name of reducing the number of students in each classroom.

Average pay, including salaries, fringe benefits and supplemental salary		
<i>School year</i>	<i>Principals</i>	<i>Teachers</i>
2007	87,468	55,445
2006	82,970	50,830
2005	75,977	46,554
2004	74,353	44,493
2003	73,305	44,986
2002	72,073	43,946
2001	67,633	40,684
2000	65,780	39,792
1999	63,969	38,399
1998	63,308	37,152
% change from 1998 to 2007	38%	49%

The Bureau of Economic Analysis, meanwhile, estimates that per-capita income in Sedgwick County was \$30,908 in 2003; \$32,611 in 2004; and \$34,703 in 2005.¹⁸

Performance

The readily available data for student achievement is not as rich nor does it go back as far as the data for the budget. But the trend is not as strong as we would like to see.

State assessments, including the Report Card and the Comparative Fiscal & Performance System offers several year's of data. They tell us, for example, that three in ten fifth-grade students do not read at grade level. Nearly two of every five students in eleventh grade do not read at grade level—this despite increased spending and efforts of district staff.



Reading Percent Proficient			
School year	Grade 5	Grade 8	Grade 11
2007	70.9%	63.5%	58.8%
2006	68.1%	64.5%	63.1%
2005	70.1%	66.9%	56.1%
2004	57.2%	62.2%	53.9%

Reading is the strongest subject in the district. What of math? The drop-off rate from elementary to high school scores is dramatic. The proficiency rate for mathematics is 72 percent for fourth-grade students, but less than half for tenth-grade students.

Math Percent Proficient			
School year	Grade 4	Grade 7	Grade 10
2007	71.6%	60.5%	NA ¹⁹
2006	67.1%	58.8%	42.4%
2005	73.5%	55.5%	33.8%
2004	69.8%	48.2%	37.2%

Social studies is something of a bright spot; scores at the high school level actually outpace those at the elementary and middle school level. This is contrary to the usual pattern, in which failure to bring students to grade level increases from elementary to middle to high school. But even though social studies scores are the exception to the rule, roughly half of all high school students still fail to perform at grade level.

Social Studies Percent Proficient			
School year	Grade 6	Grade 8	Grade 11
2005	45.1%	51.4%	54.5%
2003	43.3%	44%	48.3%

Finally, performance in science is weak, with more than half of students in middle and high school failing to perform at grade level.

Science Percent Proficient			
School year	Grade 4	Grade 7	Grade 10
2005	58.1%	48.7%	44.3%
2003	52.9%	42.8%	39.2%



While the skills and knowledge acquired by a school district can vary greatly, another measure of performance is the percentage of students who graduate on time. The graduation rate in 2006 for USD 259 was 77%, meaning that a significant portion of students—more than one out of five—dropped out or received a “non-regular diploma” such as a GED.²⁰

Further, policy makers and the public should not use the official proficiency numbers as the basis for being overconfident in the district's academic performance. Investigations by the U.S. Department of Education and the Thomas Fordham Institute, among others, have compared the results of state proficiency tests with results achieved on the National Assessment of Educational Progress (NAEP). Though these reports use different methodologies, they suggest that state proficiency tests overstate the degree of student proficiency.²¹

The U.S. Department of Education, calculated its best estimate of what a “proficient” student would score on the NAEP. For eighth-grade reading results in 2005, the number for Kansas was 242. For least 17 states, including Iowa, Louisiana, and Wyoming, the comparable number was higher. Test scores for fourth-grade mathematics showed a similar pattern. At the least, Kansans should not be complacent about the performance of students, or of the schools in which they are enrolled.

Commentary

There is no doubt that USD 259 has many hard-working, well-meaning teachers and other staff. Yet in the national and global economy, intentions are not enough. The budget of USD 259 has steadily increased over time, more than doubling since 1990, even though enrollment gain has been minimal. Even adjusting for inflation does not remove the fact that school spending has increased dramatically.

Has this increase in financial effort brought about a satisfactory result? Regardless of which test—math, reading, science, or social studies—too few students are achieving at levels they need to for their benefit, and for the good of the local community, the state, and ultimately, themselves.

Will the increased money from the state, the increased money from the increase in the mill levy, and increased money from a bond issue result in USD 259 returning a satisfactory social return? If history is any guide, the answer is no.

A school district, like most organizations, does require some money to operate. But given its ability to collect money through taxes—and in some cases, raise tax levies without popular approval—the fiscal and academic performance of USD 259 should face strict scrutiny. Claims that previously allocated increases are not enough to keep up with ongoing costs of doing business suggests that a change in the way of doing business is in order.

The record suggests that the district does not deserve the privileged position it has over tax dollars. Broader changes that will give more power to the intended beneficiaries of those dollars—families of children seeking a K-12 education—is called for. Many of these changes are not within the power of USD 259. But reforms within the district must be taken to drive more money to the classroom, reward teacher performance rather than longevity, and give taxpayers a say in tax rates. District officials actively compare USD 259 to neighboring districts. One way



to act on that confidence, and embrace accountability, would be for district officials to embrace school choice measures. USD 259 has a variety of magnet schools and other programs. Given those advantages, even if its budget was parceled out in checks that parents could redeem at any school in the Wichita area, USD 259 would still attract a sizable portion of student enrollment. That vote of confidence would be preferable to yet another allocation of funds into the current environment.

Notes

About the Total Expenditures by District Data

Much of the information in this policy paper was taken from the Total Expenditures by District reports that are created by the Kansas State Department of Education. In any discussion of data that encompasses several years, readers should be aware of what is included and what is not included. The original reports, as published by the department, contain a footnote, which is reprinted below.

"September 20th Full-Time Equivalency Enrollment (includes 4yr old at risk). Beginning with the 2005-06 school year, enrollment includes February FTE enrollment for military districts based on 2005 House Bill 2059.

"Total expenditures include the following funds (less transfers): General, Supplemental General, At-Risk 4Yr Old (beginning 2005-06 and thereafter), At-Risk K-12 (beginning 2005-06 and thereafter), Adult Education, Adult Supplemental Education, Bilingual Education, Capital Outlay, Driver Training, Extraordinary School Program, Food Service, Professional Development, Parent Education Program, Summer School, Special Education, Vocational Education, Area Vocational School, Special Liability Expense, School Retirement, KPERS Special Retirement Contribution (beginning 2004-05 and thereafter), Contingency Reserve, Textbook and Student Material Revolving, 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 local aid. It is not unusual for a district to accumulate monies in its capital outlay fund for large projects and spend the money in one year. During that year, expenditures will be higher than usual and may drop the following year. Also, in those districts where the voters have approved a bond issue, the expenditures would be higher in the year that the district begins making bond payments."

About the Comparative Performance & Fiscal System

The Comparative Performance & Fiscal System is another information source provided by the Kansas State Department of Information. It complements but does not replace the Total Expenditure by Districts report.

According to the CP & FS, during the most recently reported year, USD 259 did not spend any money from several of the above-mentioned funds. These include: Adult Supplemental; Area Vocational School; School Retirement; Contingency Reserve; Bond and Interest #2; and No-Fund Warrant. Spending on what might be called "non K-12" programs was minor: Driver



Training (\$1.4 million); Adult Education (\$1.4 million); and Parent Education (\$948,223) are the most notable. School lunch spending was \$19.6 million.

About the Author



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Sources:

- ¹ USD 259, "Parent Budget Manual," available online at <http://www.usd259.com/offices/finance/budgetnews/Default.htm>. Accessed September 12, 2007
- ² "Budget Profile 2006-2007," USD 259, available online at <http://www.ksde.org/Default.aspx?tabid=1812>.
- ³ "Wichita school district proposes tax increase," Wichita Eagle, July 16, 2007.
- ⁴ "School funding group switching to lobbying," Topeka Capital-Journal, June 9, 2007.
- ⁵ See, for example, "School finance group settles open record lawsuit," Kansas City Star, March 6, 2007, "Tracking lobbyists," Parsons Sun, March 2, 2007.
- ⁶ "Wichita school district proposes tax increase," Wichita Eagle, July 16, 2007.
- ⁷ "Schools move ahead with planned hike in tax rate," Wichita Eagle, July 24, 2007.
- ⁸ "Have a voice in local budget debates," Wichita Eagle, July 25.
- ⁹ "Strong communities need strong schools," (Op-ed), Wichita Eagle, August 5, 2007.
- ¹⁰ Becky Tanner, "Teachers, district agree on contract," Wichita Eagle, July 25, 2007.
- ¹¹ "District to update Facilities Master Plan," USD 259 web site, undated, <http://www.usd259.com/news/headlines/fmp.htm>
- ¹² The inflation number here is based on the Midwest urban data set of the Bureau of Labor Statistics, available online at www.bls.gov.
- ¹³ Kansas State Department of Education, "Total Expenditures by District," <http://www.ksde.org/Default.aspx?tabid=1810>, accessed on August 22, 2007.
- ¹⁴ "Schools move ahead with planned hike in tax rate," Wichita Eagle, July 24.
- ¹⁵ The "Budget at a Glance" for 2007-08, USD 259, available online at <http://www.usd259.com/offices/finance/budget/year2007-08/default.htm>, which uses the budget total of \$516 million, estimates that head count for 2007-08 will be 48,861. The headcount number typically exceeds the FTE enrollment number. Based on the history of the last 5 years, we estimate that the FTE will be 45,441. Dividing either number into the \$577 million number reported in the Wichita Eagle gives the per-pupil spending amounts of \$11,809 and \$12,698, respectively.
- ¹⁶ "Wichita school district gets nearly \$200,000 in grants," Wichita Eagle, August 16.
- ¹⁷ The Comparative Performance & Fiscal System is available online at http://cpfs.ksde.org/cpfs/custom_rpts.aspx. The system includes both general and more detailed information on property values and rates; enrollment, attendance, graduation and dropouts; principal and teacher salaries; student assessments of various sorts; and budget data. The system includes information from the 1997-98 school year going forward.



¹⁸ Bureau of Economic Analysis, "Personal Income and Per Capita Personal Income by County for Kansas 2003-2005," <http://www.bea.gov/bea/regional/reis/scb.cfm>, accessed on August 22, 2007.

¹⁹ Results for the tenth grade were not available.

²⁰ "Report Card," Kansas State Department of Education, http://online.ksde.org/rcard/dist_grad.aspx?org_no=D0259, accessed on October 2, 2007.

²¹ U.S. Department of Education, "Mapping 2005 State Proficiency Standards Onto the NAEP Scales," available online at <http://nces.ed.gov/nationsreportcard/pubs/studies/2007482.asp>; Thomas B. Fordham Institute, "The Proficiency Illusion," available online at <http://www.edexcellence.net/foundation/publication/publication.cfm?id=376>.

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