

# FUNDING PUBLIC SCHOOL INFRASTRUCTURE: AN OVERVIEW OF RECONCEPTUALIZATION OF STATE AID, WITH INSIGHTS FROM THREE REPRESENTATIVE KANSAS DISTRICTS

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"Dependence upon the local property wealth for a child's educational experience leaves too many children short of the resources they deserve."

## EXECUTIVE SUMMARY

The research contained in this study allowed for a comprehensive evaluation and subsequently important findings regarding capital infrastructure in the state of Kansas. Three alternatives were explored at the onset of this research regarding the funding formula for state aid. Having completed the necessary research and associated interviews, two primary outcomes came to the forefront. The principal conclusion which resulted from this research is that the backlog of deferred maintenance will require additional expenditures from the state. Dependence solely upon bond referendums at the local level will not be able to fully remedy the issue across Kansas' 286 school districts. Secondly, all proposed state aid formulas will produce winners and losers across the districts of Kansas. Formulas utilized in the past and present, as well as re-conceptualizations performed here, leave some districts benefiting much more than others. This imbalance benefit is dependent upon criteria within the formula.

## INTRODUCTION

The growing backlog of deferred maintenance in P-12 Kansas school districts is concerning. At the time of the study, there were 1,324 buildings spread throughout the state's 286 school districts, many of which were beyond the common useful lifespan. Combining this with the conclusion that the accident of residence certainly affects a child's educational performance renders the situation one that justifies

immediate action by policymakers. The current finance formula for capital infrastructure within the state of Kansas leaves districts at the mercy of their local patrons through the successful passage of a bond referendum. Due to severe plight within several districts and buildings, the tax burden required seems almost insurmountable. This results in an inequitable educational experience for Kansas school children when compared to the experience of peers fortunate enough to live in a community with enough property value to support a given school district's infrastructure needs. Dependence upon the local property wealth for a child's educational experience leaves too many children short of the resources they deserve. This approach also places local taxpayers in direct financial conflict with the needs of the school district and the students that they serve. Until this localized dependence can be fully remedied the P-12 educational experience of Kansas school children remains subject to the accident of residence and its effects.

## METHODS

The research within this study was divided into three separate phases. Phase One of the study included an in-depth analysis of past school finance formulas, litigation, and subsequent revisions. This detailed research approach provided a specific historical context. This multi-decade analysis looked at national trends, as

well as those particular to the state of Kansas. Phase Two of the study contained an in-depth statistical analysis using common descriptive statistics of three proposed alternatives to the existing state aid formula for capital infrastructure. Phase Three pivoted to describe interviews with representatives of three Kansas school districts, each chosen specifically for their diversity in property wealth. These interviews produced an interpretation of the lived experiences within these three very distinct communities. Though dissimilar, taken collectively the three research phases shed light on the totality of the issues related to brick-and-mortar school districts within the state of Kansas.

Phase One began with an in-depth analysis of past school finance formulas within the state of Kansas, beginning with original formulas initiated in 1937 through the time of the study in 2017. Within this period the state of Kansas operated under a total of six unique finance formulas, with numerous revisions to each formula throughout its respective lifespan. Phase One's research yielded one common trend among all formulas--heavy reliance upon property taxes for formula revenue. The findings of Phase One also included an analysis of litigation within the state of Kansas surrounding the financing for P-12 school districts. Six different cases, many of which were decided in the state's Supreme Court, have had a direct impact upon the school finance formula that governs the state today.

Throughout Phase One research, a repetitive theme emerged--a consistent violation of the equity principle by way of the formulaic composition imposed by lawmakers. Connected to this finding was the realization of repeated principle violations in many of the same cases regarding adequacy. Obviously, gains have been made since the origins of the 1937 formula, yet the proper direction as well as overall velocity of dollars from state coffers to school districts continue to be the primary issues facing P-12 school district finance.

Phase Two then pivoted to reimagining the current state aid formula for capital infrastructure. Commonly referred to as Bond and Interest, the current formula rests upon two primary factors: 1.) The ability for a given school district to pass a referendum by a majority of its voting patrons; and 2.) The revenue-generating capacity of the district, as defined by the property wealth within its boundaries. While the current formula does attempt to offer supplementation in response to the vast disparity in property wealth across the state, without a successful referendum the flow of dollars from state coffers is irrelevant. The three prospective formulas that resulted were attempts to resolve at least one of those issues, and in some instances, both simultaneously.

The first formula took funding principles from the general fund (a district's operating fund) and applied those directly to the formula which addresses brick-and-mortar necessities. The second formula reimagined how to determine the wealth of a district. It included a shift away from property wealth as determined by assessed valuation, and instead used median household income as the primary factor. In both instances the cost to state accounts was ultimately neutral, yielding several winners and losers within both simulations. Functionally, these first two solely focus on equity. This formula rendered itself unique by allowing for a uniform formulas sought to answer the question of whether property wealth was indeed the best way to determine district wealth. The final simulated formula shifted from a mill rate across all Kansas school districts thereby creating a surplus pool of funds to which districts could apply. Central to this final formula

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was a sizable increase in investment by the state. Serendipitously it also signaled a shift away from the requirement of a referendum by local patrons. Each of the prospective formulas was then analyzed using common descriptive statistics to provide for an analysis of their potential impacts relevant to policymakers. Phase 3 of the research narrowed, truncating its view from a focus on all 286 school districts to three individual school districts. These were chosen specifically due to their similarities in student enrollment while simultaneously featuring diversity in property wealth. Interviews were conducted with current district administrators to inhabit the lived experiences of impacts to the bricks and mortar within these three districts. A professional judgement model was utilized to triangulate the results found in this final phase. Two primary findings resulted from this panel of administrators: 1) Formulas attending primarily to property wealth will continue to create a divide within the state between those that are able to pass referendums and those that are not; and 2) The need for additional dollars to flow directly from state funds to assist with the backlog is paramount.

The research findings from the three phases conducted in this study yielded positive and powerful results relevant to educational administrators, boards of education, and ultimately policymakers, specifically in the state of Kansas. Foundational to the findings in this research is a call to action surrounding the issues facing P-12 brick-and-mortar Kansas school districts. Continuing upon the same path will not only grow the backlog of deferred maintenance across the state, but more importantly, continue to leave Kansas school children to the lottery of their local address when determining the quality of their educational experience.

## CONCLUSIONS

The accident of residence matters for a child educated in the state of Kansas. Residency has a profound impact on the educational experience that he/she will have as it will directly determine the resources available during his/her P-12 educational experience. Current finance formulas for capital infrastructure in the state of Kansas leave the destiny of a child's educational experience entirely to chance. Until the dependence upon local property wealth is remedied, this educational lottery will continue for nearly half a million public school children. Shoring up the deferred maintenance in the state of Kansas will be no small task and will require some creative solutions from policymakers. Furthermore, it is likely that a heavy financial obligation must exist for an extended period given the number of physical resources that need remediation. However, a failure to address these systemic issues will only lead to a widening gap in the resources available. This gap will certainly become a pit from which Kansas schoolchildren will struggle to ascend.

## RESEARCHER RECOMMENDATIONS

Based upon the research conducted in this study, the researcher strongly recommends that the Kansas State Department of Education take a more active role in the oversight of capital infrastructure in P-12 Kansas school districts. For this to occur, policymakers will be tasked with not only enacting statutory requirements regarding the collaboration between the state department and the 286 school districts but also developing a financing structure that will further support the needs across the entire state. Like previous cost studies that the legislature requested related to the general fund, a formalized study regarding the brick-and-mortar Kansas school buildings would be an appropriate first step.

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Upon conclusion of the study, which should illustrate the totality and prioritization of needs across the entire state, formulaic enhancements related to capital infrastructure need to be actively pursued. Finally, a consistent and reliable source of revenue to provide for the increased flow from state coffers must be secured. These actions, taken collectively, can have an impact upon the dire needs of the brick-and-mortar school districts within the state of Kansas.

## REFERENCES

For a complete look at finance formulas across the United States, including an in-depth analysis of the current Kansas formula, the following text is highly suggested:

Thompson, D. C., Wood, R. C., Neuenswander, S. C., Heim, J. M., & Watson, R. D. (2019). *Funding Public Schools in the United States and Indian Country*. Van Haren Publishing.

## CONTACT INFORMATION

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