

A dire picture for education

State official has a grim message: School funding trouble far from over.

By Ken Stephens - The Hutchinson News - kstephens@hutchnews.com

For the past year or so, Dale Dennis has had a habit of disappointing a lot of people.

It's not his fault. He just happens to speak the inconvenient truth about paying the bills for public schools in Kansas. And on Tuesday in Hutchinson, Dennis, deputy commissioner of the Kansas State Department of Education, had few words of comfort for those who came to listen at a meeting sponsored by the Young Professionals of Reno County.

Even though the state increased the sales tax by 1 percentage point, another shortfall is looming this fiscal year, he said. Federal stimulus funds will run out after this year, leaving the state with an even larger budget gap to fill in 2011-12.

"I don't know of one specific game plan to solve that," he said. "I know some (legislators) are sure hoping that the economy will turn around and solve part of that. But that's an awful lot to solve."

Dennis predicted that the Legislature would not increase taxes again and would instead cut spending, including school aid, until the economy turns around.

By Kansas law, state aid to public schools is supposed to be \$4,492 per pupil this year. But it's only \$4,012. And if you take the long historical view, it's really only \$3,768 because several years ago the Legislature tinkered with the school finance formula, changed various weightings to increase base state aid per pupil even though it wasn't throwing any more money into the pot.

"We played games," Dennis said. "We lowered the weightings and raised the amount per pupil but the schools weren't really getting more money, so \$244 of that increase was phony."

In real dollars, the \$3,768 is less than in any year since the 2001 fiscal year, he said.

To fund schools at the level required by law would require an additional \$314.4 million in base state aid. State equalization aid for the Local Option Budget also is underfunded by \$37.7 million. The Legislature chose not to fund any Capital Outlay equalization aid, which would have come to \$26 million. Special education aid was left \$25 million short. Add all that and other areas up and it would take an additional \$415 million to fund schools at the full amounts required by law this year, Dennis said.

It's money the state doesn't have.

Because the state was running out of money at the end of the 2010 fiscal year in June, it delayed more than \$400 million in aid payments to schools until July 7 and 8, and then told the school districts to record the money as having been received on June 30.

"We had never done that in the past," he said. "We used to preach that you never do that."

And it will get worse.

Statewide, Dennis predicted, assessed property valuation will drop by at least \$750 million this year. In Johnson County alone assessed valuations are down about \$400 million because of a decline in home values. Western Kansas counties with large gas deposits also are experiencing major drops in valuation.

The state's Consensus Revenue Estimating Group had planned for a \$650 million increase in valuation. But if a \$750 million drop occurs instead, schools will lose \$28 million in tax revenue on the 20 mills they levy for their general funds, Dennis said.

With the jobless rate still high, he said a 3 percent increase in the number of students who qualify for free or reduced-price lunches under federal poverty guidelines isn't out of line. And that, he said, will cost \$9 million.

Those two items alone pose a \$37 million hole in the state education budget.

Congress passed a bill last week that will provide \$92 million to Kansas ostensibly to preserve the jobs of teachers. But

Dennis predicted that the federal money will wind up being used to fill the budget hole, which will get larger if other state revenues don't meet expectations.

"The most schools can hope for is break even, no more cuts," he said.

Kansas used more than \$170 million in federal funds from the American Recovery and Reinvestment Act to prop up school funding in 2009-10. This year it will spend \$108.4 million in ARRA money on schools. However, ARRA funding ends then, and the state will have to fill the hole with its own money or cut spending.

"I think we've got another year or two that are going to be real tough," he said.

"I don't believe a tax increase will be considered this year. I think what is going to happen is that they'll cut spending and make reductions until the economy turns around. And the big issue is jobs."

One member of the audience wondered whether future cuts will come in the number of teachers employed or the programs offered by schools.

"That will be up to the local (school) boards," Dennis said. "When they get ready to do that, their board rooms will be full and people you think loved you will have different names for you."

But if spending is cut, Dennis predicted that student achievement will decline.

He cited a study by the Legislative Division of Post Audit that said a 1 percent increase in student achievement requires a .83 percent increase in spending.

"Money does make a difference," he said. "I think (achievement) will go up this year and maybe next year and then it will start down if we don't turn this around."

Another member of the audience asked what members of the public can do about the looming crisis.

After Dennis said there was probably little more than they could do but show support for teachers, many of them will not have had a raise for a couple of years, Buhler Superintendent David Brax suggested that they volunteer to help out at schools. He said many of the positions that have been cut have been support staff positions such as library aides.

"In the fall of 2008, we were begging for teachers," Dennis said. "We were recruiting all over. Then the recession hit and now there are quite a few teachers who can't get a job, and I mean GOOD teachers who can't get jobs,"

Last year there were 874 fewer teachers state wide than the year before, and this year he predicts the number of teachers will be down by an even larger number. Last year, two cuts in state aid came after school districts had signed contracts with teachers. They couldn't be laid off then. But this year, when state aid remained at last year's level, school boards had to cut teachers, he said.