

## **Special Report: February, 2014**

# **School Funding, At-Risk and All-Day Kindergarten and Performance**

Governor Sam Brownback has recommended the Kansas Legislature phase-in funding for full day kindergarten programs over the next five years. This proposal has also been adopted by the Kansas State Board of Education. Currently, all kindergarteners are counted as a half-time (0.5) student for funding purposes.

About 87 percent of Kansas kindergarteners are already in all day programs. Local school boards and communities made the decision to fund them from state at-risk funding, reallocation of other resources within the district, and in some districts, parent fees. The Governor's proposal to phase-in funding for all-day kindergarten would allow expansion of all day programs. Districts already offering all day programs would receive additional funding to invest in educational programs or reduce cost of attendance to families.

This report does not consider the impact of all-day kindergarten in isolation. Instead, it focuses on how effectively Kansas school districts have used at-risk and all other financial resources to achieve higher academic outcomes, particularly among "at-risk" students who are more likely to fall short of those outcomes. If the current system is delivering results, it is a strong indication that additional funding provided for all-day kindergarten will be used effectively.

### **Summary of Key Facts**

1. Eligibility for free or reduced price meals based on family income is a highly effective predictor of student achievement in school. The low income population in Kansas has been growing faster than the national average.
2. Kansas has directed significant funding to at-risk programs, including all day kindergarten, but overall state spending has remained below the national average.
3. Kansas relies more heavily on state funding for at-risk programs and less on local funding than most states. As state at-risk funding increased, spending on instructional purposes has increased.
4. Kansas has significantly increased the number of low income students meeting higher benchmarks, although an achievement gap still exists.
5. Kansas outperforms most states on national reading and math tests and other indicators, even though Kansas per pupil spending is below the national average and its percentage of low income students is just below the national average.
6. Kansas also does better than similar states on college preparation indicators, including student groups with historically lower performance.
7. Kansas public schools have higher performance on national reading and math assessments for low income students than both public and private schools nationally.
8. In recent years, Kansas per pupil funding has fallen behind inflation and other states. At the same time, there are "warning signs" that Kansas academic outcomes are slipping. Funding all-day kindergarten would help mitigate both trends.

**1. Eligibility for free or reduced price meals based on family income is a highly effective predictor of student achievement in school. The low income population in Kansas has been growing faster than the national average.**

There is a strong correlation between the percentage of a state’s students who are eligible for free or reduced price meals and educational outcomes. In simple terms, the more low income students a state has to educate, the lower its test scores, graduation rates and college attainment are likely to be.

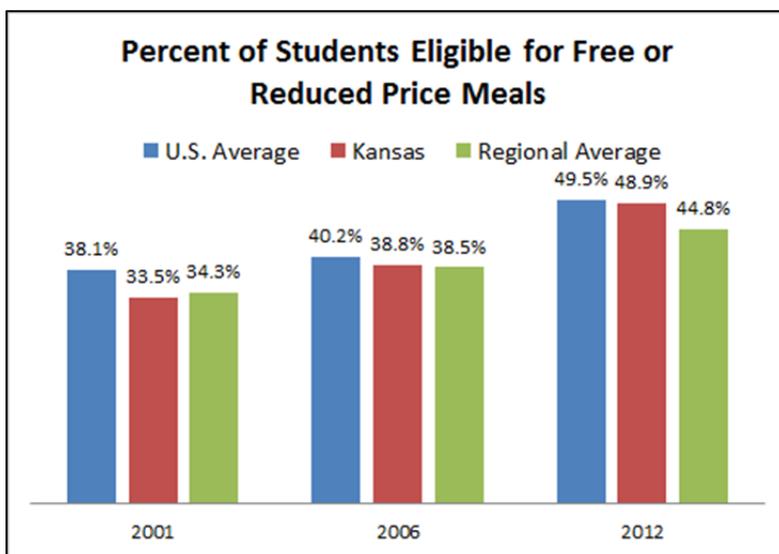
Specifically, KASB found the following statistical correlations between the percent of free and reduced meal-eligible students and educational outcomes (1.0 is a perfect one-to-one correlation, 0.0 is no correlation).

- National Assessment of Educational Progress combined scores: 0.76.
- High school completion rates, multiple measures: 0.69.
- ACT scores in states where most students takes the ACT: 0.64.
- SAT scores in states where most students take the SAT: 0.75.
- Adult educational attainment (high school four-year degree, advanced degree): 0.76.
- Overall national rank on all measures: 0.83.

This has created challenges for Kansas. Over the past decade, the percentage of low income students has increased significantly, and faster than the U.S. and regional averages. (Source: U.S. Digest of Education Statistics.)

In 2001, just one-third of Kansas students were eligible for free or reduced meals, which was nearly five percentage points below the national average and lower than the regional average (North and South Dakota, Minnesota, Nebraska, Iowa, Colorado, Missouri, Oklahoma and Texas).

However, by 2012 nearly half of Kansas students were eligible for free/reduced meals. Although other states increased as well, Kansas is now less than 1 percentage point below the national average. Kansas is now four points above the regional average.

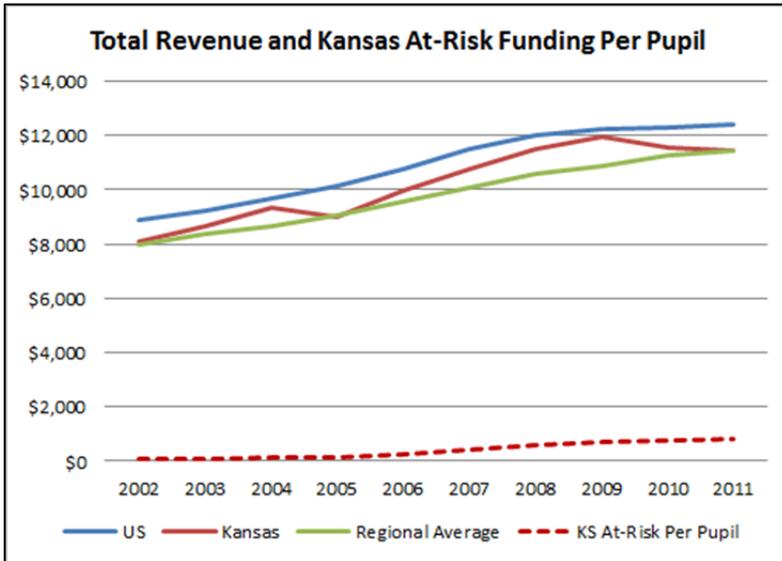


**2. Kansas has directed significant funding to at-risk programs, including all-day kindergarten, but overall state spending has remained below the national average.**

A special weighting factor based on the number of students eligible for free (not reduced) meals was created as part of a new school finance formula in 1992. Each free lunch student generated 5 percent of the base budget per pupil. Stated another way, for every 20 free lunch students, the district was allowed to “count” one more “weighted” student for funding purposes.

That amount was gradually increased to 10 percent by 2002. Based on a Legislative Post Audit study in 2006 following the *Montoy* school finance court decision, the weighting factor was increased to 45.6 percent by 2009, and an additional factor was added for high-density at-risk students and non-low-income students scoring below proficient on state assessments.

The higher factor, combined with the significant growth in eligible students, increased total at-risk weighting dollars from \$44 million in 2002 to nearly \$400 million in 2013, and from about 1 percent of total school revenue to nearly 7 percent.



However, total Kansas revenue per pupil (which includes funding from all sources for all purposes) has declined from 2009 to 2011 and is about \$1,000 lower than the U.S. average and equal to the regional average. (Source: U.S. Census Bureau, Public Education Finance 2013.)

This indicates increased at-risk weighting has required districts to spend a higher percentage of their budget on at-risk services, but the weighting formula has not increased overall spending compared to other states.

It is important to note at-risk weighting funds are not spent only on free-lunch students. The state uses the free lunch count because of the strong correlation between low income status and at-risk

status. However, the weighting simply creates a pool of money districts use to serve all students who are considered “at risk,” whether or not they qualify for free meals. The Legislature and State Board have given considerable freedom in how these dollars are spent.

It is also important to note at-risk weighting funds are not the only funds spent on at-risk students and programs. Districts were likely spending money from other revenue sources on programs to help at-risk students succeed when the weighting factor was lower, and many will continue to do so. The at-risk weighting is really the minimum financial commitment a district must make from state revenues.

**3. Kansas relies more heavily on state funding and less on local funding than most states. As state at-risk funding increased, spending on instructional purposes has increased.**

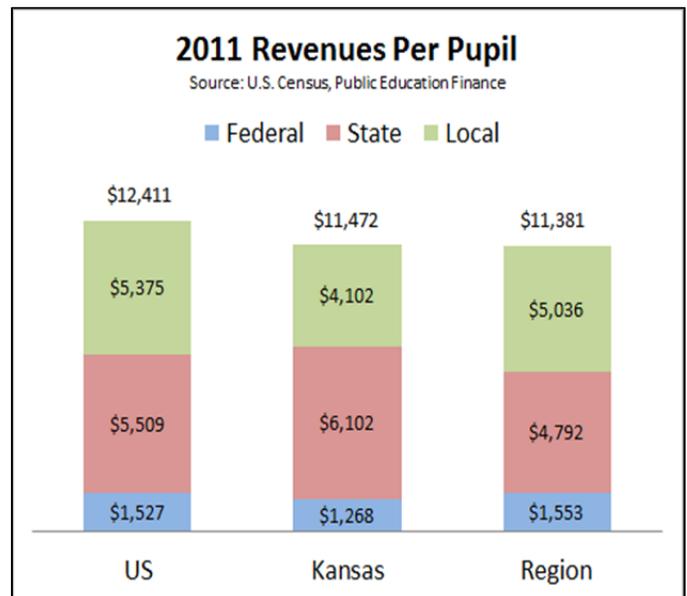
Kansas spends a high percentage of its state general fund budget on K-12 education not because it is a high-spending state but because it finances a higher percentage of education revenues from state sources. This was a policy choice in the 1990s when the Legislature acted to reduce local property taxes.

Compared to the national average, Kansas spends about \$600 more per pupil from state funding, but nearly \$1,300 less from **local** sources. Compared to states in the region, Kansas spends \$1,300 more from state funding, but receives over \$900 less per pupil from local sources. (Kansas also receives about \$300 less from federal programs than both the state and regional averages.)

If Kansas reduced state funding to the regional average and made up the difference from local sources, it would require almost \$600 million more in local property taxes or other revenues, equal to about 20 mills statewide.

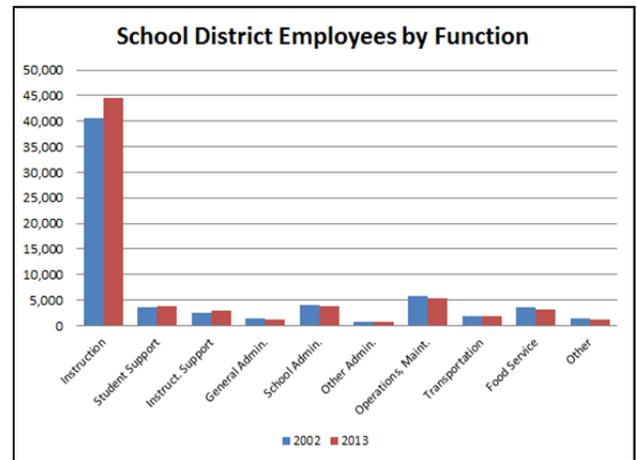
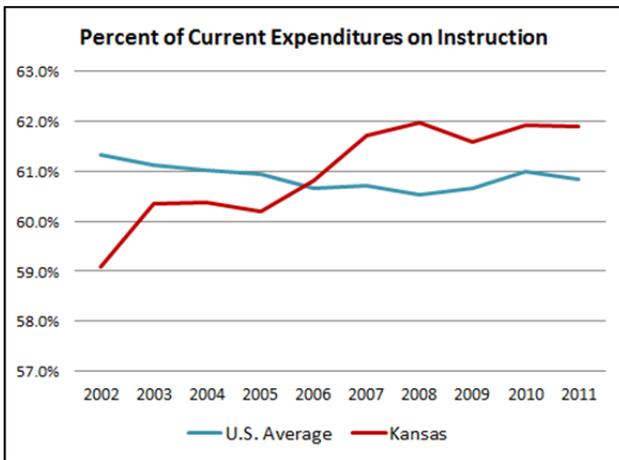
Since Kansas spends about the same amount as the rest of the region (in 2011, the most recent year for comparable data), its higher state funding results in lower property taxes, not higher total spending.

Although Kansas allows considerable local flexibility in how at-risk funding is used, most of the funding still must be used



for instructional purposes, including all-day kindergarten, paying teacher salaries based on the number of at-risk students served and special services for students such as after school and summer programs.

As at-risk funding was increased over the past decade, the percent of current expenditures going to instruction increased from 59 percent to 62 percent while the U.S. average declined.



Kansas now ranks 12th in the nation in the percent of current education spending dedicated to instruction.

As at-risk funding increased, Kansas school districts added over 4,000 instructional employees, while reducing positions in administration and operations. Instructional employees include both teachers and teacher aides and paraprofessionals who assist teachers in the classroom.

Districts also added some positions in students support (counselors, social workers, school psychologists, nurses and health aides) and other positions providing specialized services to students. Another area of growth was instructional support, including libraries, technology positions and other teacher supports.

**4. Kansas has significantly increased the number of low income students meeting higher benchmarks.**

To measure the effectiveness of Kansas at-risk programs, two assessments of education performance are useful. The first is state reading and math assessments, given every year in grades three to eight and once in high school. The second is the NAEP reading and math tests, given in odd numbered years to a sample of students at grades four and eight.

The following chart shows total statewide enrollment and the percent of students eligible for free or reduced price meals, which provides a total number of free/reduced students. For simplicity, the statewide percent of students at the state standard of proficiency on each of the state reading and math tests are averaged, and then multiplied by the number of low income students. Likewise, the average percent of students meeting the NAEP standard of proficiency on the four tests is averaged and multiplied to give an estimated number of students at the NAEP standard.

School Year	State Enrollment	Percent Students on F/R Meals	Number of F/R Students	State Assessments: Percent F/R at Proficient	Estimated Number at State Proficient	NAEP: Percent F/R At Proficient	Estimated Number At NAEP Proficient
2002-03	444,541	35.9%	159,590	Not Available		20.6%	32,876
2003-04	443,302	37.5%	166,238	55.0%	91,431	Not Given	
2004-05	441,868	38.6%	170,561	59.4%	101,313	22.3%	38,035
2006-07	444,875	38.8%	172,611	69.4%	119,792	24.4%	42,117
2008-09	447,615	43.0%	192,474	75.4%	145,126	24.3%	46,771
2010-11	454,866	47.7%	216,971	79.2%	171,732	25.3%	54,894
2012-13	457,897	49.0%	224,370	72.0%	161,545	25.3%	56,765
Increase:	3.0%		40.6%		76.7%		72.7%

The number of low income students meeting the state proficient standard increased over 35 percent in the past decade, even after a sharp drop between 2011 and 2013. This drop coincided with a decrease in per pupil spending and a change in state academic standards.

The estimated number of low income students meeting the NAEP proficiency level, which is a higher standard comparable to a “college ready” indicator, is much lower, but it increased at a much higher rate.

These results indicate Kansas has made more significant progress than results would indicate when considering only the number of total students meeting benchmarks.

**5. Kansas outperforms most states on national reading and math tests, even though Kansas per pupil spending is below the national average and its low income student percentage is just below the national average.**

Only 12 states had a higher average percentage of low income students scoring at proficient on the 2013 NAEP than Kansas, and four of those states had a lower percentage scoring at basic, a predictor of high school completion.

<b>2013 National Assessment of Education Progress: Low Income Students</b>					
	U.S. Rank (Proficient)	Percent Free or Reduced Eligible at Proficient	Percent Free or Reduced Eligible at Basic	Total Revenue Per Pupil 2011	Percent of State Enrollment Free or Reduced Eligible 2011
Massachusetts	1	29.6%	70.8%	\$16,495	34.2
Vermont	2	29.1%	71.0%	\$17,317	36.8
New Hampshire	3	28.3%	72.3%	\$15,032	25.2
Wyoming	4	27.9%	73.9%	\$18,679	37.1
Maine	5	27.1%	69.8%	\$12,704	43.0
Indiana	6	26.9%	70.7%	\$11,583	46.8
Minnesota	7	26.7%	67.0%	\$13,464	36.5
Montana	8	26.5%	69.5%	\$11,434	41.2
Washington	9	26.4%	67.6%	\$11,329	40.1
New Jersey	10	26.0%	69.0%	\$18,083	32.8
Idaho	11	25.6%	68.7%	\$7,863	45.0
Utah	12	25.6%	65.7%	\$7,584	38.2
<b>Kansas</b>	<b>13</b>	<b>25.3%</b>	<b>69.5%</b>	<b>\$11,472</b>	<b>47.7</b>

Of the states that had higher or equal performance compared to Kansas on both indicators, only one (Montana) spent less per pupil than Kansas. **Every** state that had higher performance for low income students had fewer free or reduced eligible students than Kansas.

Kansas has similar national rankings for all students at proficient and basic, not just low income students.

**6. Kansas also does better than similar states on college preparation indicators, including student groups with historically lower performance.**

Another measure of the effectiveness of a school system in preparing students is college preparation. A comparison among states is complicated by the fact that over half of the states, including Kansas, primarily use the ACT test while the rest primarily use the SAT, and scores are not comparable. Another group of states requires all or most graduates to take the ACT. The higher percentage of students tested, the lower a state usually scores because the average includes students with the lowest academic ability and motivation for college.

To examine the states most similar to Kansas, the following chart looks at states in which between 66 percent and 84 percent of high school graduates took the ACT in 2013. (Kansas tested an estimated 75 percent.)

The chart shows the percent of students scoring at the ACT “college ready” benchmarks for reading and math for all students as well as major racial/ethnic groups, and an overall average. (ACT does not provide the test results for students eligible for free/reduced lunch.)

2013 ACT Test: States Testing Between 66% and 84% of High School Graduates															
State	Total Revenue Per Pupil 2011	Percent of Graduates Tested	Student Demographics				Percent at Benchmark: ENGLISH				Percent At Benchmark: MATH				Overall Average
			Percent Free or Reduced Students	Percent White	Percent African American	Percent Hispanic	All Students	African American	White	Hispanic	All Students	African American	White	Hispanic	
Minnesota	\$13,118	74	36.5%	76.7%	4.8%	4.3%	78%	39%	84%	55%	62%	22%	68%	40%	56%
South Dakota	\$10,331	78	37.1%	81.8%	1.2%	2.9%	72%	37%	77%	58%	53%	26%	57%	39%	52%
Kansas	\$11,472	75	47.7%	72.2%	5.5%	11.1%	72%	38%	79%	52%	51%	19%	57%	33%	50%
Ohio	\$13,764	72	42.6%	73.2%	11.7%	3.6%	71%	35%	78%	60%	49%	15%	56%	36%	50%
Wisconsin	\$13,197	71	39.3%	74.7%	7.0%	6.6%	75%	27%	83%	52%	54%	10%	61%	30%	49%
Missouri	\$10,977	74	45.0%	72.1%	12.4%	4.6%	72%	38%	79%	59%	45%	13%	51%	32%	49%
Iowa	\$11,909	66	38.9%	83.1%	2.7%	5.3%	76%	35%	79%	50%	50%	16%	53%	27%	48%
Montana	\$11,434	72	41.2%	80.3%	0.6%	4.0%	66%	29%	70%	51%	49%	20%	53%	35%	47%
New Mexico	\$10,838	70	67.6%	28.0%	1.4%	51.4%	56%	51%	78%	48%	33%	22%	51%	26%	46%
Nebraska	\$12,773	84	42.6%	74.7%	4.4%	10.3%	71%	36%	78%	44%	46%	14%	52%	22%	45%
Alabama	\$9,874	78	55.1%	61.6%	27.6%	3.3%	66%	39%	78%	60%	31%	10%	40%	28%	44%
Oklahoma	\$8,863	75	60.5%	56.6%	7.1%	9.9%	66%	38%	74%	50%	37%	14%	43%	25%	43%
Florida	\$10,031	74	56.0%	39.5%	21.8%	27.3%	54%	27%	72%	49%	35%	12%	49%	30%	41%
Higher than KS	5	3	4	7	5	2	3	3	2	5	3	4	2	3	2
Lower than KS	7	8	8	5	7	10	9	7	8	6	9	8	9	8	10

Only two states have better overall performance than Kansas, and both have significantly lower percentages of free/reduced meal students and non-white students. Among these states, Kansas spending per pupil is at the middle (sixth out of 13). Only three states have a higher percentage of low income students. However, for all students Kansas scores higher than nine of the other 12 states. For each subgroup of students, more states have lower scores than Kansas.

The ACT results demonstrate that Kansas - while spending near the average for the group - does better than most peer states in preparing students for college, despite having more low income students and more minority students.

**7. Kansas public schools have higher performance on reading and math assessments for low income students than both public and private schools nationally.**

Another way to examine the effectiveness of the Kansas public school system is to compare its performance with non-public schools. In addition to testing a sample of students in each state, the NAEP also tests a sample of private school students nationally (state results for private schools are not released).

Averaging the two subjects tested at two grade levels for all students, private schools have 50 percent of students scoring at proficient, compared to 41 percent in Kansas and 37 percent in public schools nationally. However, private schools have a far smaller percentage of low income students, and also have a significant “achievement gap” between low income and non-low income students.

2013 National Assessment of Education Progress									
	All Students Proficient or Higher			Low Income Proficient or Higher			Non-Low Income Proficient or Higher		
	KS Public	U.S. Private	U.S. Public	KS Public	U.S. Private	U.S. Public	KS Public	U.S. Private	U.S. Public
Grade 4 Math	48%	48%	41%	33%	16%	26%	63%	51%	50%
Grade 8 Math	40%	47%	37%	24%	21%	20%	54%	47%	49%
Grade 4 Reading	38%	49%	34%	22%	24%	20%	54%	52%	51%
Grade 8 Reading	36%	57%	34%	22%	29%	20%	48%	56%	48%
Average	41%	50%	37%	25%	23%	22%	55%	52%	50%

When comparing students eligible for free or reduced meals, Kansas has a higher percentage of low income students at proficient (25 percent) than private schools nationally (23 percent) and public schools nationally (22 percent). Kansas also has a higher percentage of students who are not eligible for meal support scoring proficient or higher (55 percent) than private schools (52 percent) or public schools nationally (50 percent).

Kansas spends below the national average per pupil, and is very close to the national average in the percent of low income students, but outperforms both private schools and public schools nationally for both low income and non-low income students.

**8. In recent years, Kansas per pupil funding has fallen behind inflation and other states. At the same time, there are “warning signs” that Kansas academic outcomes are slipping. Funding all-day kindergarten would help mitigate both trends.**

Kansas total revenues per pupil in 2009 were 97.5 percent of the U.S. average, but had fallen to 92.4 percent in 2011. Total funding per pupil in Kansas in 2015 is projected to be 9.3 percent lower than 2009 after adjusting for inflation. The reduction is even greater in school district operating budgets, which provide funding for instructional and at-risk programs.

For the first time in a decade, the percent of students scoring proficient on state reading and math tests declined each of the past two years. Although Kansas NAEP scores were basically unchanged, several states moved ahead of Kansas in national rankings between 2011 and 2013. However, most of these states spent more per pupil than Kansas, and all have a lower percentage of low income students.

### **In Conclusion**

Funding all-day kindergarten would provide Kansas schools with additional resources to be more competitive with other states and make up ground lost to inflation, especially in operating budgets.

Kansas school districts have demonstrated their effective use of funding by (1) improving outcomes, (2) higher results compared to other states while spending less per pupil than the national average and (3) serving a growing population of low income students.