



Model Policy Creating an Effective Budget Process

School districts likely cannot resolve the student achievement crisis in Kansas if district budgets are merely plans to spend money. Funding has increased faster than inflation over the years, yet achievement declined before the COVID pandemic and is now worse. Statewide, more students are below grade level in reading and math than are proficient.

Money matters, but it must be strategically spent to make a difference. School district budgets are often presented in hundreds of pages of excruciating detail but lack two critical things board members need to analyze a district's proposals: purpose and historical perspective.

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

We suggest this model policy as a concept rather than a document that can be adopted because some explanation is required, but KSBRRC will create the model language for districts as needed.

Budget Purpose

A budget that is not consciously designed to achieve specific goals is unlikely to produce the results needed to resolve the achievement crisis.

We recommend placing a Budget Purpose statement on page 1 that focuses on student achievement goals set by the board. The exact wording will depend on the degree of specificity in your targets, but at a minimum, we suggest:

- ✓ Reduce the percentage of students below grade level in reading and math in John Smith Elementary from X% to Y%.
- ✓ Increase the district-wide percentage of students proficient in reading and math in John Smith Elementary from X% to Y%.

Board members should set growth targets for each school for several reasons. First, student needs vary from school to school, and improving achievement in some schools will be more challenging than others. Staff members in each school must also know the targets to communicate budget needs and monitor progress throughout the year.

Only setting district-wide goals will be far less effective, and you could set the district up for failure. The district's average achievement levels are composites of all the schools, so it is crucial to understand the varying needs and capabilities of each one. Having growth targets for each building will identify the 'low-hanging fruit' and move the needle faster, and the board is much better able to make adjustments when progress comes up short. It's also imperative to have a clear, written account of goal setting and

any adjustments along the way reflected in board minutes so that new board members and everyone else understand the rationale for actions taken in the past and can use that knowledge to inform future actions.

The achievement of short-term goals should be documented and celebrated, as should efforts that come up short. Having a culture where no one is to blame but everyone is responsible expedites progress and keeps the team focused.

Finally, the goals must be reasonable – not too easy or unrealistic – to maintain buy-in. Unrealistic goals may look good on paper, but not hitting them can create a sense of failure among the staff and students that will impede progress in future years.

School Needs Assessment

School boards need a process to gather and analyze information to set realistic goals. We suggest creating a school needs assessment based on these principles:

1. School boards are responsible for setting goals. District staff must be involved, but the school board should drive the process. Like setting policy, the board takes the lead, and the staff is responsible for implementation.
2. The school board conducts a needs assessment of students in each attendance center and directly communicates with teachers and principals. The purpose is to identify barriers to students achieving proficiency and reach a consensus on the three most significant barriers the board can address in the budget process. Teachers and principals should also be asked for suggestions to redirect budget resources to overcome the barriers because some of the best ideas come from people in the trenches.
3. Next, board members work with district leadership to identify spending changes across the district and use the savings to attack each school's barriers.
4. Finally, the board leads the process of setting realistic goals for improving achievement. The superintendent must drive district leadership to embrace implementing the board's direction; attempts to control the board shift the focus away from students and will impede progress.

The Kansas School Board Resource Center created a training workshop to help board members devise and implement the school needs assessment, and the [training documents are here](#).

State law requires Kansas school districts to conduct these assessments, and KSBRC is working with the Legislature to compel compliance. Open Records investigations have discovered that many school districts do not allow board members to conduct meetings or participate in gathering information needed to overcome barriers and improve achievement. A law isn't necessary for school districts in other states to adopt this policy. Still, states that pursue legislation to make needs assessments mandatory should strongly consider including a consequence for non-compliance (like loss of accreditation).

Historical Perspective

Following the Budget Purpose page should be several schedules that track progress on improving student achievement and puts some historical perspective on spending to give board members some perspective on the proposed budget. The tables in each section below reflect each district's historical data from the Kansas Department of Education.

Student Achievement

Some student achievement history should follow the Budget Purpose to help determine whether achievement goals are realistic; it is also a powerful reminder that much more work is needed to reach acceptable proficiency levels.

One schedule shows district-wide performance levels from the first year the current state assessment was given to the most recent results. The adjacent table shows the history of the Olathe district in Kansas in math and English Language Arts (reading and writing).

The COVID pandemic is a factor, but this schedule shows proficiency was already declining, and many more students are scoring below grade level. (The test wasn't administered in 2020 because schools were closed for COVID).

It would also be helpful to include a chart like this for every school in the district.

Year	USD 233 Olathe Math			USD 233 Olathe ELA		
	Below Grade Level	At Grade Level, Needs Remedial Training	Proficient	Below Grade Level	At Grade Level, Needs Remedial Training	Proficient
2015	15%	40%	45%	13%	34%	52%
2016	19%	36%	45%	16%	32%	51%
2017	19%	36%	44%	19%	33%	47%
2018	20%	37%	42%	20%	34%	46%
2019	20%	38%	42%	21%	34%	45%
2021	24%	38%	37%	22%	35%	43%
2022	24%	35%	40%	26%	35%	39%

2022 State assessment results for all students, rounded to the nearest whole number

The following chart tracks students' progress in the 10th grade (the last year the students take the assessment in Kansas).

When those students were in the 3rd grade in 2015, 66% were proficient in math, and 59% were proficient in reading. Reading improved in the 4th grade, but math proficiency dropped to 45%. Each year after, proficiency levels fell, and more students performed below grade level.

Year	USD 233: Math			USD 233: English Language Arts		
	Below Grade Level	At Grade Level, Needs Remedial Training	Proficient	Below Grade Level	At Grade Level, Needs Remedial Training	Proficient
3rd Gr. - 2015	8%	25%	66%	12%	28%	59%
4th Gr. - 2016	11%	43%	45%	9%	28%	62%
5th Gr. - 2017	21%	36%	43%	16%	27%	59%
6th Gr. - 2018	20%	40%	41%	26%	27%	47%
7th Gr. - 2019	14%	45%	41%	26%	35%	39%
10th Gr - 2022	38%	36%	26%	32%	37%	31%

Source: KSDE; totals may be <100% due to students not tested and rounding

Students doing worse as they move through their K-12 experience is not unique to the Olathe school district or the State of Kansas. The transition from 3rd to 4th grade is critical; that's when students transition from learning how to read to reading to learn. Students who are not reading proficiently or at least at grade level

will struggle mightily in later years as the lessons become more challenging.

Spending History

Most government budgets only compare the proposed budget to prior years, which can be deceiving. State law often prohibits taxing local taxing authorities from spending more than was published in a budget, so it's common practice to budget a little more than the entity plans to spend.

The example below gives the impression that the district is proposing a 4% spending increase, going from a budget of \$50 million in 2023 to a \$52 million budget for 2024. But if the district expects spending to finish the year at \$48 million, it is really proposing to spend 8.3% more

District XYZ Total Spending					
Description	2023 Budget	2023 Estimated	2024 Proposed Budget	% Chg. 2023 Budget to 2024 Budget	% Chg. 2023 Estimated to 2024 Budget
Total Spending	50,000,000	48,000,000	52,000,000	4.0%	8.3%

This schedule shows total and per-student spending for the three previous years, an estimate for the current year, and the proposed budget for the coming year for USD 257 in Iola, Kansas. Enrollment is declining in Iola, so only examining total spending for Instruction (for example) shows a decline in spending for 2022, but spending per student increased slightly.

Only reviewing per-student spending can also obscure perspective. In this example, discussing the jump in Operations & Maintenance spending in total dollars is easier. ('Why did we spend \$1.3 million more last year than in 2020?')

USD 257 Iola Total Spending									
Description	2020 Actual	2021 Actual	% change	2022 Actual	% Chg.	2023 Estimated	% Chg.	2024 Proposed	% Chg.
Instruction	10,151,309	10,301,999	1.5%	10,025,817	-2.7%				
Student Support	472,199	540,523	14.5%	507,284	-6.1%				
Staff Support	467,826	438,985	-6.2%	410,395	-6.5%				
Administration	1,761,428	1,826,806	3.7%	1,991,588	9.0%				
Oper. & Maint.	1,497,742	2,358,045	57.4%	2,824,331	19.8%				
Transportation	784,126	768,829	-2.0%	640,350	-16.7%				
Food Service	687,714	808,513	17.6%	811,717	0.4%				
Other	513	0	-100.0%	505					
Capital	592,746	577,381	-2.6%	1,882,211	226.0%				
Debt Service	853,157	1,624,381	90.4%	1,800,631	10.9%				
Total	17,268,760	19,245,462	11.4%	20,894,829	8.6%	0		0	
FTE Enrolled	1,148.0	1,104.9	-3.8%	1,073.3	-2.9%				

USD 257 Iola Spending Per Student									
Description	2020 Actual	2021 Actual	% change	2022 Actual	% Chg.	2023 Estimated	% Chg.	2024 Proposed	% Chg.
Instruction	8,843	9,324	5.4%	9,341	0.2%				
Student Support	411	489	18.9%	473	-3.4%				
Staff Support	408	397	-2.5%	382	-3.8%				
Administration	1,534	1,653	7.8%	1,856	12.2%				
Oper. & Maint.	1,305	2,134	63.6%	2,631	23.3%				
Transportation	683	696	1.9%	597	-14.3%				
Food Service	599	732	22.2%	756	3.4%				
Other	0	0	-100.0%	0					
Capital	516	523	1.2%	1,754	235.6%				
Debt Service	743	1,470	97.8%	1,678	14.1%				
Total	15,042	17,418	15.8%	19,468	11.8%				

There may be resistance to providing estimated final spending for the current year, but the information can be provided, and it should be regularly reviewed by management and the board throughout the year to monitor cash flow and identify opportunities. If spending in one area is less than budgeted, that frees up resources that can be more effectively deployed.

Carryover Cash Reserves

School district accounting utilizes a multitude of funds that operate like a personal checking account. If the ending balance is larger than the beginning balance, more money was deposited into the fund than was spent.

There may be valid reasons for periodic jumps or declines in a fund balance, and every entity needs some degree of cash reserves to carry over to the following year. But available data for Kansas and

other states indicates many opportunities exist to use carryover cash reserves and current-year revenues more effectively.

USD 512 Shawnee Mission in Kansas increased total reserves from about \$77 million at the beginning of the 2020 school year and the total exceeded \$105 million two years later. About \$10 million of the increase is in the Bond & Interest fund, which is set aside to make debt service payments and is not available for any other purpose under Kansas law. The change in other fund balances reflects many opportunities that should be discussed. For example:

- ✓ Why did the Supplemental General balance grow by \$5.2 million over the last two years? Were there no unmet needs for which those funds could have been used? Can you show us the district's cash flow model to determine the appropriate ending balance?

Suppose the balance is expected to be greater at the end of this year than what is needed for cash flow purposes. In that case, the excess in a fund with no restrictions is available to address barriers identified in the Needs Assessment process.

USD 512 Shawnee Mission Uncumbered Cash Reserves					
Fund Name	July 1, 2020 Actual	July 1, 2021 Actual	July 1, 2022 Actual	July 1, 2023 Estimated	July 1, 2024 Proposed
General	0	2,464	0		
Federal	(54,046)	(108,419)	(359,908)		
Supplemental General	2,719,266	6,109,183	7,969,206		
Adult Education	0	0	0		
At-Risk 4 Year Old	0	0	0		
Adult Supplemental	35,421	35,421	35,421		
At-Risk K-12	0	0	0		
Bilingual	0	0	0		
Virtual	0	0	0		
Capital Outlay	14,734,111	16,953,384	14,024,522		
Driver Training	0	0	0		
Declining Enrollment	458,062	463,175	463,331		
Extraordinary School	594,901	650,019	725,214		
Food Service	2,021,994	2,125,842	7,111,372		
Professional Development	0	0	0		
Parent Education	0	0	0		
Summer School	572,354	581,241	571,004		
Special Education	18,118,087	20,558,496	22,995,725		
Cost of Living	508,622	1,009,074	1,557,939		
Vocational Education	0	0	20		
Gifts & Grants	1,219,747	1,222,474	1,266,067		
Special Liability	1,997,017	1,919,861	2,270,409		
Extraordinary Growth	0	0	0		
Special Reserve	2,714,149	2,714,149	2,714,149		
Contingency	5,638,052	5,638,052	5,638,052		
Textbooks & Materials	2,231,707	4,057,745	4,178,691		
Activities	317,610	316,412	392,408		
Bond & Interest 1	22,545,564	22,471,265	32,997,094		
Bond & Interest 2	0	0	0		
No-Fund Warrants	0	0	0		
Special Assessment	621,766	501,175	971,324		
Special Education Co-Op	0	0	0		
Total	76,994,384	87,221,013	105,522,040	0	0

Some balances in restricted funds may also be available. This district has almost \$23 million in its Special Education Fund, which under Kansas law can only be spent on special education services. But at least in the case of this district, board members may be able to do a one-time reduction of almost \$9 million that becomes available for discretionary spending.

At the end of the 2019 school year, the district had a \$13 million ending balance, which means it had 27% of its 2020 expenditures in the bank at the beginning of the year (beginning balance of \$13,139,146 ÷ \$48,394,318 in expenditures for the year).

Each year, the district transferred money from its General Fund and Supplemental General Fund to Special Education that resulted in revenue being greater than spending. (Some of the transferred money is state aid for special education that first is deposited in the General Fund.) The excess revenue therefore caused the ending cash balance to increase. Put differently, the district transferred too much money to Special Education. But there is a legal way to effectively get it back.

USD 512 Special Education Fund							
School Year	Beginning Cash Balance	Revenue Transferred In		Other Revenue	Total Revenue	Expenditures	Ending Cash Balance
		General Fund	Supp. Gen.				
2019	14,261,407	20,876,990	15,671,824	8,679,575	45,228,389	46,350,650	13,139,146
2020	13,139,146	21,881,775	22,991,876	8,499,608	53,373,259	48,394,318	18,118,087
2021	18,118,087	22,639,654	20,266,133	8,547,691	51,453,478	49,013,069	20,558,496
2022	20,558,496	23,214,671	22,075,833	9,186,850	54,477,354	52,040,125	22,995,725

Source: KSDE

If the district projects special education costs will increase to \$53 million in 2023, the school board would only need a beginning balance of \$14.3 million to have 27% of the year's spending in reserve. That means the board could transfer almost \$9 million less in 2023 than in 2022 from the General and Supplemental General funds and use that money for something else.

In other words, if too much money was transferred to a restricted fund in prior years, districts can get it back by transferring less in the current year.

By the way, this example is not intended to imply that 27% is the correct ending balance, just that the district has demonstrated the ability to operate with a 27% reserve in special education; a cash flow analysis may indicate a lower reserve would suffice.

Employment and enrollment

The vast majority of education expenditures go to pay and benefits, and classroom teachers have more impact on student achievement than anything else. A comparison of the changes in enrollment and employment gives board members a clear picture of resource allocation and may also indicate opportunities to redirect resources.

The table below shows that USD 259 in Wichita had a 7.5% enrollment decline between 2019 and 2022, while the number of classroom teachers dropped by 2.2%. The schedule also shows a 6% increase in managers and a 9.4% increase in other non-teachers. Board members can use this information to ask probing questions, like:

- Are class sizes growing or declining? There should be a decline since the student-to-teacher ratio is falling.
- There were 15.7 students for each classroom teacher in 2022 (44,594 students ÷ 2,841 classroom teachers). Is that a good student-to-teacher ratio?
- What is the change in the number of classroom teachers for elementary, middle, and high school, and how does that compare to enrollment changes in each level?
- Are the increases in managers and other non-teachers having a measurable impact on student achievement? If not, board members can redeploy resources to incentivize effective teachers and recruit more effective teachers.

USD 259 Wichita Employment and Enrollment								
Description	2019 Actual	2020 Actual	2021 Actual	2022 Actual	% Chg. 2019 to 2022	2023 Est.	2024 Proposed	% Chg. 2019 to 2024
Students	48,206.0	47,632.6	45,302.1	44,594.2	-7.5%			
Classroom Teachers	2,904.7	2,904.7	2,871.4	2,841.0	-2.2%			
Other Teachers	625.1	625.1	630.3	599.0	-4.2%			
Managers	340.6	343.5	358.8	361.7	6.2%			
Other non-teachers	2,551.6	2,754.7	2,685.6	2,792.5	9.4%			
total staff	6,422.0	6,628.0	6,546.1	6,594.2	2.7%			
<i>Managers are superintendents, assistant superintendents, deputy superintendents, principals, assistant principals, directors, instruction coordinators, and curriculum specialists.</i>								

Other teachers in this example are special education teachers and reading specialists as designated by the Kansas Department of Education.

Salary comparisons

Teacher pay in Kansas is solely determined by local school boards (as are all other expenditures). This example from USD 489 in Hays shows the average teacher salary in 2023 is lower than in 2019. That does not necessarily mean teachers have had their pay reduced, however. Teachers are paid mainly on the basis of how long they have been teaching (rather than for effectiveness), so the average can decline when higher-paid teachers retire and are replaced by new teachers.

USD 489 Hays Average Contracted Salary						
Description	2019	2020	2021	2022	2023	2024 Proposed
Superintendent	160,444	168,035	171,840	179,884	185,206	
Principals	92,142	91,403	97,238	94,995	97,050	
Teachers	54,461	47,912	50,446	51,239	53,402	

Superintendents, principals, and teachers are shown in this schedule because districts must report these categories to the state, but board members should also be given a complete payroll list for the current year. A payroll list at [KansasOpenGov.org](https://www.kansasopen.gov) shows two custodians at USD 489 are paid more than \$80,000 and a payroll coordinator making \$90,000. Payroll and custodial services are necessary functions but could be outsourced at a lower cost, and the savings can be put towards improving student achievement.

Property tax

Property tax does not correlate with student achievement, but it significantly impacts taxpayers and is a hot topic in Kansas. Many elected officials reference the mill rate to claim to be 'holding the line' on property tax while knowing they are taking in more money. Including some history of property tax in the budget review is a good-faith transparency effort for taxpayers, and it also reminds board members that their decisions have consequences.

The Kansas school finance formula requires each district to impose a 20-mill tax as part of state aid (one mill equals \$1 of tax for each \$1,000 of assessed valuation). All other school property taxes are at the discretion of local school boards. The table below shows the history for USD 469 in Lansing, Kansas, but some districts impose other property taxes.

USD 469 Lansing Property Tax							
Description	2020 Budget	2021 Budget	% change	2022 Budget	% Chg.	2023 Budget	% Chg.
Local Option Budget	2,023,903	1,987,293	-1.8%	2,048,986	3.1%	2,203,625	7.5%
Capital Outlay	1,117,016	1,167,801	4.5%	1,261,292	8.0%	1,426,035	13.1%
Bond & Interest 1	2,143,129	2,150,267	0.3%	2,432,058	13.1%	2,784,509	14.5%
Special Assessment	153,606	149,063	-3.0%	150,223	0.8%	153,805	2.4%
Total Local Tax	5,437,654	5,685,492	4.6%	5,892,559	3.6%	6,661,505	13.0%
State - 20 Mills	2,593,928	2,719,096	4.8%	2,950,609	8.5%	3,161,314	7.1%
Total Property Tax	8,031,582	8,404,588	4.6%	8,843,168	5.2%	9,822,819	11.1%

Board members can use this information with other data to make informed decisions. For example, a district with sufficient cash reserves in its Capital Outlay fund may be able to reduce that piece of property tax for at least a year. That analysis also prompts a discussion of future capital outlay needs with some probing questions, like:

- Are we replacing equipment on an arbitrary schedule or only when replacement is necessary?
- Is the expenditure a necessity or discretionary?