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October 12, 2009

TO: Legislative Educational Planning Committee

FROM: Dale M. Dennis, Deputy
Commissioner of Education

SUBJECT: KSDE School Finance Update

We have provided the following information for your review.

- Potential changes in state aid entitlements as a result of estimated increases in enrollment particularly at-risk students.
- USD reductions in positions and cost-saving measures
- Cost-cutting and efficiency measures accomplished by Kansas school districts.
- Average salaries of public school teachers
- Update on American Recovery and Reinvestment Act (ARRA)
- Base state aid per pupil
- State aid reductions for 2009-10 school year
- Annual Yearly Progress (AYP) targets and trends
- FY 2011 enhancement budget request

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GENERAL STATE AID COMPARISON

	Actual 2008-09	Estimate 2009-10	<u>Difference</u>
FTE Enrollment	447,705.6	449,411.3	1,705.7
At-Risk Students	152,116	167,327	15,211
Total Weighted Enrollment	634,289.3	642,931.2	8,641.9
State Cost Due to Change in Weighted Enrollment (8,641.9 times \$4,218-BSAPP)			\$ 36,451,534
Less Loss Due to Assessed Valuation & Mineral Production Tax			17,174,671
Total Shortfall			\$ 53,626,205

SURVEY – USD REDUCTIONS – JUNE 2009

1. How many licensed positions were eliminated for the 2009-2010 school year?

	Number (Headcount)	Est. Dollars Reduced
Administrators	133	\$ 9,707,109
Teachers	1,160	53,823,567
Coaches	583	3,969,786
Other	225	5,672,252
TOTALS	2,101	\$ 73,172,714

2. How many non-licensed positions were eliminated for the 2009-2010 school year?

	Number (Headcount)	Est. Dollars Reduced
Food Service	111	\$ 1,534,779
Bus Drivers	70	882,820
Custodians/Maintenance	278	6,647,964
Paraprofessionals	566	9,015,962
Coaches	234	616,865
Other	344	7,650,066
TOTALS	1,603	\$ 26,348,456

3. How many other cost-saving measures were reduced/eliminated for the 2009-2010 school year (excluding salaries)?

Program	Estimated Reductions (excluding staff)
Before School	\$ 47,500
After School	1,005,671
Summer School	2,213,672
Parents as Teachers	259,416
Fine Arts	328,623
Language Arts	78,500
Career & Technical Education	654,091
All-Day Kindergarten	25,500
In-District Professional Development	3,657,528
Out-of-District Conferences	3,015,233
Extracurricular Activities	1,054,256
Shortened School Year	4,491,382
Transportation	3,344,869
Closing of Attendance Center(s)	2,454,557
Delay Purchase of Textbooks	6,606,054
Delay Purchase of School Buses	7,243,132
Other	31,212,762
TOTALS	\$ 67,692,746
TOTAL POSITIONS	TOTAL ESTIMATED REDUCTIONS
3,701	\$ 167,213,916

**Cost-Cutting and Efficiency Measures Accomplished by
Kansas School Districts as Described by:**

- **Standard & Poor's Kansas School District Efficiency Study (7/2007)**
- **Testimony of School District Superintendents to the Kansas House Appropriations Committee (August 2009)**
- **Kansas Department of Education (Survey of USDs in 2009 and 2004 Cost Savings Survey)**
- **Site visits by the Center for Innovative School Leadership (at Emporia State)**
- **Selected School Superintendents**

Staff Cost-Cutting and Efficiency Measures

Eliminated 2,101 licensed positions in the 2009-10 school year.

Eliminated 1,603 non-licensed positions in the 2009-10 school year.

Some specific examples, include:

Used early retirement options.

Froze salaries.

Reduced or eliminated professional development.

Shared food service manager with local hospital.

Shared a school nurse with the county health department.

Reduced or eliminated out-of-state conference travel.

Shared staff with other districts, such as a technology coordinator.

Eliminated bonuses for teachers in high-poverty schools.

Reduced new teacher orientation and induction.

Reduced and eliminated school resource officers, counselors, librarians, educational aides, administrators, paraprofessionals, social workers, school nurse, and parent educators.

Filled a coaching position with private funds from the community.

Used part-time staff.

Reduced overtime for non-licensed staff.

Utility-Related Cost-Cutting and Efficiency Measures

Contracted with a company to evaluate energy systems and recommend replacement and savings.

Created an "energy czar" position which monitors energy use and implementation of energy cost-saving measures.

Retrofitted buildings with energy saving lights.

Updated heating and cooling systems.

Installed new energy-efficient heating and cooling systems.

Lowered room temperatures in the winter and increased room temperatures during the summer.

Purchased natural gas via a bulk-buying group.

Created a student advisory council who assisted with finding energy savings through the district's buildings.

Programming Efficiencies

Increased pupil-teacher ratio.

Reduced or eliminated early childhood programs.

Reduced the number of activity buses taken to out-of-town athletic events.

Reduced the number of activity trips.

Reduced the number of curriculum-related field trips.

Reduced extracurricular activities, such as clubs, organizations, etc.

Reduced alternative school programs.

Reduced or eliminated before school, after school, and summer school programming.

Reduced or eliminated support to Parents as Teachers programs.

Reduced or eliminated fine arts, language arts, and family and consumer science programs.

Reduced athletic programs.

Reduced tutoring.

Reduced instructional time.

Lengthened school day and shortened school year, which saved money on custodial, utility, and transportation services.

Eliminated field trips, unless paid for by parents or boosters.

Raised class sizes in some or all subjects.

Revenue Increases

Increased school lunch, drivers' education, and facility rental fees.

Increased scrutiny of Medicaid-eligible services so billing of services increased.

Operations and Maintenance

Closed school buildings.

Discontinued contracted bus service.

Eliminated or reduced bus routes, making some routes longer than one hour.

Deferred maintenance, repairs, and improvements to buildings and equipment.

Bid large ticket items such as milk, fuel, technology software/hardware/services, telecommunications, vehicles, and other large equipment.

Installed hand blowers in restrooms to reduce paper towel use.

Installed automatic flush toilets to reduce custodial time.

Joined cooperative buying units.

Used State contract when purchasing various equipment and supplies.

Delayed purchases of textbooks, supplies, and school buses.

Entered into agreements with local units of government for some services, such as school security services with a local police department.

Reduced maintenance to a minimum.

Eliminated transportation of students to day care providers.

Used bigger buses or passenger vans.

Reduced funding available to purchase necessary school supplies, which increases the cost to teachers and parents, who still must provide supplies.

Finance

Refinanced bonded indebtedness.

Reduced cash reserves (which is of concern for future budgets.)

Insurance

Promoted wellness and safety issues in an attempt to keep health insurance renewal rates as low as possible.

Changed to higher deductibles on insurance policies.

Joined the State Health Insurance Plan (while initial costs are high, the long term benefit of the larger group helps keep annual increases low.)

**C-11. AVERAGE SALARIES OF PUBLIC SCHOOL
TEACHERS, 2007-08 (\$)**

1.	CALIFORNIA	64,404
2.	NEW YORK	62,632
3.	CONNECTICUT	61,976
4.	NEW JERSEY	61,277 *
5.	DISTRICT OF COLUMBIA	60,628 *
6.	ILLINOIS	60,474
7.	MASSACHUSETTS	60,471
8.	MARYLAND	60,059
9.	RHODE ISLAND	57,158
10.	ALASKA	56,758
11.	MICHIGAN	56,096 *
12.	DELAWARE	55,994
13.	PENNSYLVANIA	55,836
14.	OHIO	53,410
15.	HAWAII	53,200
16.	WYOMING	53,074
	UNITED STATES	52,308 *
17.	OREGON	51,811
18.	GEORGIA	51,530
19.	MINNESOTA	50,592
20.	WASHINGTON	49,887
21.	WISCONSIN	49,051
22.	INDIANA	48,508
23.	NEVADA	47,710
24.	NEW HAMPSHIRE	47,602
25.	NORTH CAROLINA	47,351
26.	COLORADO	47,248
27.	KENTUCKY	47,207
28.	LOUISIANA	46,964
29.	FLORIDA	46,930
30.	VIRGINIA	46,576
31.	IOWA	46,554
32.	ALABAMA	46,004
33.	VERMONT	46,593 *
34.	TEXAS	46,179
35.	ARKANSAS	45,773 *
36.	ARIZONA	45,772
37.	SOUTH CAROLINA	45,768
38.	KANSAS	45,136
39.	NEW MEXICO	45,112
40.	TENNESSEE	45,030 *
41.	IDAHO	44,099
42.	OKLAHOMA	43,651
43.	MAINE	43,637
44.	MISSOURI	43,006
45.	NEBRASKA	42,885
46.	MONTANA	42,874
47.	WEST VIRGINIA	42,529
48.	MISSISSIPPI	42,403
49.	UTAH	41,615
50.	NORTH DAKOTA	40,779
51.	SOUTH DAKOTA	36,674
	MEDIAN	47,248
	RANGE	27,750
	SDV	39,313
	CV	41,173

NEA Research Estimates Database (2008).

UPDATE

American Recovery and Reinvestment Act (ARRA)

- We have appealed for a special education waiver which has not been approved/disapproved to date. The appeal was submitted to the Secretary of Education on May 22, 2009, and additional information was provided August 12, 2009.

If the special education waiver appeal is not approved, federal law requires the U.S. Department of Education to reduce the federal allocation to Kansas by \$60.2 million. Such a reduction would create serious funding problems for special education in our state.

- The State Department of Education is planning to apply for Race to the Top Funds (RTTF). Details for application has not been received or made available by the U.S. Department of Education. The Secretary of Education has indicated on several occasions that states that use their ARRA funds for backfill would not likely receive Race to the Top funds.
- The State Department of Education is currently administering approximately \$245 million in ARRA funds for ten programs. The federal government informed us initially that they would not provide any administrative funds. Approximately two months later, after the funds were allocated to school districts, they reversed their position but all funds had been allocated to school districts. We do not feel it would be appropriate to retract funds already allocated.

KSDE staff has spent significant amounts of time beyond the normal work day to ensure the success of these programs. Considerable time has been spent recently in complying with the quarterly reporting requirements. The first quarterly report is due October 10, 2009 for all programs for all school districts. In Kansas, we will have over 1,000 reports due on October 10. The U.S. Department of Education has indicated there will be no exceptions on the due dates unless there is a disaster.

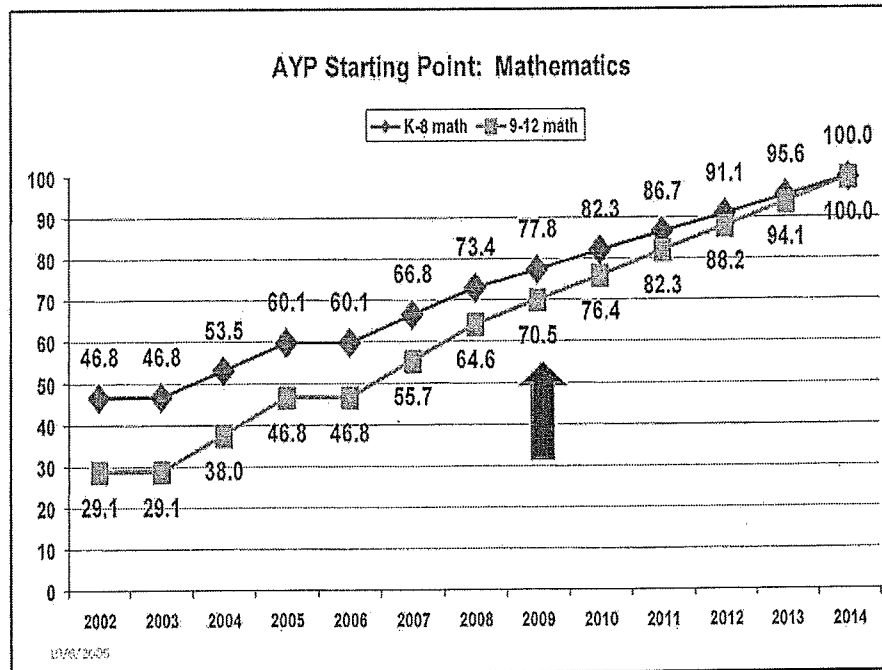
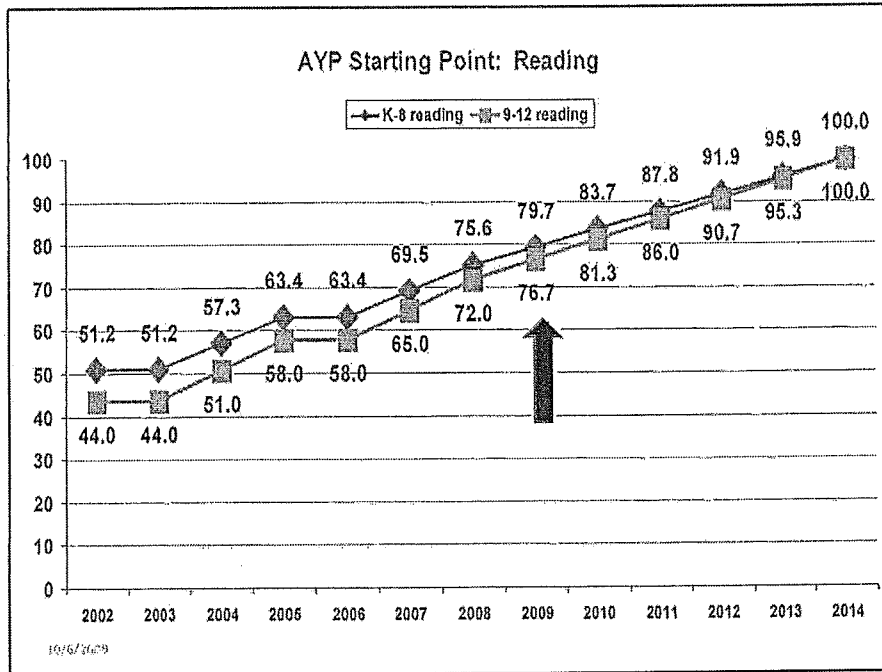
BASE STATE AID PER PUPIL

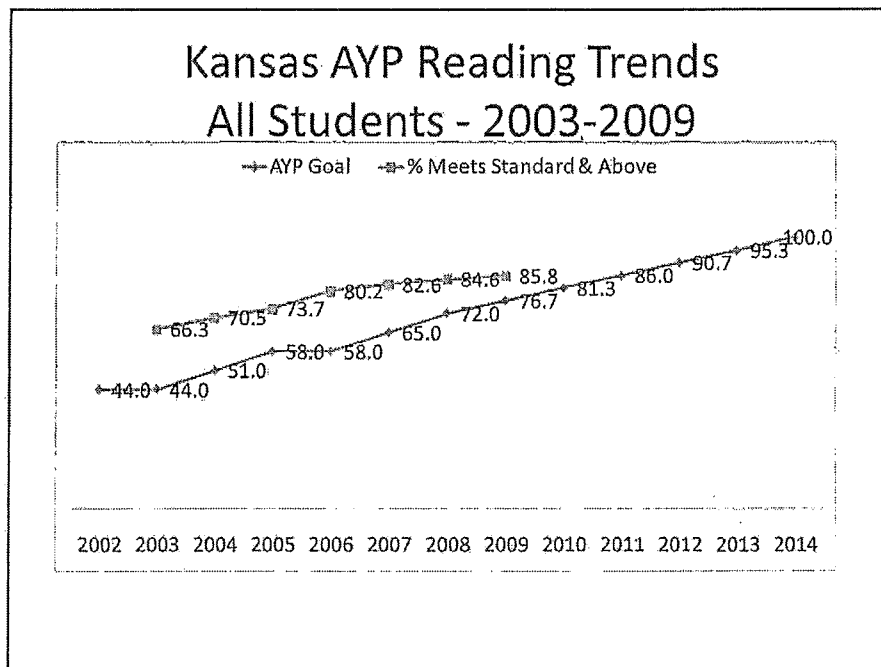
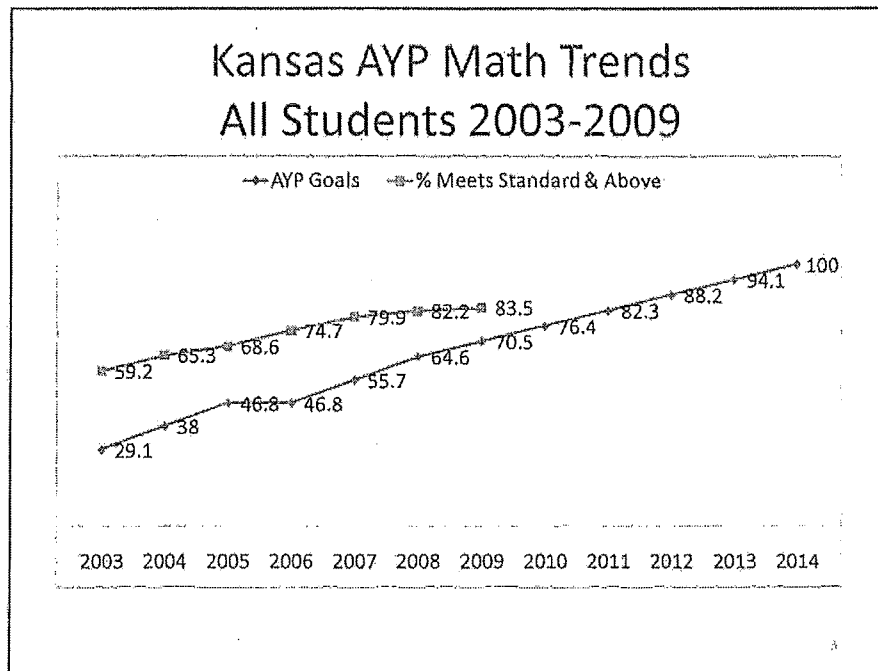
Statutory Base State Aid Per Pupil	\$ 4,492
Base State Aid Per Pupil Following Legislative Adjournment	\$ 4,280
Base State Aid Per Pupil Following Governor's Allotments	\$ 4,218

STATE AID REDUCTIONS

2009-10 School Year

State Aid	Reduction
General State Aid BSAPP \$4,433 to \$4,218	\$ 136,525,000
Capital Outlay	25,600,000
Professional Development	1,750,000
Teacher Mentoring	200,000
Discretionary Grants	85,000
National Board Certification	240,000
Special Education	4,000,000
TOTAL	\$ 168,400,000





ARRA Money for Kansas

Program	Estimated 2009-2010	Estimated 2010-2011
State Fiscal Stabilization Fund	\$138,700,000	\$138,700,000
Title I Grants to LEAs	\$70,868,000*	*
Title I School Improvement Grants	\$11,377,000	\$11,377,000
Special Education – Part B Grants	\$53,436,000	\$53,436,000
Special Education – Early Childhood	\$2,248,000	\$2,248,000
Title II, Part D – Enhancing Technology	\$4,552,000	
Education for Homeless	\$460,000	
School Lunch Equipment	\$850,000	
AmeriCorps	\$631,000	
Title I Part D Subpart 2 Delinquent	\$816,000	\$816,000

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ARRA Money for Kansas

Program	Estimated 2009-2010	Estimated 2010-2011
Qualified School Construction Bonds*	\$79,589,000	\$79,589,000
Qualified Zone Academy Bonds*	\$10,508,000	\$10,508,000

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FY 2011 ENHANCEMENT BUDGET REQUEST

KANSAS STATE BOARD OF EDUCATION

FUND CURRENT LAW

- General State Aid – Fund Base State Aid Per Pupil (BSAPP) at \$4,492 at a cost of \$254,955,476. (Of this amount, \$78.8 million is required to maintain the BSAPP at \$4,218 due to overall enrollment increases, increases in the number of students eligible for free lunch, and reduced assessed property valuations.)
- Supplemental General State Aid – Compute utilizing a Base State Aid Per Pupil Amount of \$4,492 at a cost of \$33,900,000.
- Special Education – Fund 92 percent of excess costs at a cost of \$34,931,223.
- Capital Outlay - Restore funding at a cost of \$27 million.
- Professional Development – Fully fund program at a cost of \$8.5 million.
- Mentor Teacher – Fully fund program at a cost of \$1.8 million.
- School Food Assistance – Fully fund school lunch program at a cost of \$904,000.
- Parents As Teachers – Address waiting list of families to be served at a cost of \$460,000.
- Juvenile Detention Facilities – Fund formula utilizing a Base State Aid Per Pupil Amount of \$4,492 at a cost of \$416,480.
- Governor’s Teaching Excellence Awards (National Board Certification) – Fully fund program at a cost of \$295,000.

OTHER REQUESTS

- Kansas Career Pipeline – Fund at the level approved by the Legislature for FY 2010 at a cost of \$91,965.
- Discretionary Grants: Environmental Education – Restore funding at a cost of \$35,000.
- Discretionary Grants: Develop Kansas History Teaching Materials – Partially restore funding at a cost of \$35,000.
- State Operations – Restore shrinkage rate to 5.6 percent at a cost of \$209,027 (increased by the Legislature to 8 percent beginning in FY 2010).