



Missouri Visioning Project Sub-Committee Report Financial Resources Sub-Committee

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INTRODUCTION

The goal of the MPEVP is to provide to leaders in our state a vision of what public education should be in Missouri: how it should be structured, how it should operate and how it should be supported. Various elements of the programs, leadership and support aspects have been referenced in other sections of this report. This section focuses on a crucial element of support – financial resources.

While the debate regarding adequacy and equity continues, this report will not attempt to resolve that specific issue although such concepts may be referenced herein. Instead, this group report focuses on broad concepts or general principles relating to the financial support of education, key issues which either inhibit the proper funding of public education or could enhance such, and finally, promising practices which may lead to the enhancement of resources for supporting public education or improved efficiency in the use of said resources.

Thomas Jefferson is quoted as saying, “If a nation expects to be ignorant and free, in a state of civilization, it expects what never was and never will be.” While the use of the term “free” is referencing the state of freedom for a nation and that freedom comes at a cost which is the commitment of time, effort and resources in order to be educated, a similar analogy can be applied to public education. There is a cost to society in providing public education to its citizenry and if a nation, or in this case, a state, believes a quality education can be achieved with little or no cost, they expect what never was and never will be. Indeed, in order for Missouri to survive and be competitive in our global economic environment, proper funding of public education cannot be dismissed.

The education of the citizens of Missouri is a statutory priority, not simply a desire of certain individuals. Article 11, Section 36 of the Missouri State Constitution states:

“All appropriations of money by successive general assemblies shall be made in the following order:

First: For payment of sinking fund and interest on outstanding obligations of the state.

Second: For the purpose of public education.”

Thus it has been established by the people of Missouri that the funding of public education is second in priority only to retirement of the public debt. On August 2, 2011, Missouri Governor Jay Nixon provided a call to action regarding the situation at hand: **“To take Missouri schools from ‘Good to Great’ we face another significant challenge – funding.”**

GENERAL PRINCIPLES

There are four broad beliefs considered to be crucial to the issue of providing financial resources to support a world class public education system in Missouri. These Guiding Principles are detailed below.

- 1. Securing and maintaining stable and adequate financial resources for public education is critical to the success of the state of Missouri.** In order to consistently and continually provide a quality public education for students in the state of Missouri, the overall revenue stream for public education must be stable and have the capacity to generate sufficient funds to support the local districts as well as the leadership and support services required at the statewide level, specifically the Department of Elementary and Secondary Education. In concert with being stable and adequate, additional desirable characteristics for the comprehensive education funding program in Missouri would include equity, flexibility and predictability. Absent such characteristics the system is weakened and the quality of education provided is diminished. The continued success of the state and prospects for the future will be negatively impacted with the degradation of the public education system.
- 2. The federal and state governments as well as local communities share the responsibility for providing stable and adequate financial resources for public schools.** It is a generally accepted concept that education is the key element to being a strong and economically viable nation. This applies at the community level and extends through the international level. Thus it is inextricable that the responsibility for ensuring a quality public education must be a shared responsibility at the local, state and federal levels.

Through the history of our nation, the locus of control and funding has shifted from essentially complete local control to a variety of hybrid formulas in the fifty states. Each variation of funding systems have had varying degrees of local, state and federal control along with varied shares of funding from each level. In recent years, the level of federal funding was increased due to the availability of federal stimulus monies. Those funds, while of benefit, are a great example of the lack of stability which is created when major funding changes occur. Prior to that influx of funds, the degree of federal control was out pacing the level of federal financial support.

A problem which has plagued the education system in more ways than just funding is the battle over control. It is imperative that a shared vision exist which strikes a balance between the locus of funding and how those funds are expended by the local district. This also applies to the issue of unfunded mandates.

- 3. Local school boards and superintendents must be good stewards of the financial resources provided for their school districts and must be accountable for their use.** As elected officials or chief executives, boards of education and superintendents have a responsibility to use the funding provided in a manner which will produce the desired results and ensure the financial viability of the district. District leaders should strive to maintain transparency in financial dealings and establish systems to hold themselves and district employees accountable for the financial activities of the district.

In *“The Flat World and Education: How America’s Commitment to Equity Will Determine Our Future World,”* Darling-Hammond purports education leaders must not only be provided the required resources to ensure a high quality world class education, they also have an obligation to be very thoughtful and judicious in the application of those funds.

- 4. The integrity of public education should not be undermined by encroachments originating from statutes, policies, programs or initiatives which erode the financial support of, and ultimately threaten the very existence of, public education.** In the absence of unlimited resources, any action by the people

or the government, including the legislative, executive and judicial branches, which in any way further limits, restricts or removes the funds available to public education, will have a deleterious impact on public education. Districts cannot provide a high quality educational system if funding is inconsistent due to economic downturns and more concerning variations created by practices such as TIF, Chapter 100, tax credits, vaguely justifiable appeals of property values, etc.

KEY ISSUES

Key issues are those factors which either have the potential to promote or inhibit the achievement of the desired goal. Key issues are items that require some level of attention and resolution to assure successful development and implementation of a high quality educational system which is embraced by the various publics and appropriately funded.

The Financial Resources focus group identified the following key issues which are correlated to the Guiding Principles by parenthetical notation.

1. **A clear definition of adequate must be developed. (GP: I)** As referenced previously, this report is not intended to provide a definition of adequacy. However, some measure of determining an adequate amount of funding for each district in the state must be developed prior to the development of a program to fund public education. The present system allows for variations based upon wages earned in the area, socio-economic factors and disadvantaged populations. Another factor, property assessments, is addressed in the next section.
2. **Issues related to consistency and worth of property as such relates to assessment practices must be addressed. (GP: I, IV)** There has been ongoing debate regarding the assessment practices employed in the state of Missouri. If a quality funding system is to be established and that system includes a property tax element, then some agreement must be reached regarding implementation of common high quality assessment practices throughout the state including all rural, urban and suburban areas.

In January of 2007 the Coalition to Fund Excellent Schools issued a study on assessment practices in Missouri with a focus on the issue of disparity in assessment practices and the implications for the newly approved state foundation formula. The report prepared by the Public Policy Research Center concluded that the assessment practices were inconsistent and the resultant effect on the formula would be inaccurate distribution of state funds.

3. **To insure successful implementation and prevent diversion of local funds, all federal and state mandates should be fully funded by the mandating governmental body or agency. (GP: I, II)** Whether initiated at the state or local level no program, reporting procedure or other process shall be required either directly or by implication unless sufficient funds are provided by the mandating body for the life of the mandated service. All too often a program or reporting mandate occurs but funding provided is insufficient, no additional funding is provided or funding is provided only during the initial stages of the mandate. When such action occurs, funding must come from another source – generally the tax revenues provided by the local citizens. Another often over-looked implication is that the time required for employees to meet the requirements of such mandates, particularly the reporting and documentation aspects, erodes time available to complete normal duties thus requiring extra hours, possibly overtime or employing additional personnel with no additional revenue provided. Each of these effectively reduces funds available to provide other programs and services needed or desired in the district. Such actions also

have the net effective of converting flexible use local funds into limited or restricted use funds. Some examples would include IDEA (Special Education), regular and NCLB related transportation requirements, mid-year balance and other similar reporting, increased professional development demands, additional performance benchmarking and expanded supplemental education services.

4. **To insure continuing support and effective program implementation, local school boards should have increased autonomy and flexibility in determining the use of funds. (GP: III)** Local officials are best equipped to understand what implementation and expenditure options will best meet their identified needs and goals. Best practices should be identified and cultivated to allow for maximum efficiency and effectiveness in the expenditure of all school revenues.
5. **Options for development and implementation of additional local and county revenue streams should be provided. (GP: I, II)** Presently the options for generation of local revenues to support district programs and services are very limited. Districts may assess an operating levy, conduct fund raisers, and work with local groups to obtain grants or donations. There are numerous other possibilities which could be implemented on the local level and districts should have authority to implement additional revenue generating processes.
6. **Sources of development and implementation of additional state revenue streams should be provided. (GP: I, II)** It has been well documented in recent years that the state is not capturing some revenues which many other states are obtaining. The opportunity to capture these additional revenues should be provided either by legislative action or a vote of the people.
7. **Practices which entice voter support of issues using education as part of a “bait and switch” need to be avoided. (GP: I)** Over the years there have been statewide ballot issues presented using the promise of additional funds for education as the calling card for support. There have been occasions where the public and educators have perceived the additional revenue to be non-existent or only a supplanting of previously received state revenues. This has only served to create mistrust on the part of voters and hinders the likelihood of obtaining support for future state and local issues. The support for a local levy increase can be severely hampered if the patrons believe the district already has plenty of revenue from a voter approved state issue or that district officials were party to deceiving the public into supporting said issue.
8. **Programs and initiatives, regardless of origination, which divert state funding from public schools including: vouchers, unfunded mandates, underfunded mandates, open enrollment, TIFs and Tax Credits, undermine and threaten the integrity of public education. (GP: I, IV)** A system for funding public schools has evolved which is based primarily upon generation of local revenues through property tax assessments and support from the state which is largely provided through General Revenues. Over the years, numerous factors have led to actions by the state, county, and local government leaders and governmental agencies which have resulted in diminishing potential revenues for local school districts. All too often in issues involving property tax or assessment, the local school district, the entity which stands to lose the most in such cases, has little or no official role in such decisions. In scenarios where a district is required to provide certain programs or services without additional dedicated funding, the effect is tantamount to reducing their local revenues.
9. **Barriers to a cooperative approach to the challenges facing public education often arise from local, state and federal levels. (GP: II)** Federal and state stipulations on spending and program requirements

often limit the best use of funds at the local level. Regarding the provision of safe and modern facilities, the state limitation of bonded debt to 15% of district assessed valuation has hindered many districts from modernizing or replacing facilities in order to provide appropriate educational experiences.

- 10. Local vested interests often become barriers to what may be best for the entire state. (GP: II)** Local district leaders frequently address issues solely from the perspective of what is going to be best for the local district. While this is understandable, affording consideration of issues in terms of what is best for the institution of public education in Missouri and the nation is the best course of action.

Absent a global view among those involved in public education, outside interests will use local or regional concerns to create a divide between the supporters of public schools, indeed individual districts. Presently, in consideration of the lack of sufficient resources being made available to support public education and the components of the present state foundation formula, there are two issues which provide that crack in the armor of public school leaders in Missouri. Those issues are the hold harmless provision and the small schools grant programs. While this group is taking no position on either issue with this report, the duration of hold harmless and the small schools grant needs to be revisited. It is clear these two items are the result of the “grease” required during the process of turning the heavy gears of politics; however, addressing the phasing out of these practices or avoiding the use of such in future formula revisions needs to be considered.

- 11. Communication between and among the various publics about the status of public education finance and local practices must be consistent. (GP: II, III)** There is sometimes a disconnect between the various levels of the education hierarchy as well as with the media and the public. Communication between and among individual educators, administrators, the education professional groups, local school boards, the Department of Elementary and Secondary Education, the state board of education, legislators, and the governor must be open and genuine. A clear and consistent message must be provided to all which accurately portrays the need for funding, the eventual use of funds provided, the status of all funding sources and the potential impact of various factors on education funding. On a local level, it is imperative that the public be engaged so that they will understand concepts such as the difference between the operating and debt service levy, a sales tax and a property tax, and that the various taxing or governing entities are not governed by the exact same statutory requirements.
- 12. The extent of local control is often referenced but not consistently applied. (GP: III)** All too often the use of the term “local” is only a sales mechanism for gaining initial acceptance of an idea or process. The development of initiatives and programs has actually occurred at a higher level and is then passed down for districts to implement or to achieve compliance. In such cases there is no actual local control as the standards or procedures are already established along with the limitations of what is acceptable.
- 13. Local financial support should never be a limiting factor upon the state and federal obligation to fund public education or programs and services provided through local public education agencies. (GP: I, II, III, IV)** The extent to which a local community is willing to support their school system with their own financial resources should be relatively independent from state and federal resource determinations. There should be no conditioning receipt of state or federal funds upon required use of locally generated revenues. Similarly, the implementation of unfunded mandates should not usurp locally generated revenues.

14. **Open enrollment has the potential for impacting districts financially and, if implemented, must be done with due consideration and extreme caution involving not only legislators but local district officials throughout the state. (GP: II, IV)** In an environment which provides financial support for public schools based largely on a local tax levy assessed to district property owners or residents and a per student allocation from the state, allowing non-resident students to attend other public school districts would create a financial drain on the receiving district.

15. **The Department of Elementary and Secondary Education has the responsibility to support public education with services and distribution of financial aid and must be appropriately staffed and funded. (GP: I, II)** In the present environment, the Department of Elementary and Secondary Education has been reduced to what may be described as a skeletal staff. According to data from DESE, the current staffing is about 76% of what was in place during the 2000-2001 school year. While the department has made adjustments, the adjustments have come at a cost. This cost is the tremendous reduction in the capacity of DESE to be responsive to the needs of district officials in virtually all respects. If the public education system in the state is to have success, the state agency responsible for providing assistance to local district officials must be supported with a financial basis that would allow for appropriate levels of staffing.

PROMISING PRACTICES

Schlechty describes best practices as those in which states establish broad standards for expenditure of funds which ensures a quality education for all students yet allows local decision makers flexibility in the use of those funds to accomplish the desired student learning outcomes. As stated in the Government, Leadership and Accountability section of this report, “local school boards are accountable for the use of resources...” We believe that not only should school boards and administrators be held accountable but they will be accountable for it is incumbent upon them to be efficient and effective in the use of the limited resources available.

Attainment of success is generally more certain when there is broad based input in the development and implementation of any concept or idea. Involving all parties in the decision making process as opposed to a top down approach will lead to better results in most scenarios. The current and immediate prior state funding formulas, developed with input from a variety of individuals and professional groups, were generally acceptable when fully funded. These serve as evidence that viable regulations and practices can be developed even when dealing with a highly political and locally sensitive issue.

RECOMMENDATIONS

The following concepts are offered as means to provide the level of public education funding needed to support a world class education for Missouri public school students that will result in attainment of the Missouri State Board of Education goal of “Top 10 by 20.”

1. ***Provide a financial support system that will enable Missouri’s funding for public education and the mechanism for distributing state funds to match student performance expectations for a world class education.*** If the desire for Missouri public education is to be in the top ten states in the nation in terms of education performance results then it is imperative that a funding system be developed and implemented which could also be considered “Top Ten” quality. It is interesting to note that Missouri has established the State Adequacy Target for funding a quality education which is presently \$6,131 for FY12. Reeves cites data which indicates the “Top Ten” academically performing states spent an average of

\$12,948 per pupil. While this report does not claim these figures are based on identical criteria, the disparity would indicate the need for in depth study in order to make a legitimate comparison of the level of funding as well as the efficiency of fund application related to student performance.

2. ***Develop acceptable research based definitions and measures of adequate and equitable as related to school funding to support a world class education.*** This has been a somewhat elusive goal for many years. However, in order for any funding system to be successful, these two characteristics must be clearly defined and generally accepted by school officials and school leaders throughout the state.

In February 2003, a study was released which offered insight on calculating the cost of an adequate public education in Missouri. While the present state funding formula includes the State Adequacy Target (SAT), a figure which is intended to be the representative of the incurred cost to provide a quality education as defined by success on the Annual Performance Report, it could be debated that a new study needs to be conducted to validate that premise. This would certainly be appropriate as the particulars of the definition of high quality or world class education is revised.

The concepts of adequate and equitable as they apply to state and local funding of Missouri public schools should be clearly and accurately defined through a research based study of effective schools to include the use of data analysis. The relationship between cost and high quality world class education should be included in the study along with variances in cost for educating various subgroups such a IEP, lower socio-economic, English Language Learners and gifted/talented students.

3. ***Implement a statutory requirement for an Education Emergency Fund*** This concept would have two levels of application. On a statewide basis to provide support to the formula and insure its viability, an emergency fund to ease the pain of difficult financial times should be established, possibly with a dedicated revenue stream. Such an option could be implemented as a low interest or no interest loan program. Consideration should be given to potential implications related to the Hancock Amendment as well as other conflicting statutes.

At the local level, an option would be to establish a required minimum percentage balance for the operating fund balances of individual districts. Presently, there is no required balance other than a district cannot end the year with negative fund balances and, if the unrestricted operating balances are 3% or less the district is declared to be financially stressed. The issue of local control is acknowledged however, to insure the continued availability of quality education services for the students and in order to prevent the scenario of increased pressure on the state to help a district recover from financial stress such a plan might be a viable option.

4. ***Establish a task force to conduct a review of current property assessment practices in urban, suburban, rural and mixed demographics counties with a goal of insuring comparable assessment practices.*** This task force should include representatives of a variety of counties and taxing entities including school districts. There should also be representation of the State Tax Commission. This task force should provide recommendations based on answers to questions such as: How can consistent implementation of common ratios be assured in the property assessment process? Should real property assessed value be a function of the market in the area or based upon a predetermined guide? Is it accurate to have vastly different values assessed for similar homes (similar size, construction, age, etc,) apparently due simply to location? Are there other properties which should be state assessed in a manner similar to the state

assessed railroad and utilities (SARRU) process? When should properties be placed on the assessment rolls – January 1 or when occupied and/or completed?

5. ***Practices which negatively impact revenue generation need to be reviewed and evaluated for their effectiveness not only in providing actual economic benefits but also in terms of their impact on the financial basis of impacted taxing entities.*** There are several practices such as tax increment financing (TIFs), Chapter 100 projects, tax credits and others which have been employed in the state of Missouri on the premise that they are economic development tools. In reality, these revenue liabilities have a questionable record in terms of the economic benefits that were anticipated as opposed to benefits realized.

In 2003, Moody focused attention on the negative impact to Missouri state budget resulting from tax credits and detailed five recommendations to deal with the issue. Both corporate and individual tax credits were reviewed. The comprehensive report examined a wide variety of factors which were impacting the state budget and still have an impact at the present time. Among those items reviewed was the school foundation formula.

In November 2010, the Missouri Tax Credit Review Commission released their findings on the status of the tax credit offerings in Missouri and recommendations for modifications. The impact of such actions on total state revenues is evaluated as well as how such relates to federal taxation. According to data cited in the report, tax credit redemptions grew 407.9% from FY1998 (\$102.7m) to FY2010 (\$521.5m). During that same period state general revenues grew only 13.9%. The amount of tax credits as a percentage of net general revenues increased from 1.7% to 7.7% during that same period. The high point for redemptions during that period was FY 2009 with \$584.7 million credits redeemed. The elimination or limitation of these programs could have a positive impact on state revenues. The findings of this committee should be fully considered when modifying the tax credit system.

In a separate study, Ward concluded that such practices divert resources from Missouri's public schools; more specifically from students in Missouri. He indicated the need for further study of the various tax abatement and credit practices while providing suggestions for four additional studies on the issues.

Legislative action should occur which would guarantee all taxing entities not only a role in the consideration of any action at the state, county or local level, which would impact their taxing authority or tax base (TIFs, Chapter 100 projects, Transportation Districts, Business Districts, etc), but also allow such taxing entities to have an official vote on the issue.

In regard to some issues, tax credits and abatement type processes, there should be review of the legal authority for one governing body to reduce the tax base and thereby, the revenue support for another taxing entity. The normal logic and prescribed practice for such action would indicate that only the specific taxing body or their patrons could approve such a change.

The approving entity for such projects should be required to provide annual reports to the public and to all affected taxing entities which shall address such issues as the tax revenue "opportunity cost" in terms of forgiven taxes, the new property tax generated because of the approved project, collateral revenue loss and revenue generation, etc. The focus of such a report shall be to delineate the true economic impact of the implementation of the project.

6. **All districts should, within broad parameters established by the state or federal government to prevent discrimination, have the option of establishing locally developed parameters for accepting students.** There has been much attention given to the possibility of allowing some version of open enrollment in the state of Missouri. A simple program which simply allows students to attend the district of their choice is not acceptable. In order for any proposal to be deserving of any consideration for implementation by public school leaders in the state of Missouri the issue of potential financial impact must be addressed as well as the responsibility for transportation. From the financial perspective only, an open enrollment plan must address the flow of state revenues, federal revenues and local revenues between the involved districts. Guidelines for the decision making and commitment process by families and districts must also be developed.

Unfulfilled General Revenue Sources for the State of Missouri

Although not specifically focused on education funding, the Missouri Budget Project (MBP) issued a paper “*There is a Better Way,*” which delineated several ways in which Missouri could improve its financial base. When taken in sum total, these modifications as listed below, whether made legislatively or by vote of the people, could have a \$519 million impact on Missouri’s budget not including an estimated \$1.3 billion dollar impact resulting from the revision of Missouri’s income tax structure. The delineation of these issues is not intended to imply a position on the level of taxation but simply to highlight options available to improve the financial status of the state of Missouri and thereby, affording appropriate support to public education.

1. **Legislative or public initiative action should occur which will increase general state revenues thus providing the financial capacity to fund the desired world class education.** Options as referenced by the Missouri Budget Project include:

Internet sales – A “streamlined sales tax” which would tax internet sales in the state of Missouri could generate \$187 million annually. 23 states already have such a program in place.

Tobacco tax – Missouri has the lowest tobacco tax rate in nation at 17 cents per pack. Doubling this tax would result in an estimated \$94.8 million in additional revenues.

Yacht sales tax – Yachts longer than 25 feet pay a lower fee in exchange for Coast Guard. Normal taxation of these sales would provide access to an estimated \$6 million in additional revenues.

Corporate Income Tax - Closing the door on some multi-state corporations currently avoiding state corporate income tax by implementing a combined reporting program for multi-state companies would potentially generate \$100 million in additional revenues.

Timely filing discounts – Retailers receive a “discount” for remitting sales and payroll taxes on time. Missouri stands alone in providing such an opportunity to retailers for payment of payroll taxes. There is no limit on the amount retained by businesses on sales tax collections. Elimination of each of these practices would generate an estimated \$ 92 million in sales tax revenues and \$40 million in payroll tax revenues.

Updating Missouri Income tax brackets – The current tax brackets were developed in 1931. Obviously income levels have changed in the last 80 years but not the tax brackets. Updating the brackets would likely result increased income taxes on higher level incomes. There was a proposal to make a modification to the tax brackets which would have generated an estimated \$1.3 billion annually in

additional revenues. While not advocating that specific plan, consideration of some modification would be appropriate.

An additional option, not a part of the MBP report, which should be considered would be dedicated state education sales tax. Such a revenue source could be used to fund a specific program such as preschool education.

Improving Local Revenue Streams

Under current Missouri statute, local school districts have the authority to assess a levy to generate revenues to operate their programs and provide facilities. This is their only local level means of generating substantive revenues other than possible grants which are not always available. Public school districts cannot assess such levies without the approval of the voters in their district.

1. ***Options should be developed which will allow local district officials to request voter approval for special levies, an education sales tax or other similar items which could provide local revenues for the district. Some such ideas would include:***

County education sales tax – applies to sales within the entire county and would be shared by all districts in the county.

Local education sales tax – applies to sales within the district boundaries only.

Designated Program levy – revenues would be available to support a specified program or programs.

2. ***Increase the minimum operating levy to be at or near the Performance Levy.*** Although there is a minimum required operating levy, such was implemented under a previous formula. The present formula includes a Performance Levy which is correlated to the operating levies of districts which have performed at the highest level as measured by Missouri's Annual Performance Report criteria. If a desired goal is for all Missouri students to have access to the same high quality education as that provided in Missouri's Performance Districts, logically a similar level of local support should be required.
3. ***Provide for additional options for bond issue proposals.*** The Physical Resources report cited data regarding the aging facilities in Missouri school districts as well as the need to have the capacity to provide for appropriate technology implementation not just for instruction but also for safe and secure facilities and busses. Presently, districts are limited to incurring maximum bonded debt of 15% of assessed valuation. In districts which have experienced rapid growth in enrollment or have aging facilities, that ceiling does not afford the capacity to provide the funds necessary to build the quality facilities required for a world class education environment as indicated in the Physical Resources section of this report. This ceiling needs to be increased.

Additionally, the required majority for passage of a bond issue should be lowered for all election dates. While a simple majority approval is most desirable for all bond elections, the implementation of the 4/7ths (57.1428%) for all bond issue proposals would be a positive start. Regardless of the level of majority required, the final decision would still be in the hands of the local voters.

4. ***Upon request from local school district officials, DESE, with the assistance and cooperation of local district officials, should conduct a complete study of the potential impact of reorganization of said***

districts with a focus on the potential for such action to increase local efficiencies. As the state funding system is not impacted by the number of districts, administrators or staff, but is based upon numbers representing student demographics such as student attendance, special learning needs, socio-economic status, and English language proficiency, reorganization may offer savings to local tax payers but would not provide the same benefit for required state funding. Completing such a study when requested and providing the report to the local district officials will enable them to make an informed, data based decision. In such a scenario, the final decision regarding any action would be at the local level.

5. ***Increase flexibility in use of state and federal funds while providing basic guidelines for how district officials will be accountable.*** As previously cited, Schlechty describes best practices as those in which states establish broad standards for expenditure of funds which ensure a quality education for all students yet allows local decision makers flexibility in the use of those funds to accomplish the desired student learning outcomes. Public school officials welcome the opportunity to verify their accountability of appropriate and successful use of state and federal funds in exchange for a greater degree of latitude in application of such funds towards addressing locally identified needs. Funds should be provided not with conditions attached but with the understanding that local districts have accountability standards to be attained. Innovations with the goal of providing higher quality learning experiences for Missouri students should be encouraged not deterred for fear of tripping on an “attached string.”
6. ***Research what is working in other states in terms of state and local funding practices to the develop new and effective practices for funding public education which will lead to even greater success for Missouri students.*** If the desired goal as expressed by the SBOE is to be in the top ten states by the year 2020, it seems logical that Missouri should study the funding practices of other states to determine those practices or systems which support the most effective and efficient use of financial resources. In so doing, a focus should remain on those states which have sustained a high level of world class student performance. Additionally, consideration should be given to the trend of the economic status of those states. It is worth repeating that Missouri’s State Adequacy Target for funding a quality education is presently \$6,131 while the “Top Ten” academically performing states spent an average of \$12,948 per pupil in an earlier year.

Additionally, Reeves states that combining monitoring of student results with more effective monitoring of instructional and leadership strategies is one of the most cost-effective methods for states to support world class education. He also supports maintaining a focus on the classroom and accountability in terms of funding; both are concepts which can be supported by local district leaders. As was posed in the **Government, Leadership and Accountability** section of this report, local school boards and administrators should be accountable for the use of resources. This accountability should seek to promote innovation and risk-taking rather than deter such.

SUMMARY

The provision of adequate and appropriate funding requires a cooperative approach which includes the involvement of state officials, local administrators, board of education members and other education organizations. It is the recommendation of this group that involved parties come together to develop a coordinated and sustainable funding plan which possesses the characteristics of stability, flexibility and predictability; a plan which has dedicated and varied revenue sources that will adequately and equitably support the provision of a high quality, world class public education for Missouri students. Such a process would afford

due consideration to the aforementioned Key Issues with the Guiding Principles as the foundation for any resultant decisions.

As indicated in the following quote from Darling-Hammond, education leaders must not only be provided the required resources to ensure a high quality world class education, they also have an obligation to be very thoughtful and judicious in the application of those funds.

“As Americans seek to deal with the effects of the monetary meltdown which became an economic tsunami..., it is critical to realize that financial responses alone won’t ultimately safeguard our economic and social well-being, and that substantial, strategic investments in education are essential to our long-term prosperity and to our success as a democracy. We cannot just bail ourselves out of this crisis. We must teach our way out.”
(Darling-Hammond, 2010)

We believe that the professional educators leading Missouri’s public school districts will provide high quality results when provided appropriate funding, given flexibility in local determination for best use of said funds and when supported in a cooperative fashion by state and federal officials.

The success of each locality, state and our nation depends upon a strong public education. Any differences between the various levels of control, including professional educator organizations, which have the potential to impede progress toward supporting strong public education must be set aside.

In closing, the committee acknowledges that all of the concepts presented may not be possible or even desirable by some given the perceived impact on the business community and the economy of the state. However, we are firm in our belief that funding for education must be stable and adequate, free from erosion by the decisions of those not directly involved in the education field and that a high quality world class education would be an economic benefit to Missouri. As stated by Missouri Governor Jay Nixon at the 2011 DESE conference, “In Missouri supporting public education is not a political issue – it is an enduring value we all share.”

RESOURCES

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Recommended readings

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VISIONING PROJECT MEMBERSHIP

Steering Committee

Dr. Tom Cummings	North Kansas City	Project Coordinator
Dr. Carter D. Ward	MSBA	Executive Director
Mr. Roger Kurtz	MASA	Executive Director/Facilitator
Phyllis Barks	MSBA	Facilitator
Randal Charles	St Charles R-VI	Co-Chair/Sup
Kenneth Cook	Malden R-I	Co-Chair/Sup
Joel Denney	MSBA	Facilitator
Gabe Edgar	Marceline R-V	Co-Chair/Sup
Jim Finley	Blue Springs R-IV	Co-Chair/Administrator
Mike Fulton	Pattonville	Co-Chair/Sup
Jeanie Gordon	MSBA	Facilitator
Kelli Hopkins	MSBA	Facilitator
Phil Hutchinson	Grain Valley R-V	Co-Chair/BrdMbr
Stephen Kleinsmith	Nixa R-II	Co-Chair/Sup
Gerry Lee	Springfield	Co-Chair/BrdMbr
Vic Lenz	Lindbergh	Co-Chair/BrdMbr
Marilyn McCroskey	Marionville R-IX	Co-Chair/BrdMbr
Michael Murphy	St. Clair R-XIII	Co-Chair/Sup
Mike Parnell	MSBA	Facilitator
Lonnie Schneider	MASA	Facilitator
Keith Strassner	Rolla 31	Co-Chair/BrdMbr
Peggy Taylor	Nixa	Co-Chair/BrdMbr
Dave Wright	Blue Springs R-IV	Co-Chair/BrdMbr

Climate, Culture and Organizational Efficacy

Jim Finley	Blue Springs R-IV	Co-Chair/Administrator
Keith Strassner	Rolla 31	Co-Chair/BrdMbr
Lonnie Schneider	MASA	Facilitator
Michele Clark	DESE	Liaison
Melanie Adams	St. Louis City	Board Member
Brent Blevins	Forsyth R-III	Superintendent
Luis Cordoba	Kansas City 33	Administrator
Mary Groeper	Wright City R-II	Board Member
Eileen Houston-Stewart	Kansas City 33	Administrator
Mary Ann Johnson	Retired	Retired Superintendent
Tara Lewis	Renick R-V	Superintendent
Troy Porter	Dixon R-I	Board Member
Matt Robinson	Cameron R-I	Superintendent
Stan Stratton	Dunklin R-V	Superintendent
John Westerman	Newburg R-II	Superintendent
Larry Wood	Senath-Hornersville C-8	Superintendent

Early Learning and Student Success

Michael Murphy	St. Clair R-XIII	Co-Chair/Sup
Peggy Taylor	Nixa	Co-Chair/BrdMbr
Phyllis Barks	MSBA	Facilitator
Kathy Thornburg	DESE	Liaison
Bev Borgeson	Mexico 59	Board Member
Judy Duden	Kirksville R-III	Board Member
Cheryl Compton	Ritenour	Superintendent
Julie Germann	Monett R-I	Administrator
Toni Hill	Portageville	Superintendent
Nancy Masterson	Camdenton R-III	Board Member
Tim McCraw	Windsor C-1	Board Member
John James	Mid-Buchanan R-V	Superintendent
Michael Ringen	Holden R-III	Superintendent
Melisa Smitson	Kansas City 33	Head Start Director
Debbie Stenner	Platte Co R-III	Administrator
Marilyn Stewart	St. Louis Special	Board Member
Lisa Vanderburg	Moberly	Board Member
Robert Wilcox	Kansas City 33	Administrator
Tina Woolsey	Mexico	Superintendent

Financial Resources

Randal Charles	St Charles R-VI	Co-Chair/Sup
Phil Hutchinson	Grain Valley R-V	Co-Chair/BrdMbr
Mike Parnell	MSBA	Facilitator
Ron Lankford	DESE	Liaison
Eric Churchwell	Palmyra R-I	Superintendent
Freddie Doherty	Oak Grove R-VI	Superintendent
Keith Dorsch	Wellington-Napoleon R-IX	Board Member
Darin Ford	Centralia R-VI	Superintendent
Bruce Johnson	Stanberry R-II	Superintendent
Kyle Kruse	New Haven	Superintendent
Rebecca Lee-Gwin	Kansas City 33	Administrator
Clay Loveland	Sparta R-III	Board Member
Kent Medlin	Willard R-II	Superintendent
Rocky Miller	School of the Osage	Board Member
Francis Moran	Past Superintendent	Past Superintendent
Roy Moss	Grain Valley R-V	Superintendent
Randy Spurlock	Ava R-I	Board Member
Diane Watson	St. Joseph	Board Member
James Welker	Cape Girardeau	Superintendent

Governance, Leadership, and Accountability

Stephen Kleinsmith	Nixa R-II	Co-Chair/Sup
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Dave Wright	Blue Springs R-IV	Co-Chair/BrdMbr
Jeanie Gordon	MSBA	Facilitator
Mark VanZandt	DESE	Liaison
John Cary	St. Louis Co. Special	Superintendent
Mona Coleman	Bolivar R-I	Board Member
J. William Covington	Kansas City 33	Superintendent
Fred Czerwonka	West Plains R-VII	Superintendent
Larry Felton	Mehlville R-IX	Board Member
Christopher Gaines	Wright City R-II	Superintendent
Randy George	Meramec Valley R-III	Superintendent
George Koontz	Scotland Co. R-I	Board Member
Brad MacLaughlin	Lexington R-V	Superintendent
Charles Moore	Fayette R-III	Past Board Member
Paul Nenninger	Cape Girardeau 63	Board Member
Bryan Prewitt	Albany R-III	Superintendent
Chace Ramey	Kansas City 33	Administrator
Mike Rosenbohm	Nodaway-Holt R-VII	Board Member
Steve Shelton	Raytown C-2	Administrator
Chris Small	Orrick R-XI	Superintendent
Jennings Wilkinson	Woodland R-IV	Superintendent

Human and Organizational Capital

Gabe Edgar	Marceline R-V	Co-Chair/Sup
Vic Lenz	Lindbergh	Co-Chair/BrdMbr
Kelli Hopkins	MSBA	Facilitator
Karla Eslinger	DESE	Liaison
Aron Bennett	Osceola	Superintendent
Kelly Burlison	Fredericktown R-I	Superintendent
Maureen Clancy-May	Bayless	Superintendent
Brent Depee'	School of the Osage	Superintendent
TomHauser	Marceline R-V	Board Member
Nathan Holder	Steelville R-III	Superintendent
Sharon Horbyk	Houston R-I	Board Member
Ken Lerbs	Gasconade Co. R-I	Board Member
Anthony Moore	Kansas City 33	Assistant Superintendent
Bill Redinger	Lone Jack C-6	Superintendent
Brian Robinson	Winston R-VI	Superintendent
Jim Westbury	St. Louis Special	Board Member

Physical Resources

Kenneth Cook	Malden R-I	Co-Chair/Sup
Gerry Lee	Springfield	Co-Chair/BrdMbr
Roger Kurtz	MASA	Facilitator
Leigh Ann Grant-Engle	DESE	Liaison

Steve Banton	Rockwood R-VI	Board Member
Phillip Cook	Carl Junction R-I	Superintendent
David Dude	Kansas City 33	Administrator
Rob Gardner	Platte Co R-III	Administrator
Kathy Green	Marshall	Board Member
Jim Hill	Knob Noster R-VIII	Board Member
David Knes	Valley Park	Superintendent
David Lawrence	Excelsior Springs 40	Administrator
Steve Morgan	Bolivar R-I	Superintendent
Mark Penny	Troy R-III	Superintendent
Joe Ridgeway	Richland R-IV	Superintendent
Michael Rounds	Kansas City 33	Administrator
Alison Schneider	School of the Osage	Board Member
Robert Smith	Maysville R-I	Superintendent

Teaching, Learning, and Assessment

Mike Fulton	Pattonville	Co-Chair/Sup
Marilyn McCroskey	Marionville R-IX	Co-Chair/BrdMbr
Joel Denney	MSBA	Facilitator
Sharon Hoge	DESE	Liaison

Sandra Alden	Gallatin R-V	Past Board Member
Robert Bartman	Center	Superintendent
Kris Callen	Springfield	Board Member
Jim Clark	Ferguson-Florissant R-II	Past Board Member
Judith DeLany	Carrollton R-VII	Superintendent
Mary Esselman	Kansas City 33	Administrator
Chuck Fugate	Ozark R-VI	Board Member
Linda Gray Smith	Past Superintendent	Past Superintendent
Kathy Grover	Clever R-V	Administrator
Shelley Jokerst	Ste. Genevieve R-II	Administrator
Robin Krause	Knob Noster R-VIII	Board Member
Charlotte Miller	Southern Boone Co R-I	Superintendent
Mike Pratte	Gasconade Co. R-I	Board Member
Mi'Andrea Prince	Kansas City	Administrator
Norm Ridder	Springfield	Superintendent
Brad Sprague	Clark Co. R-I	Board Member
Johnny Thompson	Crawford Co R-II	Superintendent