

Creating an Effective Budget

Kansas School Board Resource Center

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Effective Budgeting Principles

- You won't accomplish anything if the budget just shows how the district intends to spend money.
- Budgets should be built to achieve specific goals set forth in a strategic plan.
- The school board, not district management, sets the goals. Management then proposes a budget to meet the goals.



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The Board sets goals via the Building Needs Assessment

- The school needs assessment exercise may be the most important responsibility for every school board.
- BNA is the basis for a strategic plan to improve outcomes, academically prepare students for life.
- Strategic plans not built on the BNA questions will not get students the education they deserve.



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K.S.A. 72-1163 legal requirements

Each year the board of education of a school district shall conduct an assessment of the educational needs of each attendance center in the district. Such assessment shall be published on the school district's website. Information obtained from such needs assessment shall be used by the board when approving the budget of the school district to ensure improvement in student academic performance.



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You must answer three questions (each school)

1. What are the barriers preventing students from being proficient in reading and math?
2. What budgetary changes are needed to overcome the barriers?
3. With changes implemented, how many years to proficient (and/or below grade level)?



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Most districts ignore the BNA law

- Open Records examinations of many large districts over the last three years show district management ignoring the law.
 - 2021: bit.ly/42fSu7d
 - 2022: bit.ly/42etOfh
 - 2023: bit.ly/43Bbw9s



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Part 1: Take Charge of the BNA Process

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BNA is a legal obligation for board members

- Tell district staff to schedule meetings with each school, provide supplies and support as directed.
- District staff may attend to observe, but board members run the meetings.
- Require attendance for teachers and principals?

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Discuss BNA meeting parameters in advance

- Don't let 'board policy' get in the way. Assert your legal obligation to participate.
- No board member should be restricted in asking questions of staff.
- Encourage public to attend and observe.



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Setting goals for the district leadership team

- KSDE target is 75% proficient (Levels 3 and 4).
- Eat the elephant one bite at a time.
 - Be brutally realistic – you won't get there in a few years.
 - Allow for achievement gaps; set goals for each primary cohort.
 - Low-income (free and reduced)
 - Not low-income (self-pay lunch)
 - Allow for grade-level and subject proficiency variances



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Setting goals for the district leadership team

USD 489 Hays Math						
Year	Low-Income Students			Not Low-Income		
	Below Grade Level	At Grade Level, Needs Remedial Training	Proficient	Below Grade Level	At Grade Level, Needs Remedial Training	Proficient
Grade 3	11%	37%	52%	4%	12%	83%
Grade 4	20%	45%	36%	5%	40%	55%
Grade 5	31%	40%	29%	18%	33%	49%
Grade 6	49%	38%	13%	22%	47%	31%
Grade 7	32%	51%	17%	13%	53%	34%
Grade 8	39%	40%	21%	24%	28%	48%
Grade 10	51%	41%	8%	23%	39%	38%

State assessment results for all students, rounded to the nearest whole number

- Achievement typically drops precipitously in elementary school and students never catch up – districts must eliminate that inflection point.



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Setting goals for the district leadership team

- Board members aren't expected to have the answers, but you must ask the tough questions.
 - What are the causes of achievement declines in early grades?
 - What basic elements are missing in the curriculum?
 - What's getting in the way (DEI, for example) and how do we remove those barriers?
 - Wabaunsee's DEI solution
- No excuses – it's management's job to create a plan to produce required outcomes within existing resources.



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Q1: Qualities of legitimate barriers

- Identify challenges that district staff can address. This is a problem-solving exercise, not 'Festivus.'
 - No generic barriers like 'money' and 'staffing.'
 - No political statements.
- Be wary of topics over which schools have little control; focus on what you can do to ameliorate an issue.
 - Early childhood needs
 - Mental health (is DEI making it worse?)
 - Lack of parental involvement



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Q1: Qualities of legitimate barriers

- Encourage building staff to think ahead to Q2. Barriers should be actionable within existing resources.
- Ask probing questions. What's the basis for this as a barrier?
- Is there strong consensus on this barrier within the school?
- Emerson Elementary story – is the staff a barrier?



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Q2: *Legitimate budgetary changes*

- This is about resource allocation, not a wish list for more \$.
- Instruction – costs associated with the direct interaction between students and teachers – is “the most important part of the education program, the very foundation on which everything else is built. If this function fails to perform at the needed level, the whole educational program is doomed to failure regardless of how well the other functions perform.”

• *KSDE Accounting Manual*



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Part 2: Openly Discuss Achievement Levels

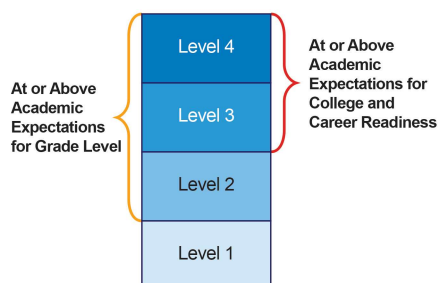
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State Assessment Results

Fig. 1: KSDE State Assessment

Performance Levels

Kansas Assessment Performance Levels



- Presented to Legislature in 2015.
- KSDE told USDE that Level 3 and Level 4 are proficient.



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KSDE / SBOE altered descriptions to give the appearance that grade level and proficient/on track are not measured

- Level 1 – students have a limited ability to understand and use material needed for post-secondary success.
- Level 2 – students have a basic ability....
- Level 3 – students have an effective ability...
- Level 4 – students have an excellent ability...



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Academically-prepared students don't need remedial training

“A successful Kansas high school graduate [Levels 3 &4] has the academic preparation...to be successful in postsecondary education, in the attainment of an industry recognized certification, or in the workforce **without the need for remediation.**”

DEFINITION: Successful Kansas High School Graduate

A SUCCESSFUL KANSAS HIGH SCHOOL GRADUATE has the academic preparation, cognitive preparation, technical skills, employability skills, and civic engagement to be successful in postsecondary education, in the attainment of an industry recognized certification, or in the workforce without the need for remediation.”

Adopted by the Kansas State Board of Education, January 2016



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State Assessment Results

Year	State of Kansas Math			State of Kansas ELA		
	Below Grade Level	At Grade Level, Needs Remedial Training	Proficient	Below Grade Level	At Grade Level, Needs Remedial Training	Proficient
2015	23%	44%	32%	21%	37%	41%
2016	27%	38%	33%	24%	35%	40%
2017	28%	38%	33%	27%	34%	37%
2018	29%	38%	33%	29%	34%	37%
2019	28%	39%	34%	29%	34%	37%
2021	34%	38%	28%	30%	35%	35%
2022	34%	36%	29%	34%	34%	32%

State assessment results for all students, rounded to the nearest whole number



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Part 3: Spending Categories

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Spending Per Student @KansasOpenGov.org

The screenshot shows the KS OpenGov DATABANK interface. At the top, there is a navigation bar with links for HOME, ABOUT, DATABANK (underlined), DONATE, KPI, and a search icon. Below the navigation bar is a teal header with the text "DATABANK" and a sub-header "This databank provides access to hundreds of reports showing how your tax dollars are spent". The main content area contains several filter fields: "Report" (with a folder icon) set to "Spending Per Pupil Database"; "USD #" (with a graduation cap icon) set to "Filter Results"; "County" (with a school building icon) set to "Filter Results"; "Year" (with a calendar icon) set to "Filter Results"; "District" (with a location pin icon) set to "Andover"; and "Search" (with a magnifying glass icon) set to an empty field. The KS OpenGov logo is in the top left, and the KSBRC logo is in the bottom right.

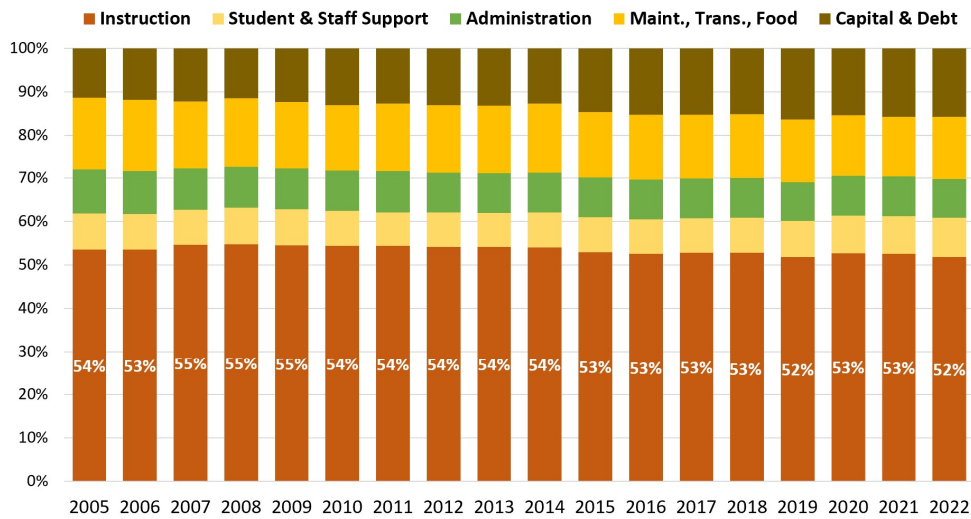
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State Average				
Spending Per Pupil				
Description	2005	2010	2022	% Chg. 2005-22
Instruction	5,177	6,671	8,805	70%
Student Support	443	542	963	117%
Staff Support	352	442	569	62%
Administration	979	1,147	1,513	55%
Oper. & Maint.	829	949	1,203	45%
Transportation	366	409	569	55%
Food Service	418	495	679	62%
Other	2	4	23	1050%
Capital	453	707	1,210	167%
Debt Service	648	904	1,459	125%
	9,667	12,270	16,993	76%
Employment and Enrollment				
Description	2005	2010	2022	% Chg. 2005-22
Students	441,868	453,362	463,662	5%
Classroom Teachers	28,594	30,212	30,686	7%
Other Teachers	4,231	4,774	5,038	19%
Managers	3,878	4,230	4,979	28%
Other non-teachers	27,304	30,632	32,271	18%
total staff	64,007	69,848	72,974	14%



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Per-Pupil Spending Allocation – State Average



Source: Kansas Dept. of Education



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Part 4: Spending Efficiencies & Cash Reserves

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What message is KSDE sending?



West Ed Study

Data-Based and Peer Reviewed

Effective = Capable of producing desired result.

Efficient = Achieving desired outcomes while minimizing resources.

Kansas schools are **95.6% efficient**.
Among the highest in the nation.

Kansas State Department of Education | www.ksde.org | #KansasCan

Kansas leads the world in the success of each student.



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According to the West Ed study author

- **Question:** “Is it fair to say that such measurement [WestEd’s description of efficiency] is merely relative to the performance of other observations and doesn’t necessarily mean that any of the observations are truly operating at a potential (or theoretical) level of efficiency?”
- **Dr. Taylor:** “Yes, I think that is fair to say.”

<https://kansaspolicy.org/schools-misinterpret-efficiency-wested-study/>



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Putting ‘relative performance’ in perspective

- Imagine senior citizens running a 100-yard dash. The first few to finish are ‘fast’ relative to the others, but none are really fast.
- Imagine 100 students take a test. Johnnie gets a ‘C’ and only four students had higher grades. He is in the 95th percentile of the class, but he didn’t get a good grade.



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West Ed didn't look at cost-reduction opportunities

- Dr. Taylor said, “We have no information about the extent to which Kansas districts are able to negotiate the lowest possible prices for the inputs they purchase.”
- The WestEd study said, “...buildings were producing nearly 96 percent of their potential output, on average,” and Dr. Taylor says the outputs were test scores and graduation rates. This presumes that achievement is limited by the amount spent.



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No relationship between spending & achievement

No Relationship Between Spending and Achievement				
Description	Kansas	Florida	Arizona	Idaho
4th Gr Reading Low-Income Proficient	18%	28%	19%	22%
4th Gr Reading Not Low-Income Proficient	41%	54%	41%	41%
8th Gr Reading Low-Income Proficient	15%	21%	17%	22%
8th Gr Reading Not Low-Income Proficient	35%	40%	38%	40%
Spending Per Pupil	\$17,502	\$11,561	\$10,462	\$9,893

Source: NAEP 2022, Census 2020 spending adjusted for cost of living (MERIC)

Note: Kansas is ranked #38 in 'bang for the buck' among the 50 states. [Bit.ly/42fn8c8](https://bit.ly/42fn8c8)



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Board-driven process that lays out primary responsibilities for district staff

- Budgets should fulfill Instruction needs for improving achievement. Then allocate remaining resources as needed.
- Cost-saving opportunities are everywhere:
 - What happens if we don't spend this (dues, travel, etc.)?
 - Reduce costs with outsourcing & cross-district service-sharing.
 - Are we losing money on food service?
 - Are we fully utilizing bulk purchasing options?



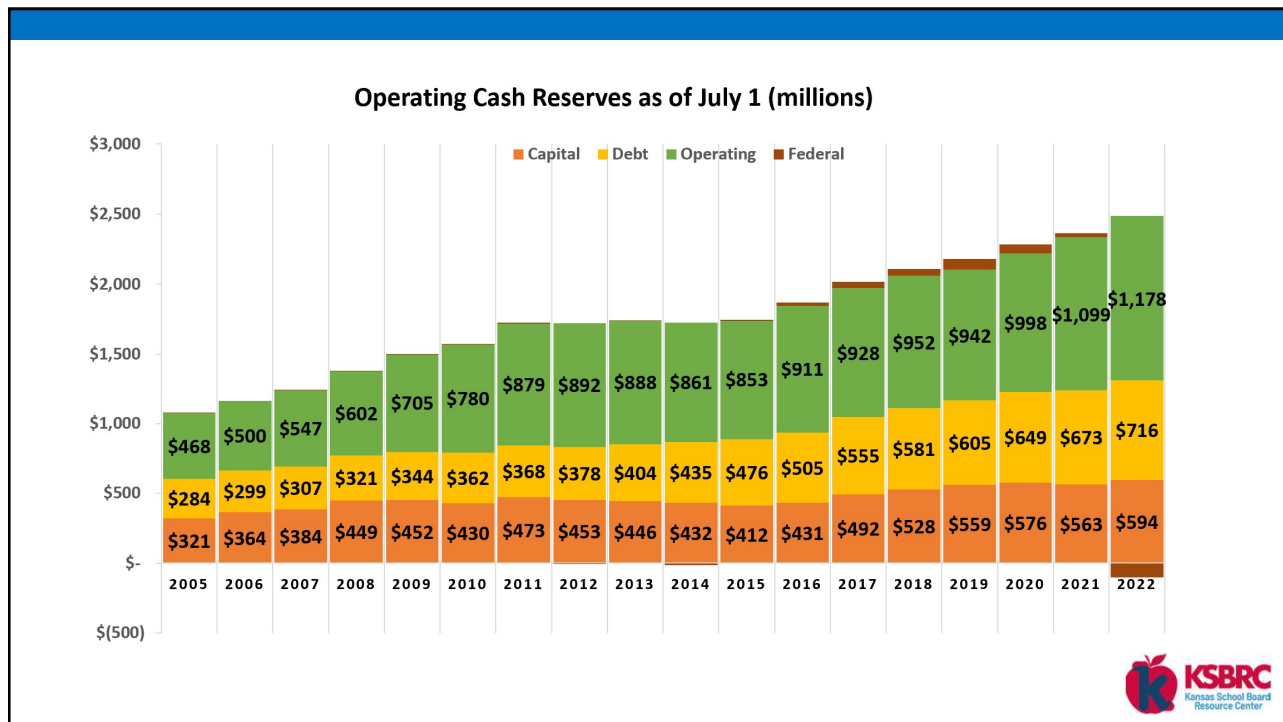
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Fund Accounting Basics

- School districts have as many as 32 funds.
 - List for each district @ KansasOpenGov.org
- Funds operate like checkbooks:
 - Deposits (revenue)
 - Checks (expenditures)
 - If the ending balance is higher than the beginning balance, revenues were greater than expenditures.




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KSDE on fund transfers

- Mandatory and prohibited transfers – see KSDE handout.
 - Exception per K.S.A. 72-5167: transfers to the General Fund from any fund to which transfers from General Fund are authorized in an amount not to exceed amount transferred in during the year.
 - Exception per K.S.A. 72-1436: transfer from Bond & Interest to Capital Outlay under certain circumstances.
- Other transfers are permitted, but KSDE doesn't provide written guidance.

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Examples of permitted transfers

- Capital Outlay: some maintenance costs.
- Supplemental General: wide latitude.
- Contingency: wide latitude.



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Transfer less in from General & Supplemental General to spend down reserves

USD 259 Special Education Fund				
School Year	Transfers In			Ending Cash Balance
	General Fund	Supp. Gen.	Total	
2017				11,000,000
2018	56,015,493	34,381,713	90,397,206	11,502,156
2019	62,781,610	33,319,967	96,101,577	11,817,832
2020	69,817,601	38,219,951	108,037,552	15,000,000
2021	78,079,785	27,520,223	105,600,008	18,000,000
2022	59,489,726	46,333,430	105,823,156	19,500,000

Source: KSDE



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Avoid transferring money to Food Service

- 157 districts transferred \$5.5 million from General, Supp General, and Contingency in 2022.
- Raise prices, cut costs, or spend down reserves to avoid a net loss.



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Final Thoughts

- Ask a lot of questions...insist on statutory reference and other written evidence as needed.
- “If we can’t do it that way, where else can we find the money?”
- “Before we consider this request, have we provided all the resources needed to overcome barriers to students achieving proficiency?”
- Call KSBRC for help.



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