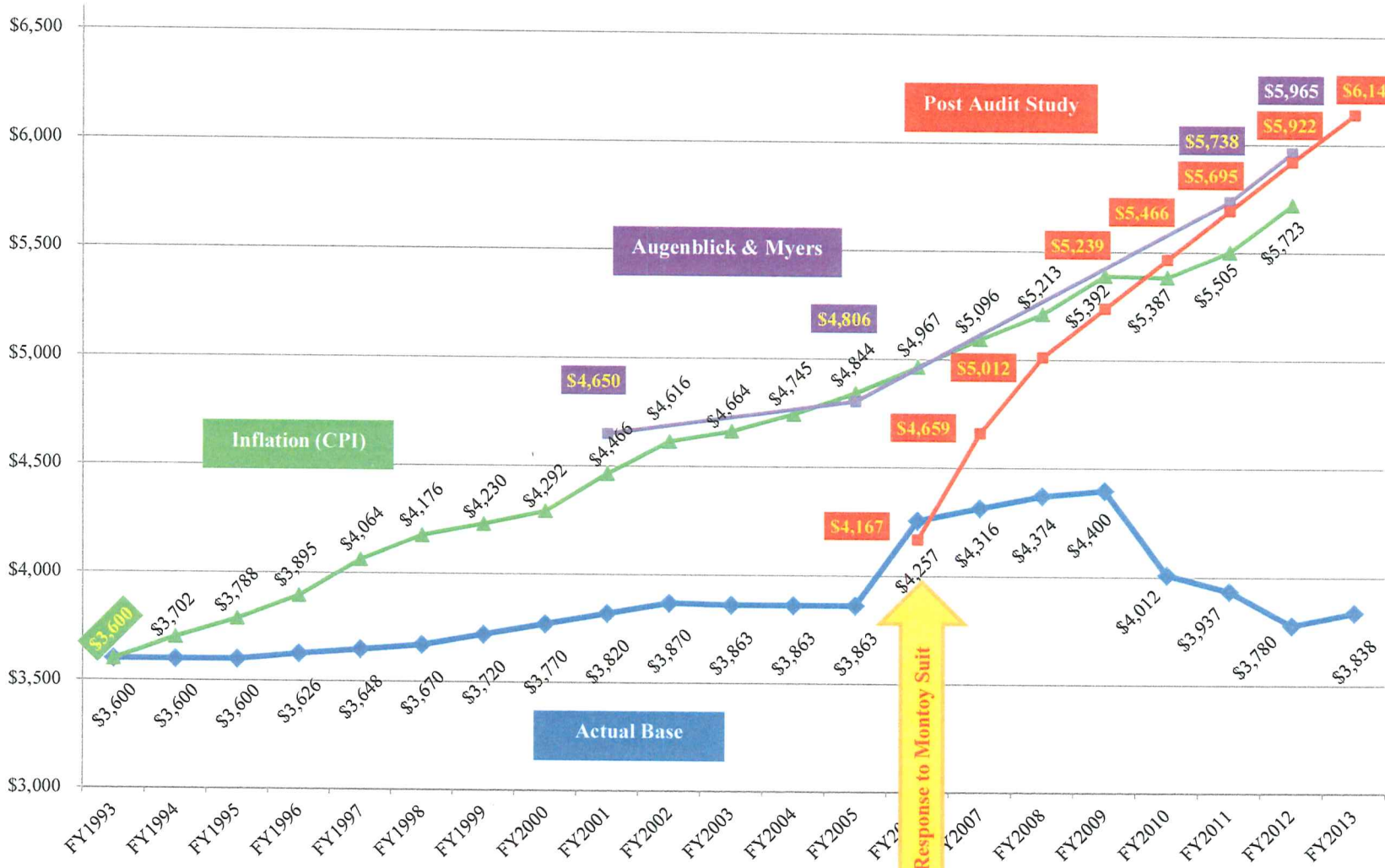


Kansas Base State Aid Per Pupil



■ Actual Base: from Kansas Fiscal Facts (LEG003707) & SB294
▲ Inflation (CPI): from U.S. Department of Labor - All Urban Consumers - Kansas City, MO-KS - All Items, Base of 3600 adjusted for inflation each year (BLS000001-4)
■ Augenblick & Myers: from May 2002 Study (LEG001414), June 2005 Update (LEG003516), October 2011 Update (EXP-MYERS000073), all amounts direct from reports except 2012 adjusted for inflation
■ Post Audit Study: from January 2006 Cost Study (USD443 001586), January 17, 2006 Memo (LEG003410), all amounts direct from reports. 2007 through 2012 amounts are in 2007 dollars

Actual Base State Aid Per Pupil	Inflation: (1991)	Annual CPI inflation for fiscal year	\$3600 Base adjusted for inflation	Augenblick & Myers (direct from study & 06-2005 & 09-2011 updates):	A&M for Chart (FY12 adjusted for inflation):	Post Audit Study Calculated Inflation (not on chart):	Post Audit for Chart (direct from study & LPA 1-17-06 projection, which are in FY07 dollars)
FY1993	\$3,600	(1992) 131.2	3600				
FY1994	\$3,600	(1993) 138.1	3702				
FY1995	\$3,600	(1994) 141.3	3788				
FY1996	\$3,626	(1995) 145.3	3895				
FY1997	\$3,648	(1996) 151.6	4064				
FY1998	\$3,670	(1997) 155.8	4176				
FY1999	\$3,720	(1998) 157.8	4230				
FY2000	\$3,770	(1999) 160.1	4292				
FY2001	\$3,820	(2000) 166.6	4466	4,650	4,650		
FY2002	\$3,870	(2001) 172.2	4616				
FY2003	\$3,863	(2002) 174	4664				
FY2004	\$3,863	(2003) 177	4745				
FY2005	\$3,863	(2004) 180.7	4844	4,806	4,806		
FY2006	\$4,257	(2005) 185.3	4967			4,167	4,167
FY2007	\$4,316	(2006) 190.1	5096			4,659	4,659
FY2008	\$4,374	(2007) 194.479	5213			5,127	5,012
FY2009	\$4,400	(2008) 201.15	5392			5,544	5,239
FY2010	\$4,012	(2009) 200.959	5387			5,778	5,466
FY2011	\$3,937	(2010) 205.378	5505	5,738	5,738	6,153	5,695
FY2012	\$3,780	(2011) 213.5	5723			5,965	5,922
FY2013	\$3,838					6,651	6,142
FY2014						6,142	6,365

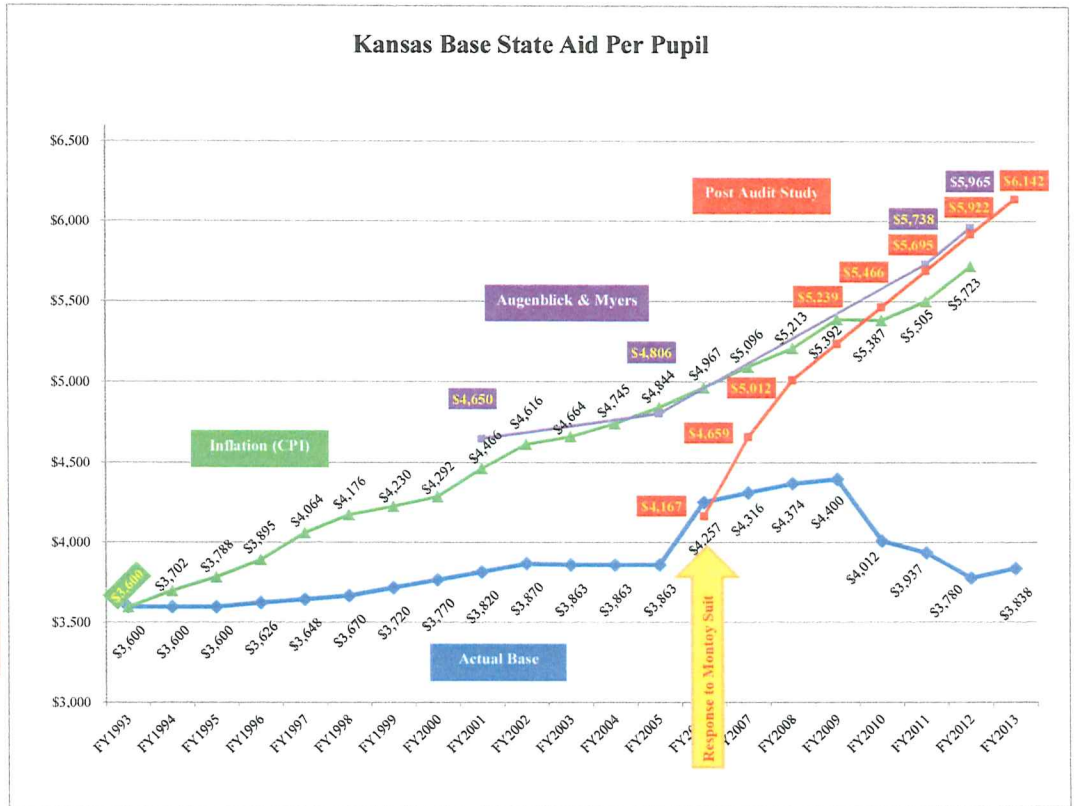
Adjusted base for inflation using Annual CPI to adjust \$3600 to funding for FY1994, etc. CPI from US Department of Labor - All Urban Consumers - Kansas City, MO-KS - All Items (BLS000001-4)

Inflation:
 $((138.1-134.3)/134.3+1)*3600=3702$ for FY1994
 $((141.3-134.3)/134.3+1)*3600=3788$ for FY1995
 $((145.3-134.3)/134.3+1)*3600=3895$ for FY1996
 $((151.6-134.3)/134.3+1)*3600=4064$ for FY1997
 $((155.8-134.3)/134.3+1)*3600=4176$ for FY1998
 $((157.8-134.3)/134.3+1)*3600=4230$ for FY1999
 $((160.1-134.3)/134.3+1)*3600=4292$ for FY2000
 $((166.6-134.3)/134.3+1)*3600=4466$ for FY2001
 $((172.2-134.3)/134.3+1)*3600=4616$ for FY2002
 $((174-134.3)/134.3+1)*3600=4664$ for FY2003
 $((177-134.3)/134.3+1)*3600=4745$ for FY2004
 $((180.7-134.3)/134.3+1)*3600=4844$ for FY2005
 $((185.3-134.3)/134.3+1)*3600=4967$ for FY2006
 $((190.1-134.3)/134.3+1)*3600=5096$ for FY2007
 $((194.479-134.3)/134.3+1)*3600=5213$ for FY2008
 $((201.15-134.3)/134.3+1)*3600=5392$ for FY2009
 $((200.959-134.3)/134.3+1)*3600=5387$ for FY2010
 $((205.378-134.3)/134.3+1)*3600=5505$ for FY2011
 $((213.5-134.3)/134.3+1)*3600=5723$ for FY2012

Augenblick & Myers:
 May 2002 A&M Study recommended base should be \$4650 for FY2001 (LEG001414)
 June 2005 A&M Update came up with \$4806 base for FY2005 (LEG003516)
 October 2011 A&M Update came up with \$5738 base for FY2011 (EXP-MYERS000073)
 Used inflation to adjust from 5738:
 $((213.5-205.378)/205.378+1)*5738=5965$ for FY12

Post Audit Study:
 January 2006 LPA Report said base should be 4,167 for FY2006 (USD443 001586)
 January 2006 LPA Report said base should be 4659 for FY2007 (USD443 00586)
 January 17, 2006 LPA Memo shows the base using FY2007 dollars, through FY2014 (LEG003410):
 FY2007=\$4659
 FY2008=\$5012
 FY2009=\$5239
 FY2010=\$5466
 FY2011=\$5695
 FY2012=\$5922
 FY2013=\$6142
 FY2014=\$6365

Kansas Base State Aid Per Pupil



KANSAS FISCAL FACTS

EIGHTEENTH EDITION

August, 2011



Kansas Legislative Research Department
300 SW 10th Avenue
Room 68-W – Statehouse
Phone: (785) 296-3181/FAX (785) 296-3824
Topeka, Kansas 66612-1504
<http://www.kslegislature.org/klrd>

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LEG003616

SFFF000627

K - 12 Education
 Base State Aid Per Pupil
 FY 1993 - FY 2012

Fiscal Year	Base State Aid Per Pupil
1993	\$ 3,600
1994	3,600
1995	3,600
1996	3,626
1997	3,648
1998	3,670
1999	3,720
2000	3,770
2001	3,820
2002	3,870
2003	3,863*
2004	3,863*
2005	3,863*
2006	4,257
2007	4,316
2008	4,374
2009	4,400
2010	4,012**
2011 Approved	3,937
2012 Approved	3,780

* In 2003, 2004, and 2005, the statute provided that the Base State Aid Per Pupil (BSAPP) would be funded at \$3,890; however, it was funded at \$3,863.

** In July 2009, the Governor issued allotments which resulted in a decrease in the BSAPP from \$4,280 to \$4,218. In November 2009, another allotment was issued further reducing the BSAPP to \$4,012.

Databases, Tables & Calculators by Subject

FONT SIZE:

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Output From: 1984 To: 2011

Options:

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Data extracted on: October 5, 2011 (10:27:14 AM)

Consumer Price Index - All Urban Consumers

Series Id: CUUSA214SA0
 Not Seasonally Adjusted
 Area: Kansas City, MO-KS
 Item: All items
 Base Period: 1982-84=100

Download: .xls

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
1984		103.2		104.1		104.7		104.8		105.8		105.6	104.5	103.8	105.3
1985		105.9		107.7		107.8		108.1		108.8		108.4	107.7	107.0	108.4
1986		108.1		108.0		108.7		109.1		109.0		109.3	108.7	108.3	109.1
1987													113.1	111.5	114.6
1988													117.4	116.3	118.4
1989													121.6	120.6	122.6
1990													126.0	124.3	127.7
1991													131.2	130.2	132.3
1992													134.3	133.4	135.2
1993													138.1	137.5	138.7
1994													141.3	140.6	141.9
1995													145.3	144.3	146.3
1996													151.6	150.6	152.6
1997													155.8	155.2	156.4
1998													157.8	157.5	158.1
1999													160.1	158.5	161.8
2000													166.6	165.0	168.2
2001													172.2	171.9	172.5
2002													174.0	173.1	174.9
2003													177.0	176.6	177.4
2004													180.7	179.6	181.8
2005													185.3	183.3	187.3
2006													190.1	188.6	191.6
2007													194.479	193.206	195.753
2008													201.150	200.868	201.432
2009													200.959	199.152	202.767
2010													205.378	204.584	206.172
2011														211.860	

<http://data.bls.gov/pdq/SurveyOutputServlet>

10/5/2011

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BLS000001

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Consumer Price Index

How to Use the Consumer Price Index for Escalation

The Consumer Price Index (CPI) measures the average change in the prices paid for a market basket of goods and services. These items are purchased for consumption by the two groups covered by the index: All Urban Consumers (CPI-U) and Urban Wage Earners and Clerical Workers, (CPI-W).

Escalation agreements often use the CPI—the most widely used measure of price change—to adjust payments for changes in prices. The most frequently used escalation applications are in private sector collective bargaining agreements, rental contracts, insurance policies with automatic inflation protection, and alimony and child support payments.

The following are general guidelines to consider when developing an escalation agreement using the CPI:

DEFINE clearly the base payment (rent, wage rate, alimony, child support, or other value) that is subject to escalation.

IDENTIFY precisely which CPI index series will be used to escalate the base payment. This should include: The population coverage (CPI-U or CPI-W), area coverage (U.S. City Average, West Region, Chicago, etc.), series title (all items, rent of primary residence, etc.), and index base period (1982-84=100).

SPECIFY a reference period from which changes in the CPI will be measured. This is usually a single month (the CPI does not correspond to a specific day or week of the month) or an annual average. There is about a 2-week lag from the reference month to the date on which the index is released (e.g., the CPI for May is released in mid-June). The CPI's for most metropolitan areas are not published as frequently as are the data for the U.S. City Average and the 4 regions. Indexes for the U.S. City Average, the 4 regions, 3 city-size classes, 10 region-by-size classes, and 3 major metropolitan areas (Chicago, Los Angeles, and New York) are published monthly. Indexes for the remaining 23 published metropolitan areas are available only on a bimonthly or semiannual basis. Contact the BLS address at the end of this fact sheet for information on the frequency of publication for the 26 metropolitan areas.

STATE the frequency of adjustment. Adjustments are usually made at fixed time intervals, such as quarterly, semiannually, or, most often, annually.

DETERMINE the formula for the adjustment calculation. Usually the change in payments is directly proportional to the percent change in the CPI index between two specified time periods. Consider whether to make an allowance for a "cap" that places an upper limit to the increase in wages, rents, etc., or a "floor" that promises a minimum increase regardless of the percent change (up or down) in the CPI.

PROVIDE a built-in method for handling situations that may arise because of major CPI revisions or changes in the CPI index base period. The Bureau always provides timely notification of upcoming revisions or changes in the index base.

The CPI and escalation: Some points to consider

The CPI is calculated for two population groups: All Urban Consumers (CPI-U) and Urban Wage Earners and Clerical Workers (CPI-W). The CPI-U represents about 87 percent of the total U.S. population and is based on the expenditures of *all* families living in urban areas. The CPI-W is a subset of the CPI-U and is based on the expenditures of families living in urban areas who meet additional requirements related to employment: more than one-half of the family's income has to be earned from clerical or hourly-wage occupations. The CPI-W represents about 32 percent of the total U.S. population.

There can be small differences in movement of the two indexes over short periods of time because differences in the spending habits of the two population groups result in slightly different weighting. The long-term movements in the

indexes are similar. CPI-U and CPI-W indexes are calculated using measurement of price changes for goods and services with the same specifications and from the same retail outlets. The CPI-W is used for escalation primarily in blue-collar cost-of-living adjustments (COLA's). Because the CPI-U population coverage is more comprehensive, it is used in most other escalation agreements.

The 26 metropolitan areas for which BLS publishes separate index series are by-products of the U.S. City Average index. Metropolitan area indexes have a relatively small sample size and, therefore, are subject to substantially larger sampling errors. Metropolitan area and other sub-components of the national indexes (regions, size-classes) often exhibit greater volatility than the national index. BLS strongly recommends that users adopt the U.S. City Average CPI for use in escalator clauses.

The U.S. City Average CPI's are published on a seasonally adjusted basis as well as on an unadjusted basis. The purpose of seasonal adjustment is to remove the estimated effect of price changes that normally occur at the same time and in about the same magnitude every year (e.g., price movements due to the change in weather patterns, model change-overs, holidays, end-of-season sales, etc.). The primary use of seasonally adjusted data is for current economic analysis. In addition, the factors that are used to seasonally adjust the data are updated annually. Also, seasonally adjusted data that have been published earlier are subject to revision for up to 5 years after their original release. For these reasons, the use of seasonally adjusted data in escalation agreements is inappropriate.

Escalation agreements using the CPI usually involve changing the base payment by the percent change in the level of the CPI between the reference period and a subsequent time period. This is calculated by first determining the index point change between the two periods and then the percent change. The following example illustrates the computation of percent change:

CPI for current period	136.0
Less CPI for previous period	129.9
Equals index point change	6.1
Divided by previous period CPI	129.9
Equals	0.047
Result multiplied by 100	0.047 x 100
Equals percent change	4.7

The Bureau of Labor Statistics neither encourages nor discourages the use of price adjustment measures in contractual agreements. Also, while BLS can provide technical and statistical assistance to parties developing escalation agreements, we can neither develop specific wording for contracts nor mediate legal or interpretive disputes which might arise between the parties to the agreement.

For any additional information about the CPI, please call (202) 691-7000, or write to:

Bureau of Labor Statistics Office of Prices and Living Conditions 2 Massachusetts Avenue, NE., Room 3615 Washington, DC 20212-0001

Last Modified Date: October 16, 2001

U.S. Bureau of Labor Statistics | Division of Consumer Prices and Price Indexes, PSB Suite 3130, 2 Massachusetts Avenue, NE Washington, DC 20212-0001

www.bls.gov/CPI | Telephone: 1-202-691-7000 | [Contact CPI](#)

Table 16A. Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, by expenditure category and commodity and service group-Continued

(1982-84=100, unless otherwise noted)

Item and Group	Detroit-Ann Arbor-Flint, MI		Honolulu, HI		Houston-Galveston-Brazoria, TX		Kansas City, MO-KS	
	Annual average 2011	Percent change from 2010 to 2011	Annual average 2011	Percent change from 2010 to 2011	Annual average 2011	Percent change from 2010 to 2011	Annual average 2011	Percent change from 2010 to 2011
Expenditure category								
All items ³	211.760	3.3	243.622	3.7	200.495	3.3	213.500	4.0
All items (1967=100) ⁴	629.440	-	670.684	-	643.059	-	633.960	-
Food and beverages ³	206.941	3.5	232.656	3.5	207.023	3.6	233.794	5.4
Food ³	207.617	3.7	233.256	3.8	206.148	3.7	238.350	5.9
Food at home	203.243	4.2	243.147	4.5	209.418	5.0	231.145	5.4
Food away from home ⁵	214.614	3.1	219.140	2.6	198.318	2.3	249.439	6.2
Alcoholic beverages ⁵	190.732	-4	222.459	-6	210.483	2.7	181.611	-1
Housing ³	189.012	.4	260.606	3.4	183.594	.2	197.146	1.6
Shelter	208.550	.4	277.348	1.9	206.455	1.0	218.433	1.8
Rent of primary residence ^{3 6}	207.922	1.5	271.986	2.5	194.705	1.0	219.558	2.0
Owners' equivalent rent of residences ^{6 7}	209.392	.3	287.113	1.7	192.993	1.2	215.062	1.8
Owners' equivalent rent of primary residence ^{6 7}	209.392	.3	287.113	1.7	192.993	1.2	215.062	1.8
Fuels and utilities	235.356	.1	335.109	19.6	191.906	-.2	210.145	1.8
Household energy	194.229	-1.0	305.047	26.6	185.178	-.7	180.691	1.1
Energy services ⁶	195.672	-1.6	300.711	26.6	182.208	-1.0	178.125	.6
Electricity ⁶	191.394	3.8	295.459	27.0	187.044	.7	147.548	4.4
Utility (piped) gas service ⁶	190.889	-8.0	336.101	21.2	142.597	-13.5	179.887	-7.4
Household furnishings and operations	121.855	1.4	153.134	-2.6	122.708	-3.5	123.392	.5
Apparel ³	114.942	7.9	118.394	1.7	156.921	3.2	114.335	1.3
Transportation ³	242.049	9.7	229.223	6.9	186.197	10.9	207.665	10.5
Private transportation	240.139	9.9	227.249	7.4	184.933	11.1	203.777	10.9
Motor fuel	316.471	28.6	311.585	18.3	296.182	29.1	305.390	28.0
Gasoline (all types)	315.952	28.6	320.614	18.4	296.020	29.1	306.322	27.8
Gasoline, unleaded regular ⁸	325.575	28.9	340.371	18.3	306.616	29.6	301.034	28.1
Gasoline, unleaded midgrade ^{8 9}	351.271	27.7	249.720	17.3	300.539	28.1	367.908	27.4
Gasoline, unleaded premium ⁸	289.057	26.7	283.383	19.2	283.565	27.0	294.344	26.3
Medical care ³	364.051	2.1	324.180	1.3	387.209	4.1	320.650	3.5
Recreation ¹⁰	112.452	1.2	110.473	2.8	106.182	-.4	127.360	2.9
Education and communication ¹⁰	135.740	.8	132.248	2.9	114.980	1.4	126.893	1.4
Other goods and services ³	390.532	1.7	433.536	4.3	342.652	2.8	362.833	2.2
Commodity and service group								
All items ³	211.760	3.3	243.622	3.7	200.495	3.3	213.500	4.0
Commodities	178.102	6.9	192.510	3.9	174.211	6.3	186.602	6.9
Commodities less food and beverages	162.290	9.2	165.441	4.2	156.227	7.7	162.826	7.8
Nondurables less food and beverages	201.155	12.8	208.464	7.8	211.227	11.7	219.980	10.8
Durables	116.993	2.8	118.151	-1.4	107.111	1.8	109.358	3.1
Services	247.021	.6	288.467	3.6	228.380	1.2	240.202	1.8
Special aggregate indexes								
All items less medical care ³	205.661	3.3	239.355	3.9	190.808	3.2	207.493	4.0
All items less shelter	216.275	4.5	229.363	4.8	198.355	4.3	213.346	4.9
Commodities less food	163.670	8.9	167.835	4.0	158.296	7.5	163.618	7.4
Nondurables	204.597	8.0	221.716	5.3	210.055	7.8	227.296	8.2
Nondurables less food	200.823	12.0	209.303	7.2	210.999	11.1	217.814	10.1
Services less rent of shelter ⁷	301.214	.8	302.484	5.9	250.945	1.5	274.400	1.9
Services less medical care services	238.507	.5	284.353	3.9	211.933	.9	229.764	1.8
Energy ³	254.324	15.1	308.050	21.9	237.947	15.5	239.508	15.9
All items less energy	209.863	1.9	241.020	2.3	199.096	1.9	212.340	2.8
All items less food and energy ³	210.809	1.5	243.891	2.0	197.742	1.6	208.113	2.3

See footnotes at end of table.

**CALCULATION OF THE COST OF A SUITABLE
EDUCATION IN KANSAS IN 2000-2001 USING
TWO DIFFERENT ANALYTIC APPROACHES**

Prepared for
Legislative Coordinating Council

Prepared by
John Augenblick
John Myers
Justin Silverstein
Anne Barkis
of
Augenblick & Myers, Inc.

May, 2002

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LEG001325

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Given that the costs of vocational education are similar to those of other programs that are embedded in the general curriculum, and given that the proportion of students taking vocational classes are not expected to vary dramatically from place to place, we do not believe it is necessary to use a separate weight for vocational education. We would make the same argument about foreign language, or science, or any other subject area that is an essential part of the general curriculum. Our sense is that vocational education costs should be included in the calculation of the base cost figure and not distinguished from other components of the basic program. The fact is that participants in the professional judgment panels included vocational education in their thinking (since it was part of the definition of a suitable education) and we included vocational education expenditures in our calculation of basic expenditures for the successful school district analysis. Our conclusion is that there is no need to weight vocational education but rather, to include vocational education costs in the foundation level.

Summary of Recommendations

We have made several recommendations in this chapter about both the structure of the Kansas school finance system and the parameters the system should use to allocate funds to school districts, which are summarized below:

- Kansas should continue to use a foundation program in combination with a second tier (Local Option Budget) as the primary basis for distributing public school support.
- The foundation level (base cost) should be raised in the future to a level that would be equivalent to **\$4,650 in 2000-01**.
- The foundation level should be adjusted by a regional cost factor using figures from the National Center for Education Statistics until such time as the state conducts its own study.
- The foundation level should be adjusted in recognition of the higher costs associated with: (1) the operation of moderate size and small school districts; (2) the needs of students in special education programs; (3) the needs of at-risk students (based on the number of students participating in the free lunch program); and (4) the needs of bilingual students. The adjustments should be based on formulas that are sensitive to the enrollment level of school districts, which are listed below:

- for school district size

- 430 stu. = $\{[(430 - \text{Enroll.})/10 \cdot X .01] X 4,650\} + \$5,923$
- 430-1,300 stu. = $\{[(1,300 - \text{Enroll.})/80 \cdot X .01] X 4,650\} +$
\$5,417

UPDATING THE RESULTS OF THE A&M SCHOOL FINANCE ADEQUACY STUDY FOR KANSAS TO 2004-05

Prepared by:
Augenblick, Palaich and Associates, Inc.
Denver, CO

Prepared for:
John Robb

June 2005

In May 2002 Augenblick, Palaich and Associates, Inc. (APA, formerly Augenblick & Myers, known as A&M) issued its report to the Kansas Legislature that both described the procedures that had been used to estimate the cost of a suitable education in Kansas (in general, we refer to the cost of a suitable education as the cost of "adequacy") and recommended changes in the structure of the state's school finance system. One purpose of the study was to determine the funding levels needed to assure that all school districts in Kansas would have sufficient operating funds, excluding transportation and food services, to be able to meet the requirements and expectations used by the state of Kansas to directly and indirectly hold school districts accountable.

APA used two approaches to estimate costs: (1) the professional judgment (PJ) approach and (2) the successful school district (SSD) approach. Under the PJ approach, panels of educators were given a set of standards then asked to identify the resources schools and school districts, of various sizes and with different concentrations of students with special needs, would need to have in order to meet the standards. Under the SSD approach, APA identified a set of school districts that were doing reasonably well and estimated the cost of serving students with no special needs based on the basic expenditures (excluding spending for students with special needs) of successful districts. The May 2002 report identified several elements that would be necessary to determine the cost of a suitable education in several hypothetical school districts, including: (1) a base cost figure; (2) an adjustment to the base cost figure relative to the enrollment level of a school district; and (3) adjustments to the base cost figure associated with the proportion of students in special education programs, students eligible for free lunch, and bilingual students.

The report determined two base cost figures – one using the PJ approach and one using the SSD approach. The difference in the figures (the PJ figure was about 25 percent higher than the SSD figure) was consistent with the fact that, on average, the successful districts performed about 25 percent lower than the actual level of performance expected in the future (the work was done just as the No Child Left Behind Act, which included performance expectations in 2013-14, was being enacted). As a result, APA's school finance recommendations suggested using the lower base cost figure as the basis for calculating state aid while allowing districts to continue using a local optional budget (LOB) of up to 25 percent of the base to obtain revenue up to the

PJ level (which would include additional state aid depending on both the wealth and tax effort of school districts).

The purpose of this document is to update the levels of the base cost and add-on weights that would need to be used for the 2004-05 school year. The figures were updated from those used in preparing the May 2002 report based on an inflation rate of 5.7 percent over 4 years. In the May 2002 report, the adjustment factors were treated as if they were student "weights," which are expressed in figures relative to the base cost amount; for example, a weight of .40 means that the added cost of providing a particular service is an additional 40 percent of the base cost figure for each student with that particular need – if the base cost were \$5,000 in a particular school district, the added cost would be \$2,000 for each student with that need. In Kansas, and in many other states, approaches other than student weights are used to deal with some special needs – typically, these other approaches are based on the reported spending of districts or on reimbursement procedures that are not based on costs at all. Since there is a relationship between district size and some of the adjustment factors, it is necessary to create formulas to determine the actual adjustment for districts of different size. The following formulas can be used to determine the value of the base cost figure or a particular adjustment in relation to district size:

1. Base Cost

Less than 430 students	$=\{[(430 - \text{Enroll.})/10] \times .01\} \times 4,700\} + \$6,045$
430-1,300 students	$=\{[(1,300 - \text{Enroll.})/80] \times .01\} \times 4,700\} + \$5,535$
1,300-11,200 students	$=\{[(11,200 - \text{Enroll.})/560] \times .01\} \times 4,700\} + \$4,700$
Over 11,200 students	$=\$4,700$

2. Special Education

All districts	$= .90 + (\text{enroll.} \times .00002)$
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3. At-Risk

200 students or less	$= .20$
Over 200	$= .60 - [(1,000/\text{enroll.}) \times .08]$

4. Bilingual

Less than 500 students	$= .15$ for districts with less than 500 students
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$$500 \text{ to } 1,000 \text{ students} = .15 + [.0014 \times (\text{enroll.} - 500)]$$

$$\text{Over } 1,000 \text{ students} = .85 + [.000004 \times (\text{enroll.} - 1,000)]$$

Table 1 shows the appropriate base cost and adjustments for four categories of districts based on the four hypothetical size districts that were used in the PJ approach and reported in the May 2002 report. The table does not include other information, such as student performance or district personal income, which might be of interest to anyone trying to explain the level of spending or how spending is related to factors such as student performance.

Updating the base cost levels and student weights

The figures in table 1 show the updated amounts for the 2004-05 school year. The table includes figures for districts organized by size category (using the same categories that were used in the May 2002 report) and for the state as a whole:

Section I of table 1 shows the 2003-2004 demographic characteristics of school districts in Kansas grouped by size. There were 82 districts with fewer than 325 students, which enrolled a total of 17,559 students (therefore, that group had 27.3 percent of the state's school districts but only 4.0 percent of the state's students. For the purposes of the professional judgment groups, that group was represented by a school district with 200 students. At the same time, there were 22 districts with more than 3,600 students, which enrolled a total of 232,224 students; the large districts group had 7.3 percent of the state's school districts and 52.7 percent of the state's students. The large districts group was represented by a district with 11,200 students. For the state as a whole, there were 300 school districts and 440,634 students.

Section II of table 1 shows the base cost levels and student weights for 2004-2005 that would apply to districts with the characteristics of the hypothetical districts representing each size group. The base cost level is highest in the very small districts and drops to its lowest point in the large districts. The weight for special education rises slightly with district size. The weight for at-risk students rises more steeply as districts grow in size from very small to large. The weight for bilingual students is very low in very small and small districts and rises to a much higher level in moderate and large districts.

TABLE 1

ESTIMATING THE COST OF ADEQUACY FOR
KANSAS SCHOOL DISTRICTS in 2004-05

Using a Base Cost of \$4,806

Groups of School Districts are Based on the Prototype
Districts Used in A&M Adequacy Study

	<u>Prototype District Size Group</u>				<u>Total</u>
	<u>Very Small</u>	<u>Small</u>	<u>Moder.</u>	<u>Large</u>	
I. <u>District Characteristics</u>					
Range in Size of District (Students)	≤324	325-555	556-3,600	≥3,600	
Number of Districts	82	70	126	22	300
Number of Students	17,559	29,940	160,912	232,224	440,634
PJ District Size	200	430	1,300	11,200	
II. <u>Base Cost Figures/Add-On Weights for Prototype Districts of Size Indicated in I.</u>					
Base Cost	\$7,928	\$6,187	\$5,659	\$4,806	
Special Education	.90	.91	.93	1.12	
At-Risk	.20	.41	.54	.59	
Bilingual	.15	.15	.85	.8	

UPDATING THE RESULTS OF THE A&M SCHOOL FINANCE
ADEQUACY STUDY FOR KANSAS TO 2010-11

Prepared by:
Augenblick, Palaich and Associates, Inc.
Denver, CO

Prepared for:
John Robb

October 2011

In May 2002 Augenblick, Palaich and Associates, Inc. (APA, formerly Augenblick & Myers, known as A&M) issued its report to the Kansas Legislature that both described the procedures that had been used to estimate the cost of a suitable education in Kansas (in general, we refer to the cost of a suitable education as the cost of "adequacy") and recommended changes in the structure of the state's school finance system. One purpose of the study was to determine the funding levels needed to assure that all school districts in Kansas would have sufficient operating funds, excluding transportation and food services, to be able to meet the requirements and expectations that the state of Kansas used to directly and indirectly hold school districts accountable.

APA used two approaches to estimate costs: (1) the professional judgment (PJ) approach and (2) the successful school district (SSD) approach. Under the PJ approach, panels of educators were given a set of standards and asked to identify the resources schools and school districts of various sizes and with different concentrations of students with special needs would need to have in order to meet the standards. Under the SSD approach, APA identified a set of school districts that were doing reasonably well and estimated the cost of serving students with no special needs based on the basic expenditures (excluding spending for students with special needs) of successful districts. The May 2002 report identified several elements that would be necessary to determine the cost of a suitable education in several hypothetical school districts, including: (1) a base cost figure; (2) an adjustment to the base cost figure relative to the enrollment level of a school district; and (3) adjustments to the base cost figure associated with the proportion of students in special education programs, students eligible for free lunch, and bilingual students.

The report determined two base cost figures – one using the PJ approach and one using the SSD approach. The difference in the figures (the PJ figure was about 25 percent higher than the SSD figure) was consistent with the fact that, on average, the successful districts performed about 25 percent lower than the actual level of performance expected in the future (the work was done just as the No Child Left Behind Act, which included performance expectations in 2013-14, was being enacted). As a result, APA's school finance recommendations suggested using the lower base cost figure as the basis for calculating state aid while allowing districts to continue using a local optional budget (LOB) of up to 25 percent of the base to obtain revenue up to the PJ level (which would include additional state aid depending on both the wealth and tax effort of school districts).

The purpose of this document is to update the levels of the base cost and add-on weights to those that could have been used in the 2010-11 school year. It is important to note that APA believes that the results of a costing out (adequacy study) should be revisited every three to five years and not simply adjusted in perpetuity. Given the fact that no such updated study has been done recently, we have

agreed to look at the 2010-11 costs that can be derived from the 2002 study simply by adjusting these results by inflation. The base cost derived from the 2002 study was \$4,650. This figure was derived from the using the SSD approach. APA looked at the Consumer Price Index (CPI) information for the Kansas City, MO-KS metro area produced by the United State Bureau of Labor and Statistics. Using 2000 CPI information as the base year to represent the 2000-01 school year and 2010 CPI information, the latest year available, to represent the 2010-11 school year, inflation between the two school years is 23.4%. This means the 2000-01 base cost of \$4,650 would be \$5,738 when adjusted for inflation. This new base figure can be used with the adjustments generated in the original report (they are described below) to show the adequacy figures based on district size:

1. Base Cost

Less than 430 students	= (((430-Enroll.)/10) X .01) x 5,738) + \$7,309
430-1,300 students	= (((1,300-Enroll.)/80) X .01) x 5,738) + \$6,685
1,300-11,200 students	= (((11,200-Enroll.)/600) X .01) x 5,738) + \$5,738
Over 11,200 students	= \$5,738

2. Special Education

All districts	= .90 + (Enroll. X .00002)
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3. At-Risk

200 students or less	= .20
Over 200	= .60 - ((1,000/Enroll.) X .08)

4. Bilingual

Less than 500 students	= .15
500 to 1,000 students	= .15 + (.0014 X (Enroll. - 500))
Over 1,000 students	= .85 + (.000004 X (Enroll. - 1,000))

The following table shows the base figures and adjustments for different district sizes for the 2010-11 school year. It is important to remember that the adjustment weights would be applied to each districts individual base cost figure.

<u>Enrollment</u>	<u>Base Cost</u>	<u>Educ.</u>	<u>At-Risk</u>	<u>Biling.</u>
50	\$9,489	.90	.20	.15
100	\$9,203	.90	.20	.15
200	\$8,629	.90	.20	.15
300	\$8,055	.91	.33	.91
400	\$7,481	.91	.40	.15
500	\$7,259	.91	.44	.15
750	\$7,079	.92	.49	.50
1,000	\$6,900	.92	.52	.85
2,000	\$6,618	.94	.56	.85
4,000	\$6,427	.98	.58	.86
6,000	\$6,235	1.02	.59	.87
10,000	\$5,853	1.10	.59	.89
15,000	\$5,738	1.20	.59	.91
25,000	\$5,738	1.40	.60	.95
45,000	\$5,738	1.80	.60	1.03

**UPDATING THE RESULTS OF THE A&M SCHOOL FINANCE
ADEQUACY STUDY FOR KANSAS TO 2010-11**

Prepared by:
Augenblick, Palaich and Associates, Inc.
Denver, CO

Prepared for:
John Robb

September 2011

In May 2002 Augenblick, Palaich and Associates, Inc. (APA, formerly Augenblick & Myers, known as A&M) issued its report to the Kansas Legislature that both described the procedures that had been used to estimate the cost of a suitable education in Kansas (in general, we refer to the cost of a suitable education as the cost of “adequacy”) and recommended changes in the structure of the state’s school finance system. One purpose of the study was to determine the funding levels needed to assure that all school districts in Kansas would have sufficient operating funds, excluding transportation and food services, to be able to meet the requirements and expectations that the state of Kansas used to directly and indirectly hold school districts accountable.

APA used two approaches to estimate costs: (1) the professional judgment (PJ) approach and (2) the successful school district (SSD) approach. Under the PJ approach, panels of educators were given a set of standards and asked to identify the resources schools and school districts of various sizes and with different concentrations of students with special needs would need to have in order to meet the standards. Under the SSD approach, APA identified a set of school districts that were doing reasonably well and estimated the cost of serving students with no special needs based on the basic expenditures (excluding spending for students with special needs) of successful districts. The May 2002 report identified several elements that would be necessary to determine the cost of a suitable education in several hypothetical school districts, including: (1) a base cost figure; (2) an adjustment to the base cost figure relative to the enrollment level of a school district; and (3) adjustments to the base cost figure associated with the proportion of students in special education programs, students eligible for free lunch, and bilingual students.

The report determined two base cost figures – one using the PJ approach and one using the SSD approach. The difference in the figures (the PJ figure was about 25 percent higher than the SSD figure) was consistent with the fact that, on average, the successful districts performed about 25 percent lower than the actual level of performance expected in the future (the work was done just as the No Child Left Behind Act, which included performance expectations in 2013-14, was being enacted). As a result, APA’s school finance recommendations suggested using the lower base cost figure as the basis for calculating state aid while allowing districts to continue using a local optional budget (LOB) of up to 25 percent of the base to obtain revenue up to the PJ level (which would include additional state aid depending on both the wealth and tax effort of school districts).

The purpose of this document is to update the levels of the base cost and add-on weights to those that could have been used in the 2010-11 school year. It is important to note that APA believes that the results of a costing out (adequacy study) should be revisited every three to five years and not simply adjusted in perpetuity. Given the fact that no such updated study has been done recently, we have

agreed to look at the 2010-11 costs that can be derived from the 2002 study simply by adjusting these results by inflation. The base cost derived from the 2002 study was \$4,550. This figure was derived from the using the SSD approach. APA looked at the Consumer Price Index(CPI) information for the Kansas City, MO-KS metro area produced by the United State Bureau of Labor and Statistics. Using 2000 CPI information as the base year to represent the 2000-01 school year and 2010 CPI information, the latest year available, to represent the 2010-11 school year, inflation between the two school years is 23.4%. This means the 2000-01 base cost of \$4,550 would be \$5,615 when adjusted for inflation. This new base figure can be used with the adjustments generated in the original report (they are described below) to show the adequacy figures based on district size:

1. Base Cost

Less than 430 students	= (((430-Enroll.)/10) X .01) x 5,615) + \$7,221
430-1,300 students	= (((1,300-Enroll.)/80) X .01) x 5,615) + \$6,612
1,300-11,200 students	= (((11,200-Enroll.)/600) X .01) x 5,615) + \$5,615
Over 11,200 students	= \$5,615

2. Special Education

All districts	= .90 + (Enroll. X .00002)
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3. At-Risk

200 students or less	= .20
Over 200	= .60 – ((1,000/Enroll.) X .08)

4. Bilingual

Less than 500 students	= .15
500 to 1,000 students	= .15 + (.0014 X (Enroll. – 500))
Over 1,000 students	= .85 + (.000004 X (Enroll. – 1,000))

The following table shows the base figures and adjustments for different district sizes for the 2010-11 school year. It is important to remember that the adjustment weights would be applied to each districts individual base cost figure.

<u>Enrollment</u>	<u>Base Cost</u>	<u>Educ.</u>	<u>At-Risk</u>	<u>Biling.</u>
50	\$9,355	.90	.20	.15
100	\$9,074	.90	.20	.15
200	\$8,512	.90	.20	.15
300	\$7,951	.91	.33	.91
400	\$7,389	.91	.40	.15
500	\$7,174	.91	.44	.15
750	\$6,998	.92	.49	.50
1,000	\$6,823	.92	.52	.85
2,000	\$6,476	.94	.56	.85
4,000	\$6,289	.98	.58	.86
6,000	\$6,102	1.02	.59	.87
10,000	\$5,727	1.10	.59	.89
15,000	\$5,615	1.20	.59	.91
25,000	\$5,615	1.40	.60	.95
45,000	\$5,615	1.80	.60	1.03



COST STUDY ANALYSIS

Elementary and Secondary Education in Kansas: Estimating the Costs of K-12 Education Using Two Approaches

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
January 2006**

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1. ESTIMATED BASE-LEVEL COST OF MEETING OUTCOMES

The estimated base-level cost of meeting the 2005-06 performance outcome standards set by the Board of Education is \$4,167 per student. That amount is \$90 per student less than the current Base State Aid Per Pupil of \$4,257. The consultants' estimate of the base-level cost of meeting the standards was \$4,024 per student. In order to use that estimate as a basis for what the State might fund, however, we made several adjustments:

- **Remove federal sources of funding.** The cost model was built using historical spending data that included federal sources of funding because those expenditures likely contributed to student outcomes. As a result, however, the consultants' estimate of base-level costs included costs that would be paid for with those federal funds. We reduced the estimated base-level costs to \$3,899 per student, which better reflects the costs the State might fund. We describe how we removed the federal funds in detail in **Appendix 1.2**.
- **Adjust for inflation.** The consultants' original estimate and our estimate (adjusted to remove federal funding) of the base-level cost of meeting standards were based on 2003-04 dollars. We had to increase the estimated base-level costs to account for inflation between the 2003-04 school year and the 2005-06 and 2006-07 school years. After adjusting for inflation, our estimate of the base-level cost of meeting standards in 2005-06 is \$4,167 per student.

Figure 1.2-4 compares our estimated base-level cost per regular education student of meeting the performance outcome standards with the Base State Aid Per Pupil in the current funding formula.

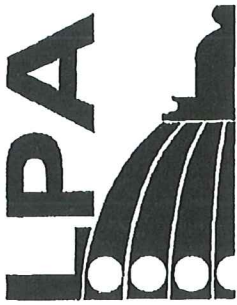
Figure 1.2-4
Comparison of Base Cost Per Student
COST FUNCTION ESTIMATES vs. CURRENT FUNDING FORMULA
2005-06 and 2006-07 School Years

School Year	Base Cost Per Student <u>ESTIMATED WITH COST FUNCTION</u>			Base State Aid Per Pupil <u>CURRENT</u> <u>FORMULA</u>	Difference Per Student
	Original Estimate by Consultants	Adjusted by LPA to Remove Federal Funds	Adjusted by LPA for Inflation		
2005-06	\$4,024	\$3,899	\$4,167	\$4,257	(\$90)
2006-07	\$4,346	\$4,221	\$4,659	\$4,257	\$402

Source: LPA analysis of Duncombe and Yinger cost estimates.

As the figure shows, the estimated base-level cost of meeting the standards increases in 2006-07 to \$4,659, which is \$402 per student more than the current Base State Aid Per Pupil. Our estimate for 2006-07 increases in part because of inflation, but also because the standards are higher in 2006-07. For example, between 2005-06 and 2006-07, the standard for 10th grade math increases from 47% proficiency to 56%, and the standard for 5th grade reading increases from 63% proficiency to 70%.

The estimated base-level cost of meeting standards will continue to increase significantly in future years, because the standards adopted by the Board increase each year until 2013-14 (when 100% of all students are required to reach proficiency on Statewide assessment tests).



MEMORANDUM

Legislative Division of Post Audit
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TO: Members, Senate Education Committee
FROM: Barbara J. Hinton, Legislative Post Auditor
DATE: January 17, 2006
SUBJECT: Projection of Costs for Outcomes-Based Approach to 2013-14

During the presentation of our education cost study report last Monday, Senator Vratil asked us what the education costs would be in future years under the outcomes-based approach, using the standards adopted by the State Board of Education.

This information is presented in the accompanying table. Please note the following:

- the estimated costs are being shown in 2006-07 dollars, which allows you to see the effect of the increase in standards over the years.
- we included hold harmless funding in the figures for 2006-07, which increases the estimates for State supplemental equalization aid and KPERs slightly that year.
- the need for "hold harmless" funding beyond 2006-07 is essentially eliminated under the outcomes-based approach because of the fiscal impact of the increased outcome standards in future years.

Please let us know if you have any additional questions.

Enclosure

cc: Kathie Sparks, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Theresa Kiernan, Revisor of Statutes Office

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Estimated Cost of Meeting Future Performance Standards (in 2006-07 dollars)								
	STANDARDS							
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
OUTCOMES-BASED								
Foundation-Level	\$3,151,289,271	\$3,349,417,195	\$3,476,962,046	\$3,604,506,896	\$3,732,670,897	\$3,860,215,747	\$3,983,426,550	\$4,108,494,802
Hold Harmless	\$9,351,874	\$295,583	---	---	---	---	---	---
Supplemental Aid	\$260,574,595	\$276,748,909	\$287,387,579	\$298,033,513	\$308,731,126	\$319,377,059	\$329,661,238	\$340,100,454
KPERS Contribution	\$198,941,334	\$209,869,264	\$217,200,749	\$224,547,832	\$231,930,580	\$239,277,663	\$246,375,088	\$253,579,510
TOTAL	\$3,620,157,075	\$3,836,330,951	\$3,981,550,373	\$4,127,088,241	\$4,273,332,603	\$4,418,870,470	\$4,559,462,876	\$4,702,174,765
BSAPP	\$4,659	\$5,012	\$5,239	\$5,466	\$5,695	\$5,922	\$6,142	\$6,365
CURRENT FORMULA								
Foundation-Level	\$2,752,015,150	\$2,752,015,150	\$2,752,015,150	\$2,752,015,150	\$2,752,015,150	\$2,752,015,150	\$2,752,015,150	\$2,752,015,150
Hold Harmless	---	---	---	---	---	---	---	---
Supplemental Aid	\$222,186,876	\$222,186,876	\$222,186,876	\$222,186,876	\$222,186,876	\$222,186,876	\$222,186,876	\$222,186,876
KPERS Contribution	\$175,389,495	\$175,389,495	\$175,389,495	\$175,389,495	\$175,389,495	\$175,389,495	\$175,389,495	\$175,389,495
TOTAL	\$3,149,591,521	\$3,149,591,521	\$3,149,591,521	\$3,149,591,521	\$3,149,591,521	\$3,149,591,521	\$3,149,591,521	\$3,149,591,521
DIFFERENCE	\$470,565,554	\$686,739,430	\$831,958,852	\$977,496,720	\$1,123,741,082	\$1,269,278,949	\$1,409,871,355	\$1,552,583,244

STANDARDS	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Math								
4th Grade	67%	73%	78%	82%	87%	91%	96%	100%
7th Grade	67%	73%	78%	82%	87%	91%	96%	100%
10th Grade	56%	65%	70%	76%	82%	88%	94%	100%
Reading								
5th Grade	70%	76%	80%	84%	88%	92%	96%	100%
8th Grade	70%	76%	80%	84%	88%	92%	96%	100%
11th Grade	65%	72%	77%	81%	86%	91%	95%	100%
Graduation Rate	75%	75%	75%	75%	75%	75%	75%	75%

Source: LPA cost study results.