

Creating an Effective Budget

Kansas School Board Resource Center

Part 1: Follow The Money

Budgeting 101

- Never compare to a previous budget. Instruct staff to estimate final spending for the current year, and also show actual spending for at least the year before.
- Never accept *'we don't do it that way'* or *'that's not what KSDE recommends.'*

- Historic spending comparisons can identify increases that could be controlled.
- Inflation was 56% from 2005 to 2023.
- Comparing changes in enrollment & employment may identify possible savings opportunities.

State Average				
Spending Per Pupil				
Description	2005	2010	2023	% Chg. 2005-23
Instruction	5,177	6,671	9,259	79%
Student Support	443	542	1,022	131%
Staff Support	352	442	599	70%
Administration	979	1,147	1,606	64%
Oper. & Maint.	829	949	1,665	101%
Transportation	366	409	686	87%
Food Service	418	495	691	65%
Other	2	4	30	1400%
Capital	453	707	636	40%
Debt Service	648	904	1,457	125%
	9,667	12,270	17,651	83%
Employment and Enrollment				
Description	2005	2010	2023	% Chg. 2005-23
Students	441,868	453,362	464,957	5%
Classroom Teachers	28,594	30,212	29,921	5%
Other Teachers	4,231	4,774	4,901	16%
Managers	3,878	4,230	5,027	30%
Other non-teachers	27,304	30,632	33,452	23%
total staff	64,007	69,848	73,301	15%

Spending Per Student @KansasOpenGov.org

Schools Databank

Select a report below:

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[District Snapshots →](#)

[2022 State Assessment](#)

[2023 State Assessment](#)

[ACT College Readiness](#)

[ACT Scores](#)

[Carryover Cash District Graphs](#)

[Carryover Cash Reserves by Fund](#)

[Carryover Cash Reserves by Major Category](#)

[Funding Per Pupil \(\\$\)](#)

[School Employment and Enrollment Comparisons](#)

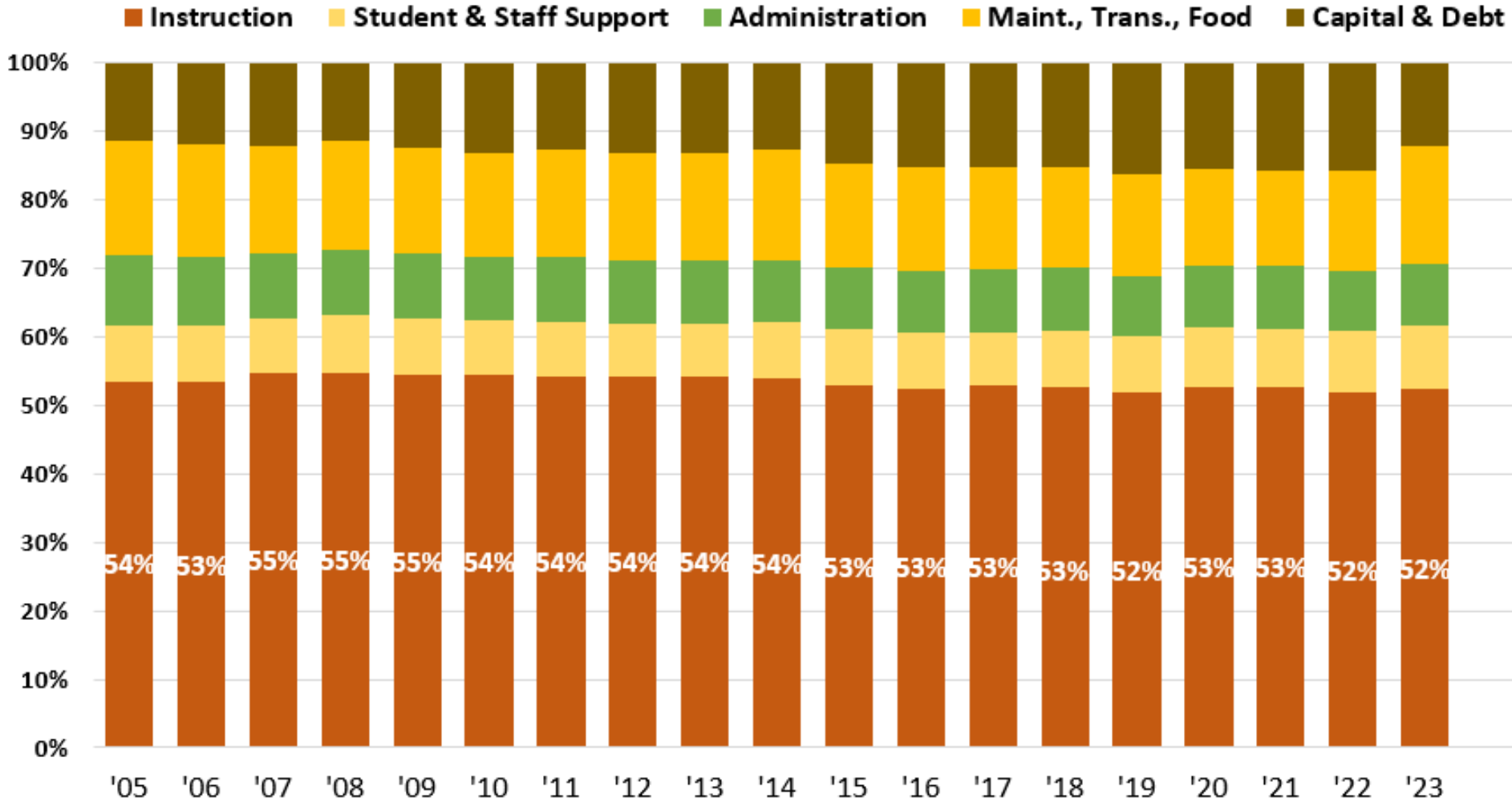
[School Spending Per Pupil Database](#)

[School Spending Per Pupil Graphs \(%\)](#)

[School Spending Per Pupil Graphs \(\\$\)](#)

[Spending Per Pupil Per School](#)

Per-Pupil Spending Allocation – State Average



Source: Kansas Dept. of Education

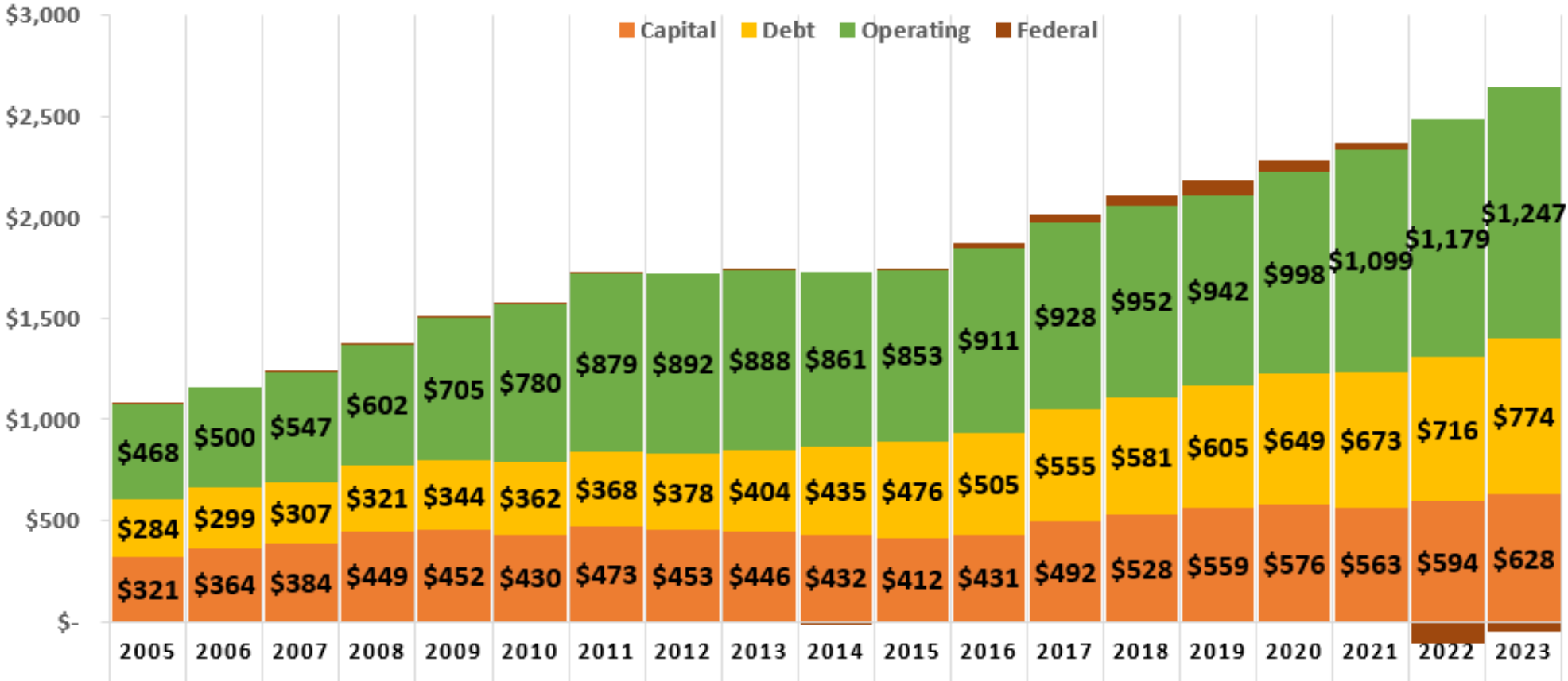
Fund Accounting Basics

- School districts have as many as 32 funds.
 - List for each district @ [KansasOpenGov.org](https://www.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.

How much do you need in reserve? Ask your CPA

- Cash in bank = total of all reserve balances.
- You can spend more than you have in a fund's reserve if:
 - Cash is available elsewhere, and
 - Aid will be coming or a transfer can be made at a later date.
- Avoid leaving a balance in restricted funds, like special education.

Operating Cash Reserves as of July 1 (millions)



About \$700 million of state and local aid was used to increase operating reserves since 2005.

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.

Examples of permitted transfers

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

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

USD 259 Special Education Fund							
School Year	Beginning Cash Balance	SPED State Aid + Other Revenue	Discretionary Local Transfers	Total Revenue	Expenditures	Revenue Excess (Shortfall)	Ending Cash Balance
2019							11,817,832
2020	11,817,832	67,974,357	57,965,563	125,939,920	122,757,752	3,182,168	15,000,000
2021	15,000,000	72,242,659	53,061,314	125,303,973	122,303,973	3,000,000	18,000,000
2022	18,000,000	75,450,938	50,472,831	125,923,769	124,423,769	1,500,000	19,500,000

Source: KSDE

USD 259 transferred \$7.7 million more than necessary to maintain the 2019 ending cash balance...and that's not to say that an \$11.8 million ending balance is needed.

Avoid transferring money to Food Service

- 168 districts transferred \$6.5 million from General, Supp General, and Contingency in 2022.
- 76 districts made a profit of \$8.5 million without transfers.
- Raise prices, cut costs, or spend down reserves to avoid a net loss.

Part 2: Effective Budgeting Principles

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 SMART goals (**Specific, Measurable, Achievable, Relevant, Time-bound**) outlined in a strategic plan.
- The school board, not district management, sets the goals. Management then proposes a budget to meet the goals.

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.

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.

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)?

Get student achievement results for each school

USD 329 Wabaunsee Math				USD 329 ELA		
Year	Below Grade Level	Grade Level, Needs Remedial Training	Proficient	Below Grade Level	Grade Level, Needs Remedial Training	Proficient
2015	18%	40%	42%	14%	32%	54%
2016	19%	37%	43%	14%	36%	50%
2017	22%	40%	35%	16%	38%	44%
2018	22%	38%	40%	18%	43%	39%
2019	19%	38%	43%	20%	39%	41%
2021	16%	37%	47%	20%	40%	41%
2022	17%	33%	50%	19%	36%	44%
2023	17%	37%	46%	17%	39%	44%

Source: KSDE; all students tested, rounded to the nearest whole number

2023 Results Shawnee Mission USD 512 Math				2023 Results USD 512 ELA		
Grade	Below Grade Level	Grade Level, Needs Remedial Training	Proficient	Below Grade Level	Grade Level, Needs Remedial Training	Proficient
3rd Grade	15%	24%	61%	23%	29%	49%
4th Grade	14%	34%	52%	12%	32%	56%
5th Grade	24%	33%	43%	23%	23%	53%
6th Grade	21%	28%	51%	22%	26%	52%
7th Grade	18%	44%	38%	28%	27%	45%
8th Grade	38%	30%	32%	29%	41%	31%
10th Grade	41%	31%	28%	29%	37%	34%

Source: KSDE; all students tested, rounded to the nearest whole number

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

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.

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*

Part 3:
Don't Be Fooled by Claims That Schools
Operate Efficiently

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/>

Putting 'relative performance' and 'above average' 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.

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.

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?

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.

Budget Fund Transfers

2022-2023



*Transfers that **MUST** be made...*

1. Special education state aid payment *is deposited into* general fund (Code 06) and *transferred to* special education fund (Code 30).
2. A calculated percentage of a district's total adjusted (weighted) enrollment attributable to at-risk and bilingual weightings **MUST** be transferred from supplemental general fund (LOB) to at-risk K-12 and bilingual funds. [K.S.A. Supp 72-5143](#)
 - a. At-Risk (K-12)
The amount that is proportional to that amount of such school district's total foundation aid attributable to the at-risk weighting as compared to such district's total foundation aid shall be transferred from the supplemental general fund to the at-risk K-12 fund of such school district.
 - b. Bilingual
The amount that is proportional to that amount of such school district's total foundation aid attributable to the bilingual weighting as compared to such district's total foundation aid shall be transferred from the supplemental general fund to the bilingual education fund of such school district.
3. The portion of state foundation aid attributable to the at-risk student weighting AND high-density at-risk student weighting, if any, shall be transferred from the general fund (Code 06) to the at-risk K-12 fund (Code 13) of such school district. [K.S.A. Supp 72-5153](#).

*Transfers **MAY** be made from General Fund (Code 06) to:*

1. Any categorical fund
2. Contingency Reserve Fund (Code 53)
3. Capital Outlay Fund (Code 16)
4. Special Reserve Fund (Code 47)
5. Special Liability Fund (Code 42)
6. Textbook and Student Materials Revolving Fund (Code 55)

*Transfers **MUST NOT** be made from these three funds:*

1. Bond and Interest Fund (Code 62)
2. Special Education Fund (Code 30)
3. KPERS Special Retirement Contributions Fund (Code 51)

For more information, contact:

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P:budget/2022workshop/transfers (budget fund)

Kansas leads the world in the success of each student.