



Augenblick, Palaich
and Associates, Inc.

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110 East Broadway, Box 544
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Dear John:

This letter is in response to your request for information about updating Augenblick, Palaich and Associates' (APA) (formerly Augenblick & Myers) school funding adequacy study for the state of Kansas. APA undertook its original work in the fall of 2001 and presented findings to the state in the spring of 2002. Both the professional judgement and successful school district approaches to identifying adequacy were used. The work, which was done prior to the implementation of the No Child Left Behind Act (NCLB), was conducted in response to an RFP from the Kansas legislature concerning the cost of a "suitable education."

The updating of the adequacy figures can be broken into two steps. The first step is to update the current adequacy figures to a more recent year, preferably 2003-04, (depending on availability of data) and to then use the updated numbers to create district by district figures for comparison to current funding levels. The second step is to create a funding formula simulation for Kansas using the updated figures. We will discuss both steps and any options related to them in the rest of the letter. Depending on which options Kansas selects, the first step could cost from \$7,000 - \$115,000 and the second step could cost from \$12,000 - \$23,000. This range offers your state a high degree of flexibility in the level of analysis it would like APA to undertake.

In the first step, APA will take the existing adequacy numbers and apply them to more current student demographic information to create an updated adequacy figure for each district. The cost and scope of work for carrying out this step depends upon Kansas selecting from one of three suggested methods:

1. The first method is to simply update the current adequacy figures. This assumes that Kansas' "suitable education" standard is acceptable and that the current benefit rate used to calculate employee costs is still valid. This method relies on using an adjustment for cost of living changes such as the CPI and has the benefit

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of being able to update the figures to the 2003-04 year. The cost of this approach is \$7,000. APA can also update the figures to a more current year by applying updated salary data to the current adequacy figures. This would cost about \$12,000.

2. The second method of updating the adequacy figures relies on reconvening some professional judgement panels using an updated adequacy definition. This second method also relies on using updated salary figures to cost out resources. It offers the added benefit of allowing Kansas to incorporate any NCLB requirements the state has agreed to. This could be particularly important since the state's existing adequacy figures did not include NCLB. APA could conduct this work in one of two ways: 1) At a cost of \$20,000 APA could convene one set of professional judgement panels to review both school and district costs for each prototype district; or 2) At a cost of \$28,000, APA could convene panels on *two* occasions, one to address school-level information and one to address district-level information. In either case, any panel work would most likely include participants from the original professional judgement groups.
3. While each of the first two methods discussed above could be completed by the end of the legislative session, a third method to updating the panels would have to be done after the legislative session. Under this method, APA would completely redo its original adequacy study. Both the successful school district approach and professional judgement approach would be redone as part of this effort, and APA would incorporate any new state or NCLB standards. Panel members for the professional judgement approach could include both previous participants and new participants. The cost of this utilizing this method would be \$115,000.

The cost of simulating a funding formula for the state of Kansas depends on the number of alternatives that APA looks at and how many people are involved in building the simulation models. APA's suggestion is that a working group of Kansas educators with a good knowledge of the funding system be brought together. This group should be no larger than five or six people. APA will work with this group, either over the phone and e-mail or in person, to determine what a new funding formula should look like. APA will then create a simulation model and run simulations for the group so that changes can be made as needed to their proposed funding system. These simulations will be used to project 2005-2006 school year formula needs.

The cost of this simulation work varies. To work with the panel only by phone and to run no more than five simulation options would cost \$12,000. To work with the panel and to run up to ten simulation options would cost \$15,000. To travel to Kansas and meet with the panel once and then run simulations would cost \$23,000. We look forward to talking with you about any or all of the suggested work included in this letter.

Sincerely,

John L. Myers