

POLICY PAPER

Volume 3, Issue 6

August 22, 2006

K-12 SPENDING AND PERFORMANCE IN KANSAS: 2006 EDITION

BY JOHN R. LAPLANTE

Executive Summary

Kansans pay federal, state, and local taxes to cover the cost of educating children. How much are they paying, and what are they getting in return?

This report looks at the recent history of school spending and achievement in Kansas. Using the Total Expenditure report and the Comparative Performance & Fiscal System, both products of the Kansas State Department of Education, it distills information about the effectiveness and costs of public schools in Kansas.

At the end of the 2004-05 school year, enrollment stood at 441,867 students, or more precisely, 441,867 FTE (full-time equivalent) students. This was an increase of just 1.1 percent from 437,210, the comparable number from the 1993-94 school year.

In contrast, spending from federal, state, and local funds have all increased dramatically during this time.

- *Federally financed spending nearly tripled, increasing from \$137.3 million in 1993-1994 to \$398.7 million for 2004-05.*
- *State funding increased 61 percent, going from \$1.5 billion to \$2.4 billion.*
- *Spending from local funds went up by half, from \$1 billion to \$1.5 billion.*
- *During the typical student's high school career, total spending increased at double-digit rates.*
- *Per-pupil spending increased 62 percent, or 25 percent when adjusted for inflation.*
- *Over half of all districts spent in excess of \$10,000 per pupil in 2004-05, while 45 districts spent over \$12,000.*

Do higher-spending districts have higher levels of achievement? A series of analyses of proficiency test scores and spending levels suggests that the answer is no.

Concerned citizens are justified in asking "Is this what we get after ramping up spending by some 60 percent?" Adjusting the funding formula by adding or altering dedicated funding streams or weighting factors may or may not satisfy the rural versus urban dispute, or equity concerns. Still, fewer than half of students are proficient on key measures, and roughly one in four students who reaches high school age does not complete school in four years.

Kansans have made a significant investment in education. Given the premium in today's world on a skilled and educated workforce, we must ask what reforms, possibly including those not being using today, will best serve the needs of students.



Last year the Flint Hills Center for Public Policy released a series of policy briefs titled “Facts About Education Spending in Kansas.”¹ These brief reports, which gave basic information about overall spending and attendance for the state of Kansas as well as for selected districts, garnered a variety of reactions.² This report is an updated and revised version of the statewide policy brief.

Total Expenditures by District

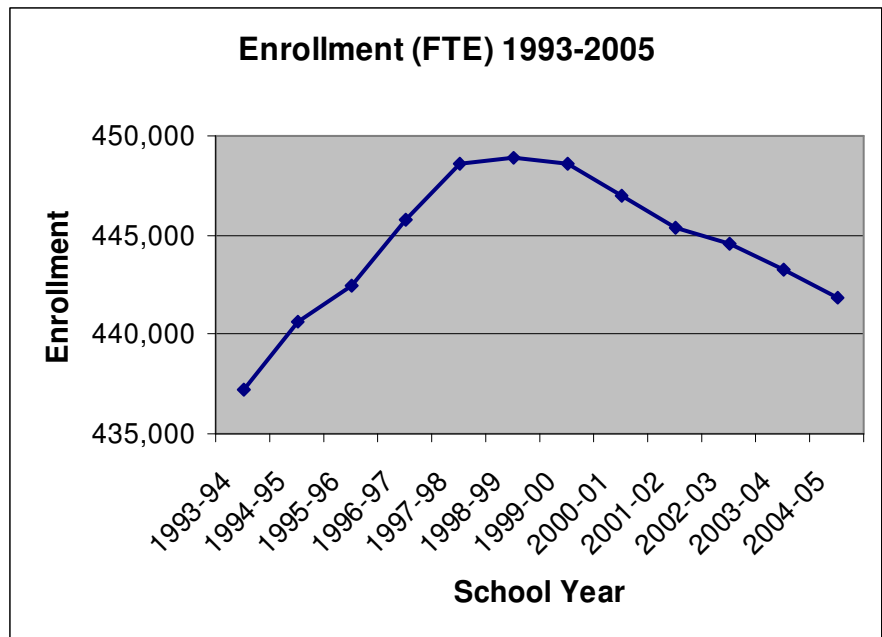
A report published by the Kansas Department of Education (KSDE) titled “Total Expenditures by District”³ provides the most comprehensive picture of spending on schools.⁴ The Kansas Legislative Research Department also publishes this report in an enhanced form. Currently, this information goes back to the 1993-1994 school year. It includes spending in over 30 fund categories, ranging from the obvious and large (general funds) to the small and obscure (tuition reimbursement). KSDE staffers 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) are not double counted.

Student Enrollment Data

The first thing 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 both increased and decreased from time to time, changing by an average of roughly one-third of one percent each year. Between 1993 and the 2004-05 school year, enrollment in Kansas schools increased a total of 1.1 percent, ending at 441,867.⁵ In other words, student demands on the public schools, as measured in enrollment numbers, did not change much in 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



Funding from Various Funds Increased

In contrast with the modest increase in student enrollment, school spending grew 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, federal aid to Kansas schools has grown. Schools recently spent nearly three times as many federal dollars as they did in the early 1990s. Federally financed spending increased from \$137.3 million in 1993-1994 to \$398.7 million in 2004-05.

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

State and Local Funding

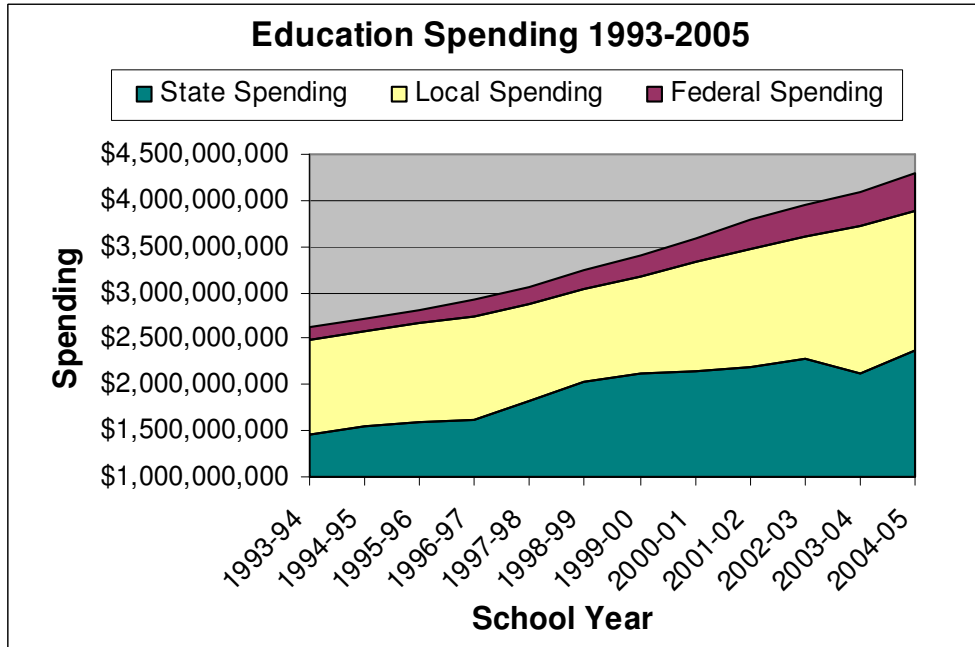
The largest portion of education funding, however, continues to come through state and local governments. Though spending from these sources has not increased as dramatically (in percentage terms) as federal spending has, state and local dollars still fund most school spending.

In 1993, school spending from state aid was \$1.5 billion; in 2005 it was up to \$2.4 billion, an increase of 61 percent.

School Year	State Aid (\$)	Local Aid (\$)
1993-94	1,468,606,823	1,011,858,024
1994-95	1,558,335,916	1,012,554,570
1995-96	1,604,933,171	1,061,918,793
1996-97	1,618,449,030	1,121,816,183
1997-98	1,815,684,144	1,058,428,663
1998-99	2,035,194,082	1,004,736,639
1999-00	2,110,484,390	1,071,444,132
2000-01	2,152,622,486	1,172,918,480
2001-02	2,200,529,799	1,269,928,113
2002-03	2,277,804,680	1,335,185,546
2003-04	2,124,578,761	1,592,564,728
2004-05	2,362,223,172	1,528,524,331

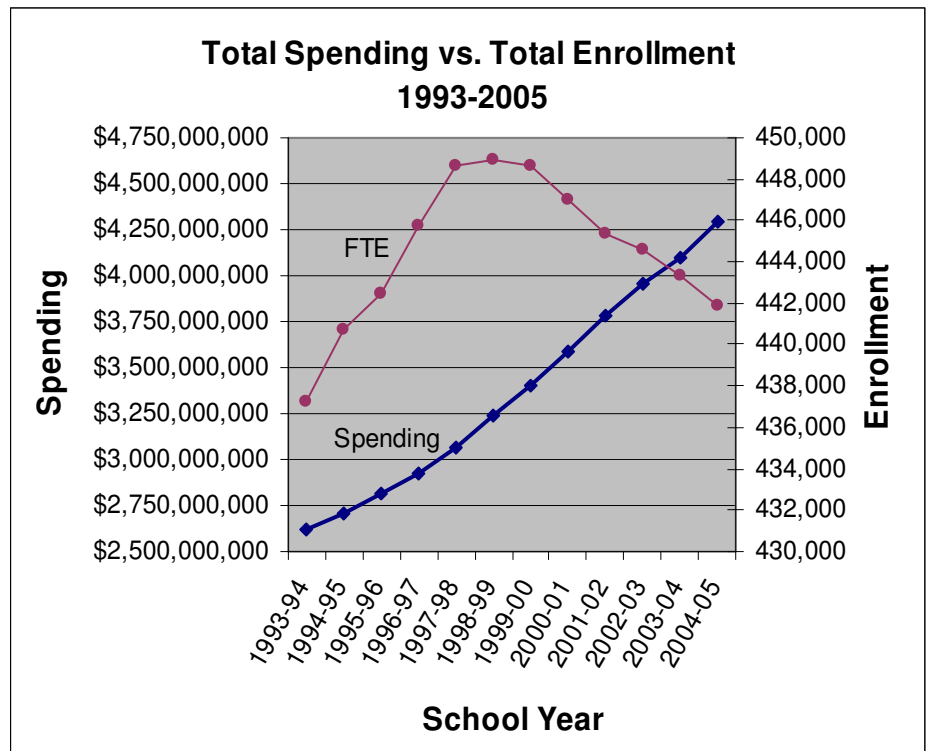
Local aid was up as well, by over half (51.1 percent). In 1993, local aid to schools was \$1 billion, but that amount increased to \$1.5 billion by 2005.





As a result of increases at the local, state, and federal level, total support for schools increased 64 percent between 1993 and 2005. While the total effort was \$2.6 billion in 1993, it was \$4.3 billion in 2005.

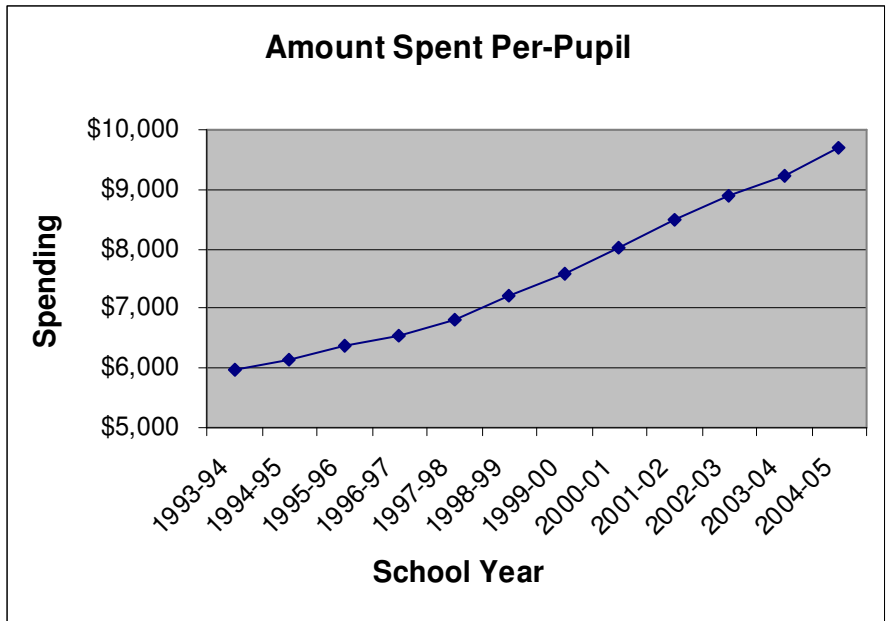
School Year	Total Aid (\$)
1993-94	2,617,724,961
1994-95	2,711,375,782
1995-96	2,817,168,587
1996-97	2,921,798,533
1997-98	3,063,233,269
1998-99	3,242,496,446
1999-00	3,402,708,872
2000-01	3,586,579,119
2001-02	3,780,562,590
2002-03	3,953,718,874
2003-04	4,094,051,610
2004-05	4,289,414,543



The combination of meager growth in student enrollment and significant growth in total aid to schools means that per-pupil spending is far higher today than it was just over a decade ago. In 1993, per-pupil spending by Kansas public schools was \$5,987. Spending breached the \$7,000 per-pupil level in 1998, and it bumped against the \$10,000 level in 2004-05.

Also worth noting is the steady after-inflation increase in school spending. In no year during the years 1993 through 2005 did per-pupil spending increase by less than 3.5 percent. It is important to emphasize that this number does not merely reflect total spending, but total spending per student. Over time, on a regular basis, schools received and spent more money for each student.

For every dollar that schools spent on a student in 1993, they spent that much and then another 62 cents in 2005. Even after accounting for the effects of inflation, per-pupil spending went up 25 percent since 1993.



School Spending 1993-2005					
School year	Students	State Aid (\$)	Local Aid (\$)	Federal Aid (\$)	Per-pupil Funding (\$)
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
Total Change					62.1%

The point-to-point comparison between 1993-1994 and 2004-05 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. A high school graduate usually takes four years to complete the requirements for a diploma. So one way to get an idea of the changes in school spending is to see how much spending has changed from the beginning of a student’s high school career to its end. By looking at how the financial effort exerted changed over a number of four-year periods, we get a series of snapshots.

What we find is that per-pupil spending has increased at double-digit rates over every four-year period. It is worth pointing out again that these double-digit increases are for spending on a *per-pupil basis*. That is, for each student, schools have been spending ever-increasing sums.

Per-pupil Spending Increases, 4-year Periods	
School Years*	Change in Spending
1993-1996	9%
1994-1997	11%
1995-1998	13%
1996-1999	16%
1997-2000	18%
1998-2001	18%
1999-2002	17%
2000-2003	15%
2001-2004	14%

*1993-1996 denotes 1993-1994 school year through 1996-1997, etc.

Distribution of Per-Pupil Spending

During the 2004-2005 school year, per-pupil spending amounts varied across Kansas, with a few districts involved in consolidation topping out at \$15,000 or more per student. These districts were the exception, but 45 districts—a little more than one out of six—spent \$12,000 or more per pupil. Over half of all districts—175, or almost 6 out of 10—spent \$10,000 or more per student.

Generally, the smaller the district, the larger the per-pupil spending. We obtain this result by dividing districts into quartiles, by enrollment. Per-pupil spending in the quartile with the smallest enrollment (\$11,882) exceeded that of districts in the largest quartile (\$9,182) by almost 30 percent. An examination of the causes and implications of those differences is beyond the scope of this publication.

Per-pupil Spending Across District Size (2004-2005 School Year)		
Per-pupil Spending (Total \$)	# of Districts	FTE (Median)
7,000-7,999	11	2,047
8,000-8,999	37	1,485
9,000-9,999	77	742
10,000-10,999	76	495
11,000-11,999	52	324
12,000-12,999	24	234
13,000 and up	23	143

Per-pupil Spending by Enrollment (FTE per District)			
Quartile	Median FTE	Median Per-pupil Spending (\$)	Median Square Miles
First	2,149	9,182	128
Second	746	9,867	282
Third	404	10,519	303
Fourth	215	11,882	244



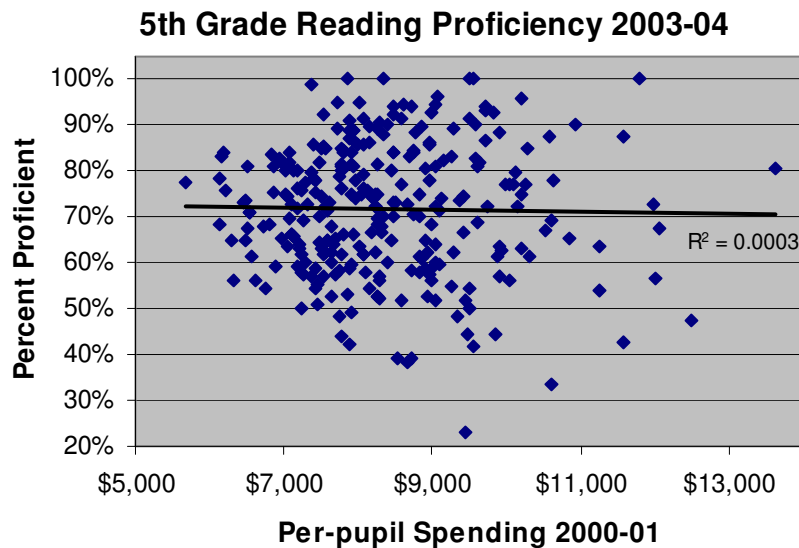
The Comparative Performance & Fiscal System

Since the publication of the Flint Hills Center’s 2005 report on spending and enrollment, the state department of education released an online database, called the Kansas Education Comparative Performance & Fiscal System, or CPFS for short.⁶ The CPFS is a new method of gaining access to school financial information. It gives lawmakers, school officials, and the public a chance to look at school spending and revenues in more detail. Equally important, if not more so, it includes performance data such as the percentage of students who scored proficient or better on standardized tests. It helps us answer the question “Are our tax dollars being spent well?”

The unfortunate finding is that extra spending does not always translate into greater achievement. If there was a direct and positive correlation between achievement and spending, we could expect higher-spending districts to achieve at a greater rate than lower-spending districts. But this has not been the case.

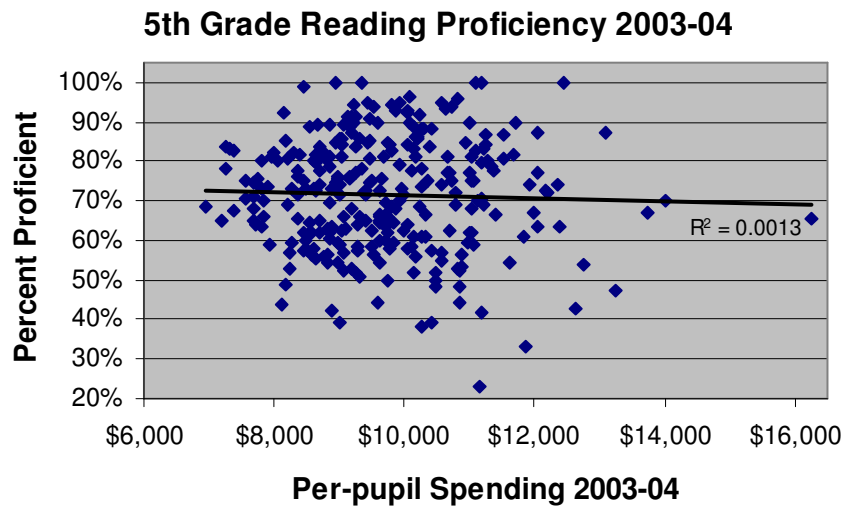
Reading

Consider, for example, the 2003-2004 proficiency tests in reading. When we compare per-pupil spending amounts and district proficiency rates across the state, do we see a pattern? It is hard to say that is the case. Consider, for example, student test results and district spending from 2000-01, a few years before the students took these tests. Does extra spending a few years prior to the tests make a difference on test scores?

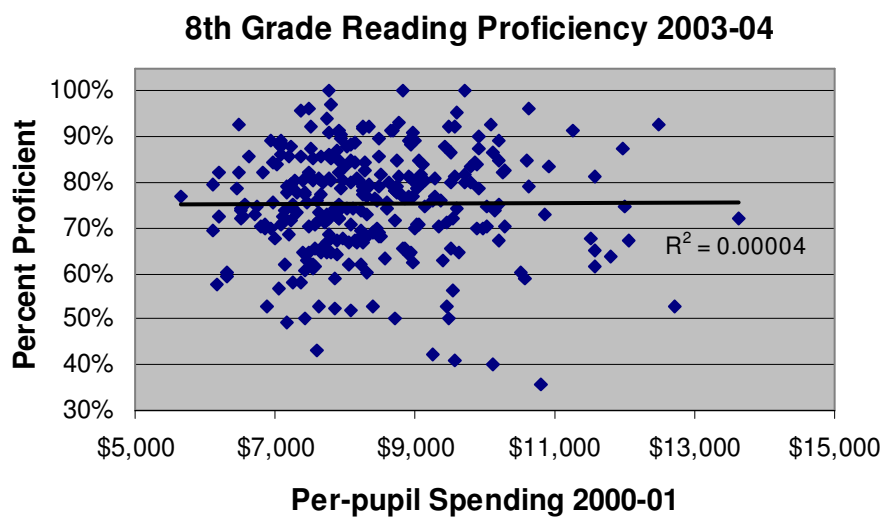
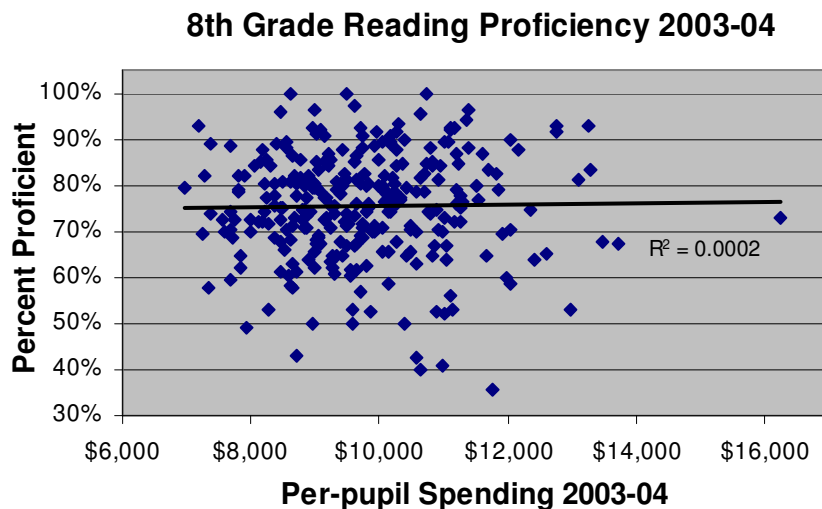


If we focus on spending in the year during which the students are tested, we again find no strong relationship.



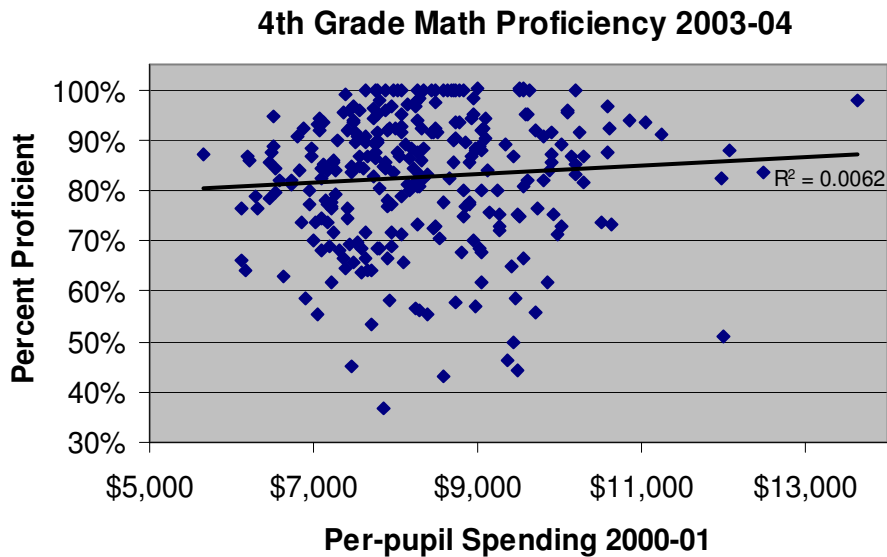


A similar pattern—or more accurately, lack of a pattern—can be observed on the eighth grade test for reading. We see little correlation between proficiency rates and per-pupil spending, whether we look at spending a few years before the test, or the year of the test.

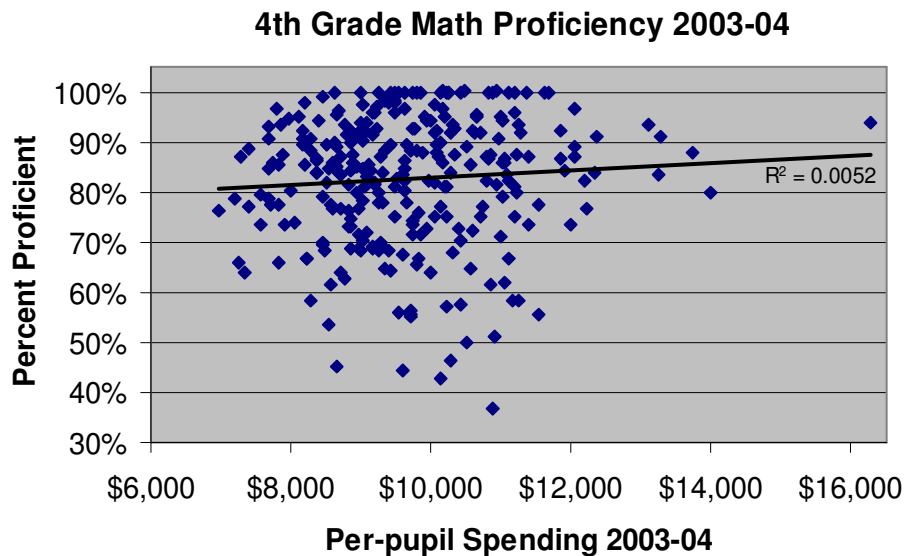


Math

What happens when we look at math results? Again, there is no visible relationship between per-pupil district spending and the percentage of a district's students who score proficient or better. This holds true regardless of grade level.



What's the relationship between per-pupil spending in 2003-04 and the fourth-grade math test that year? Not a very strong one, to say the least.

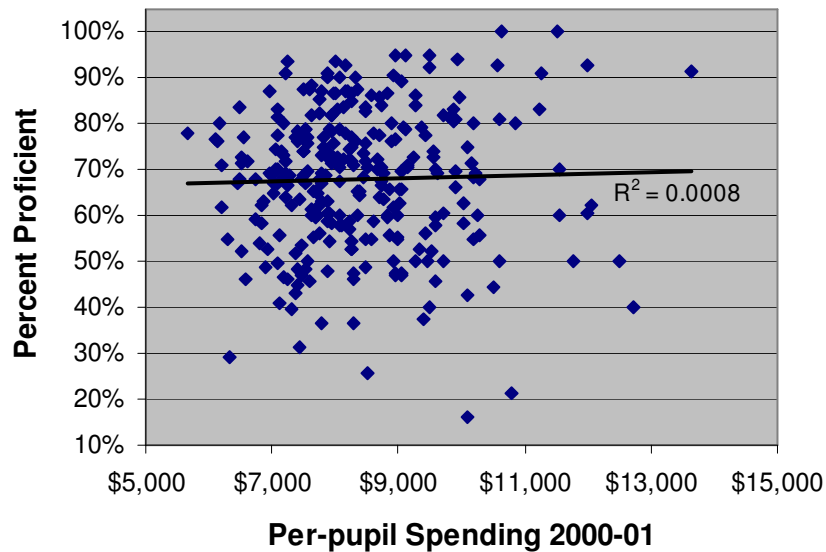


We find a similar pattern when we look at seventh-grade proficiency tests. Again, there is no discernable correlation, let alone causation, between per-pupil spending and proficiency rates.



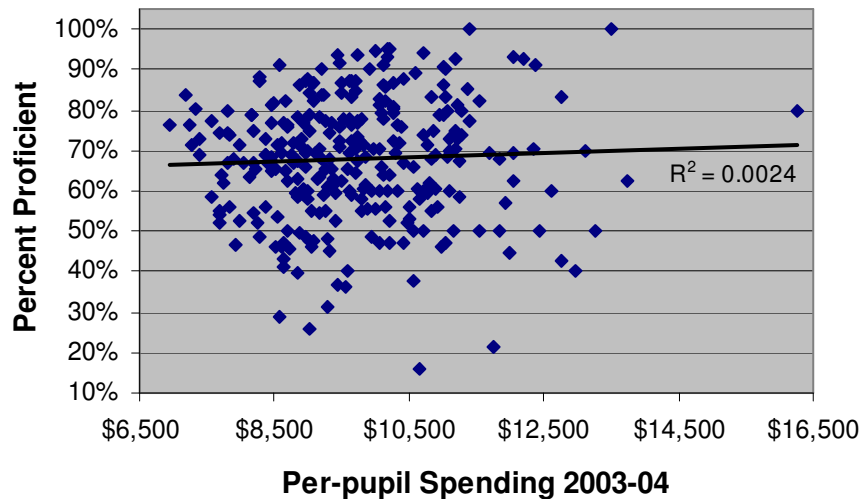
This is true if we consider spending a few years before the test.

7th Grade Math Proficiency 2003-04



It is also true if we look at spending in the year of the test.

7th Grade Math Proficiency 2003-04



Discussion and Recommendations

What does this short tour through the Total Expenditure report and the Comparative Performance and Fiscal System reveal? A little, and a lot.



Student enrollment barely increased since 1993, at just over 1 percent. By contrast, total spending on education increased 64 percent, leading to a per-pupil spending increase of 62 percent. Local funding increased the least, over 50 percent; state funding went up 60 percent, and federal funding—the smallest contributor of overall funding of the three levels of government—went up 190 percent.

Over the years, policymakers at all levels of government have tweaked the funding formula in a number of ways. They added specific funding streams, for instance, to increase resources. The goal was 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 increased funding, been rewarded? One thing is clear: they have not prevented school funding from becoming a legal and political football involving 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 effort was unsuccessful.

On the more substantive concern of student achievement, the results of a decade's worth of increased public investment are less than satisfying. As the Flint Hills Center has pointed out before, the performance of Kansas schools, though above the national average, leaves something to be desired.⁷ On the National Assessment of Educational Progress, a national comparison test supervised by a bipartisan organization, only one-third of fourth and eighth grade students are reading at grade level. In math, roughly one-third of students know what they should know in the eighth grade. The "bright" spot is the fourth-grade math test, where roughly one-half of students test at the proficient level. Meanwhile, roughly one in four students drop out of high school, with serious implications for both the individual and society.

It is in light of this increased taxpayer effort and less-than-ideal school performance that the Flint Hills Center released last year's reports. This year's report again finds much room for improvement in the Kansas education system.

It's All Money. Is it All Effective?

The Flint Hills Center drafted this year's report with the criticisms offered last year in mind. In discussing where lawmakers should go from here, it is appropriate to review the criticisms.

One objection to the previous year's report—one that will most likely be offered again—was that the report included federal money. It is true; this report and the earlier edition both include money from federal sources.

There are several responses to that objection, however. First of all, some of that federal money came initially from Kansans, so including federal money does to some extent reflect the effort of Kansans. Secondly, federal money does not exceed ten percent of total spending on public schools, so including those funds does not distort the overall picture. Finally, the point of spending taxpayer money, regardless of source, is to devote public resources to education. If the money is not bringing satisfactory results, then we should consider ways to spend it more effectively.

A second objection to the initial report is that it includes data from one-time funding sources. A related objection is that picking an arbitrary starting year can produce distorted comparisons between the beginning and ending years.



It is important to note that a prudent approach involves not only looking at two points in time (the starting year and the ending year in the report), but the trend. This report does offer trend information that taxpayers, policymakers, and other interested parties may find useful.

A third objection to last year's report is that the definitions of "education spending" are unnecessarily broad, overstating the amount of money spent. We would agree that one category of spending included in the data sources—driver training—is at best a questionable candidate for inclusion in a discussion of public effort to support education. It is, however, a rather modest amount, at \$5.4 million. (Recall that total school spending exceeds \$4.2 billion.) Decision makers themselves do not agree on which categories should be counted as education-related. Rather than pick and choose which categories to include in this report, we have decided to be as complete as possible, and use everything reported to the Kansas State Department of Education.

It is important to remember that non-instructional staff, co-curricular activities, and other factors that might be dubbed "overhead" were put into school budgets with a rationale in mind. That rationale is that they would somehow improve student learning. If, for example, we accept the need for subsidized lunches on the grounds that "hungry children can't learn," then it is fair to include the amount of those subsidies in any discussion of taxpayer effort towards education.

A fourth possible objection is that this report looks at aggregate numbers. That is, the scatter plots that compare the per-pupil spending amounts of districts with their proficiency results mask substantial differences across districts. Some districts have many more poor families or students who speak English as a second language, for example.

It is true that school districts are not all alike. Some face one set of challenges. Others face a second set. Some face still others. And yet policymakers design the funding formulas, with their weightings and various programs such as school breakfast or enhanced literacy efforts, with these differences in mind. Is the system working as well as it can be? This is a question that bears repeating.

Finally, some may argue that the basket of goods and services that schools purchase differs substantially from the rest of the economy. In particular, the cost of employee healthcare benefits is rising at a rate that exceeds the general inflation rate. Aggregate numbers do not do justice to the challenges that schools face.

It is impossible to deny the rise in health care and other costs. But again, any discussion of education cannot ignore this issue: is the system working as well as it can? Rising costs in health insurance premiums and related expenses are by no means unique to schools. Across the economy, organizations in the private and public sector must work to increase productivity and effectiveness, even in the face of rising health care costs. The question of how organizations address these costs is beyond our scope, but increased use of consumer control over spending is one possibility.⁸

Time to Think of Expanding Our Approach

It should be clear, then, that the efforts of the last 13 years, which invariably include the phrase "the schools need more funding," have fallen short. Concerned citizens are justified in asking "Is this what we get after ramping up spending by some 60 percent?" Tweaking the formula may eventually satisfy the rural versus urban dispute, as well as equity concerns. It may even satisfy the Kansas Supreme Court. But will continuing within the current framework work for Kansas in an increasingly competitive world?



As Thomas L. Friedman points out in his recent bestseller, *The World is Flat*, “Globalization 3.0” emphasizes the skills and abilities of individuals in the formerly uncompetitive and economically remote countries of China and India.⁹ Will adjusting a funding formula while maintaining an emphasis on the status quo of school governance prepare Kansas schoolchildren for the world they will face in adulthood?

To date, education funding has been focused on schools and not students, with students assigned to a school based on their residence. As Milton Friedman noted in a recent interview, if you want to subsidize education—the preference of most Americans—you have two choices: subsidize the student, or subsidize the school. We have focused on subsidizing the school. But, Friedman argues, “we must have a situation in which parents are free to choose the schools their children attend. They aren't free to do that now. Today the schools pick the children. Children are assigned to schools by geography—by where they live.”¹⁰

The results of assigning students to schools have not been so good that they immunize the current approach from change. As other states have done—and other nations have done—Kansas should add parent-centered, choice-enabling elements to its approach to educating children. Those reforms could entail loosening the grip that local district boards have over charter schools, enacting a tax credit for contributions to student scholarship organizations, or a variety of other measures that expand options for parents.

Whatever path Kansans take, they should keep in mind that there is much to be desired in achieving the goal of educating the next generation, even after substantial increases in funding. The students of tomorrow can only hope that citizens of today will see fit to focus on students, not schools.

About the Author



John R. LaPlante is an education policy fellow with the Flint Hills Center for Public Policy. A complete bio can be found at <http://www.flinthills.org/content/view/24/39/>.

Mr. LaPlante can be reached at (316) 634-0218 or john.laplante@flinthills.org.



Notes

¹ Facts About Education Spending in Kansas, March 19, 2005.

² One legislator, for example, said that the reports were “helpful,” while another said they were “misleading.”

³ 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. 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>.

⁴ 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.”

⁵ 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.

⁶ The Kansas Education Comparative Performance & Fiscal System is available through the web site of the Kansas Department of Education. The home page for the system is: http://cpfs.ksde.org/cpfs/custom_rpts.aspx.

⁷ Why Kansas Must Improve its Above-Average Test Scores; How Good are Public Schools in Kansas?

⁸ See, for example, “Patient Power—A Health Care Reform Agenda for Kansas,” The Flint Hills Center for Public Policy, May 2004. Available at: http://www.flinthills.org/component/option,com_docman/task,doc_download/gid,183/Itemid,52/

⁹ Thomas L. Friedman, *The World is Flat: A Brief History of the 21st Century* (New York, NY: Farrar, Straus, and Giroux, April, 2005).

¹⁰ “Free to Choose: A Conversation with Milton Friedman,” *Imprimis*, July 2006. Available at: <http://www.hillsdale.edu/imprimis/2006/07>.

MORE ABOUT THE FLINT HILLS CENTER FOR PUBLIC POLICY

The Flint Hills Center for Public Policy is an independent voice for sound public policy in Kansas. As a non-profit, nonpartisan think tank, the Center provides critical information about policy options to legislators and citizens. For more information, please visit our web site at www.flinthills.org or contact us at inquiries@flinthills.org or (316) 634-0218.

Flint Hills Center for Public Policy

P.O. Box 782317
Wichita, KS 67278-2317
(316) 634-0218
inquiries@flinthills.org
www.flinthills.org

