



## Analysis: Good Cash Management Avoids Excess Transfers to Restricted Funds, Makes More Money Available to Improve Student Achievement

Education officials have been lobbying the Legislature for additional Special Education (SPED) funding, saying they must transfer discretionary aid from the General, Supplemental General, and Contingency funds to cover excess costs. A KSBRC analysis of those transfers shows that, in many cases, districts transferred more than was necessary to cover excess SPED costs, totaling at least \$49.6 million for school years 2020 through 2022.

For example, [our analysis](#) shows that USD 259 transferred \$7,682,168 more than was necessary over the three years. In 2020, the district received \$50,071,989 in state SPED aid; it had \$17,902,368 in other SPED revenue and transferred \$57,965,563 in discretionary money to the SPED fund. Total revenue was \$125,939,920 and total spending was \$122,757,752. Revenues exceeded spending by \$3,182,168 and increased SPED cash reserves by the same amount. The district started the year with a beginning cash balance in the fund of \$11,817,832 and finished the year with \$15 million.

USD 259 Special Education Fund								
School Year	Beginning Cash Balance	SPED State Aid	Other SPED Revenue	Discretionary Local Transfers	Total Revenue	Expenditures	Revenue Excess (Shortfall)	Ending Cash Balance
2020	11,817,832	50,071,989	17,902,368	57,965,563	125,939,920	122,757,752	3,182,168	15,000,000
2021	15,000,000	52,538,694	19,703,965	53,061,314	125,303,973	122,303,973	3,000,000	18,000,000
2022	18,000,000	55,350,325	20,100,613	50,472,831	125,923,769	124,423,769	1,500,000	19,500,000

Source: KSDE

Revenue exceeded spending by \$3 million in 2021 and \$1.5 million in 2022. The district could have transferred \$7.7 million less over those three years and still had \$11.8 million in SPED cash reserves.

Some districts transferred too much in some years but not enough to maintain the same cash reserve balance in others; our analysis shows the excess net transfers over the three years to that each district would have had the same SPED cash reserves at the end of 2022 as the beginning of 2020.

For example, the [analysis](#) shows USD 500 Kansas City transferred \$8.8 million too much in 2020, but expenditures exceeded revenue by \$1.2 million in 2021 and by \$5.3 million in 2022. Over three years, the district's net excess transfers were \$2.3 million.

We also examined changes in Special Education Co-Op funds on the same basis, except there are charges to Co-Op member districts instead of fund transfers. The [SPED Co-Op report](#) shows Co-Op host districts overcharged member districts by \$21.5 million over the three years.

For example, [our SPED Co-Op analysis](#) shows that USD 368 collected \$2,176,860 more than was necessary over the three years. In 2020, the district had \$14,815,457 in Local Revenue, most of which is



charges to member districts for providing services; it had no state revenue and \$2,085,633 in federal revenue. Total revenue was \$16,901,090 and total spending was \$16,636,141. Revenues exceeded spending by \$264,949 and increased SPED cash reserves by the same amount. The district started the year with a beginning cash balance in the fund of \$1,470,821 and finished the year with \$1,735,770.

USD 368 Paola Special Ed Co-Op Fund								
School Year	Beginning Cash Balance	Local Revenue	State Revenue	Federal Revenue	Total Revenue	Expenditures	Revenue Excess (Shortfall)	Ending Cash Balance
2020	1,470,821	14,815,457	0	2,085,633	16,901,090	16,636,141	264,949	1,735,770
2021	1,735,770	15,085,106	0	2,179,487	17,264,593	16,549,446	715,147	2,450,917
2022	2,450,917	14,929,349	0	2,687,196	17,616,545	16,419,781	1,196,764	3,647,681
Source: KSDE								

Revenue exceeded spending by \$715,147 in 2021 and \$1,196,764 in 2022. The district could have collected 2,176,860 less from member districts over those three years and still had \$1.5 million in SPED cash reserves.