Doniphan County Education Cooperative #616

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SB 111   March 31, 2011

Honorable Chairman Rhoades and Members of the House Appropriations Committee

I testified in favor of the original SB 111 which eliminated the minimum and maximum calculations of state aid. This amended version postpones the effective date of those calculations until 2012-2013. The original bill's intention was to remove the addendum from last year's SB 359. That amendment was essentially the first step towards a census-based type of funding.

Professor Bruce Baker at Rutgers in New Jersey and Matthew Ramsey Assistant Professor and Director of the Special Education Teacher program at Benedictine College in Atchison, Kansas recently published a research study in the Journal of Educational Finance. (35:3 Winter 2010 245-275). I have provided you a copy of the abstract with my written testimony.

I would like to highlight a few key issues from the research project:

- **Census-based funding does not rely on census data**
- **Census-based funding assumes that students with disabilities are equally distributed**
- **Census-based funding provides local districts a lump sum allocation based on the assumption of a uniform distribution of students with disabilities.**
- **Researchers have found that students with disabilities are not equally distributed**
- **Researchers find that children with disabilities are non-randomly and non-uniformly distributed across geographic spaces.**

When legislators were first told about the effects of the minimum and maximum calculations, the FY '09 average costs of all students was $608 and only 5 LEA's would be affected. (three under 75% and two over 150%) Using the FY '10 data, the average cost of all students is $685. The number of LEA's affected has now jumped to nine with five below 75% and four above 150%. Those LEA's represent 27 different school districts. There is no way to accurately predict how many districts will fall outside the minimum/maximum limits because the average excess cost is unknown until the end of the fiscal year.

This funding system is based upon an assumption that students with disabilities are equally distributed in Kansas. Research indicates that children with disabilities in other states are non-randomly and non-uniformly distributed across geographic spaces.

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While there is no way to accurately predict who will gain additional funds and who will return funds in any given year. There is a way to predict what would happen if there is a movement towards a 92% cap on excess costs.

Using the FY 10 data:

$75\% \times 685 = 514$ $150\% \times 685 = 1028$
$85\% \times 685 = 582$ $120\% \times 685 = 822$
$92\% \times 685 = 630$

Below 75%	**Above 150%**
$75\% \times 685 = 5$ agencies $<514=13$	$150\% \times 685 = 4$ agencies $>1028=14$
$85\% \times 685 = 5$ agencies$<582= 17$	$120\% \times 685 = 21$ agencies $>822=121$
$92\% \times 685 = 13$ agencies$<630=38$	$92\% \times 685 = 51$ agencies $>630= 229$

It is helpful to recognize that according to the FY '10 data sheet:

- **Those 51 special education agencies equal 80% of the 64 agencies across the state. They represent 229 of the state's school districts. So, 229 districts will suffer a negative financial effect from this type of census-based formula.**
- **Under the current system, every teacher is reimbursed at the same rate regardless of how much a district/agency chooses to spend on salaries. If the State Department provides $24,250 per teacher in Doniphan County then every agency in the state will receive the same amount per FTE.**
- **The more you spend in salaries, equipment, and technology the less $24,250 will cover. The more efficient a district/agency is then the more $24,250 will cover.**

As you have heard or will soon hear, there are many unintended effects of this amendment to SB 359. As a current member and Past President of the Kansas Association of Special Education Administrators, I cannot be in favor of a funding formula that creates inequalities across the state.

I ask that the Committee consider all that you hear today and that you do not implement a funding formula that will, -- immediately reduce teacher aid by $50/FTE -- create major problems with the special education budget process-- create maintenance of effort issue. Please support SB 111.

Abstract

Over the past few decades, a handful of states have chosen to provide state financing of special education programs through a method referred to as "Census-Based" funding—an approach which involves allocated block-grant funding on an assumed basis of uniform distribution of children with disabilities across school districts. The approach has been argued to eliminate financial incentives for classification of marginal—low severity, higher incidence—disabilities. We explain herein that despite some evidence linking headcount-based financing schemes to increased classification on rates (a) no evidence exists whether the incentivized rates are more or less indicative of true prevalence of disabilities, and (b) where attempts have been made to discern whether certain populations of children with disabilities are in fact uniformly distributed, researchers have found that they are not. We use U.S. Census data on families of children with disabilities to evaluate the geographic and demographic distribution of those families in Pennsylvania and New Jersey, finding high degrees of geographic clustering, relationships between census disability rates, census poverty rates, geographic locations and school district classification on rates. In short, we find families of children with disabilities to be non-randomly and non-uniformly distributed across geographic spaces in Pennsylvania and New Jersey. We conclude by evaluating the equity consequences of assuming falsely that these children are distributed uniformly.

Bruce D. Baker is a Professor in the Department of Educational "Theory, Policy, and Administration at Rutgers, "The State University of New Jersey. Matthew J. Ramsey is an Assistant Professor in the Department of Teacher Education at Benedictine College where he directs the Special Education Teacher Education program.