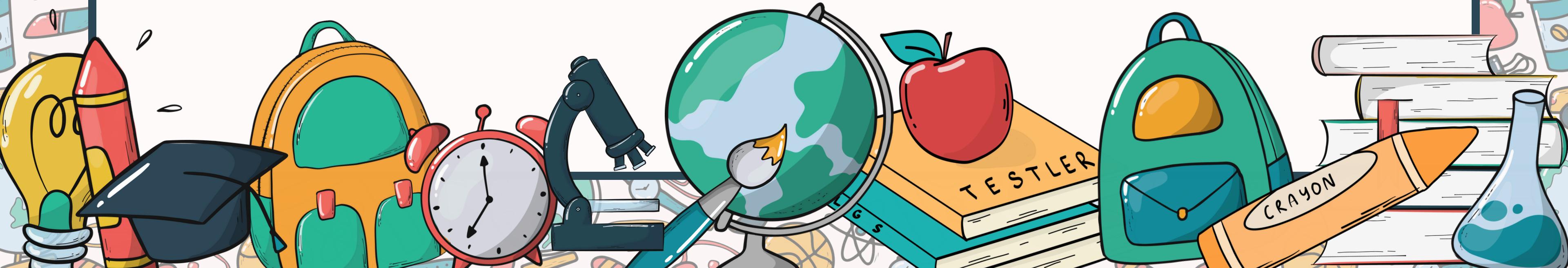


Welcome Back TO SCHOOL "FINANCE"

MYTH BUSTING: STATE FUNDING FOR KANSAS SCHOOLS

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In order to bust the myths:

Objectives

1. Explain the basics of the Kansas school finance formula.
2. Describe cash balances by fund
3. Correlate data with local policy and student outcomes



Funding Basics

1. State of Kansas is VERY generous - 60% of total SGF budget
2. Montoy (I, II, III, IV) and Gannon (I, II, III, IV, V)
3. Kansas School Equity and Enhancement Act (KSEEA) and other school finance laws covering the following areas of focus (Expires July 1, 2027):
 - a. Total Foundation Aid
 - b. State Foundation Aid
 - c. Supplemental State Aid
 - d. Capital Outlay State Aid
 - e. Capital Improvement State Aid
 - f. Special Education State Aid
 - g. Kansas Public Employees Retirement System (KPERS) employer contributions.
 - h. Local Option Budget

*Federal funding

Total Foundation Aid

1. Total Foundation Aid is essentially the grand total of formula aid a district receives under the school finance formula.
 - a. Base Aid (Base Aid for Student Excellence) (\$5611) (\$233 increase)
 - b. Weightings applied to FTE enrollment (11 total)
 - c. Total Foundation Aid = BASE x Weighted FTE Enrollment

State Foundation Aid

1. State Foundation Aid is determined after the total foundation aid is determined.
 - a. State Foundation Aid = Total Foundation Aid - Local Foundation Aid

Weightings

1. **At-Risk** - An at-risk student is one who is enrolled full-time in grades 1 thru 12, they are younger than age 20, and is eligible for free meals under the National School Lunch Program.
 - a. Number of at-risk students $\times 0.484$ = at-risk weighting
2. **High-density at-risk weighting** - 2 different categories
 - a. Districts with an at-risk population of at least 50%
 - i. At risk-enrollment $\times 0.105$ = high-density at-risk weighting
 - b. Districts with an at-risk population of at least 35%-50%
 - i. $(\% \text{ of at-risk students} - 35\%) \times 0.7 \times \text{at risk enrollment}$ = high-density at-risk weighting
- c. *By-building option - high-density at-risk weighting to be calculated at the level of individual school buildings (greater or regular weight or the sum of the weightings of the individual schools)*

Weightings

- 3. Bilingual Weighting** - English Language Learners. Greater of either:
 - a. FTE enrollment in approved bilingual programs $\times 0.395$ = bilingual weighting *OR*
 - b. # of Students enrolled in approved bilingual programs $\times 0.185$ = bilingual weighting
- 4. Low Enrollment Weighting** - available to school districts with FTE enrollments that are less than 1,622 (3 different categories)
 - a. Fewer than 100 students
 - b. 100-299 students
 - c. 300-1622 students
- 5. High Enrollment Weighting** - FTE enrollments greater than 1622
 - a. FTE enrollment $\times 0.03504$ = high enrollment weighting

Weightings

6. Transportation Weighting - Students who reside 2.5+ miles from their school for whom the district provides transportation.

a. Uses a per-capita allowance based on district density (4 step formula)

7. Career Technical Education (CTE) Weighting - students in approved CTE programs

a. FTE enrollment in CTE programs $\times 0.5$ = CTE weighting

8. Special Education Weighting

Step	Description	Calculation	Result
1	Special Education State Aid received	-	\$1,200,000
2	BASE aid per pupil (FY 2026)	-	\$5,611
3	Convert aid to weighting	$1,200,000 \div 5,611$	= 214 FTE
4	Add to Weighted FTE (TFA calculation)	Base FTE + 214	TFA increases
5	Adjust State Foundation Aid (SFA)	TFA – Local Foundation Aid (Special Education Aid)	Prevents double funding

Weightings

9. **New School Facilities Weighting** - weighting is available to school districts for the first two years of operating a new building (no districts receiving this weighting)
10. **Ancillary School Facilities Weighting** - A school district can apply to the State Board of Tax Appeals for authority to levy local property taxes for the purpose of financing costs attributable to extraordinary growth in enrollment.
 - a. funded completely by local property taxes
11. **Cost of Living Weighting** - School districts may apply to KSBOE and must meet certain criteria.
 - a. funded completely by local property taxes
12. **Virtual schools *** - only for districts with virtual schools

Local Option Budget

What It Is:

- The LOB is extra money a local school board can raise through property taxes on top of the base state aid and weightings.

Why It Exists:

- Recognizes that some communities want to provide more than the state minimum
- Provides local control

Supplemental State Aid

What it is: Supplemental State Aid is provided by the State as a form of equalization aid. The lower a school district's property values per student, the more Supplemental State Aid it receives for its LOB. After the amount is determined, school districts are then responsible for funding the rest of the LOB with local property taxes.

How It Works: Each district is guaranteed a certain per-pupil yield (dollars per student per mill of property tax).

Capital Outlay State Aid

What It Is:

- Capital Outlay is a fund school districts can use for facilities, equipment, technology, buses, and building maintenance (NOT salaries)
- To fill the fund, districts may levy up to 8 mills (property tax).
- The state provides Capital Outlay State Aid to property-poor districts so they can afford a comparable level of facilities and equipment without overburdening local taxpayers.

How It Works:

- Aid is calculated based on the district's Assessed Valuation Per Pupil (AVPP)

Capital Improvements State Aid

What It Is:

- State's equalization program for school construction debt.
- Used for construction of new school buildings, renovations and expansions of existing facilities, safety upgrades, storm shelters, HVAC, roofing, and major capital improvements.

How it works:

- When a district passes a bond issue to build or renovate schools, they must levy property taxes to repay that debt.
- The state provides Capital Improvement Aid to poorer districts to equalize this burden.

Why It Matters:

- Was one of the central issues in Montoy and Gannon school finance lawsuits — the Kansas Supreme Court ruled that capital improvement aid must be equitable.

Special Education State Aid

What It Is:

- Kansas law requires the state to reimburse 92% of the “excess costs” of special education.

How It Works:

- Base Aid: Districts get a per-pupil allocation for special education staff (teachers, paras).
- Categorical Aid: Covers specific services, such as, Paraeducator support, Transportation for special ed students, High-cost services

Why it Matters: 2025 Session - \$616 million

KPERS Employer Contributions

What It Is:

- Every school district must contribute a percentage of each employee's salary into KPERS.

How It Works:

- School districts calculate their KPERS liability based on payroll.
- The state pays the money into KPERS on behalf of districts, the funds don't actually flow through local district checking accounts.

Why It Matters:

- KPERS employer contributions are retirement payments the state makes on behalf of school districts for their employees. They count as part of "school finance," but they don't fund classroom operations — they fund long-term retirement security for school employees.

Cash Balances by Fund

Cash Balance Basics

06 – General Fund

- Revenues: State foundation aid (base + weightings), local property tax (20 mills statewide levy).
- Expenditures: General operations, salaries, classroom costs. Cannot be used for capital/facilities.

07 – Federal Fund

- Revenues: Federal aid programs (Title I, IDEA, Title II, Title III, Perkins, Child Nutrition, etc.).
- Expenditures: Must follow federal program rules

08 – Supplemental General Fund (LOB)

- Revenues: Local Option Budget property taxes + equalization aid from the state.
- Expenditures: Same as General Fund. Provides local supplement.

10 – Adult Education Fund

- Revenues: Grants, tuition, and sometimes transfers.
- Expenditures: Adult literacy, GED, continuing education programs.

11 – At-Risk 4-Year-Olds Fund

- Revenues: At-risk weighting from the state.
- Expenditures: Early childhood programs for eligible at-risk preschool students.

12 – Adult Supplemental Education Fund

- Revenues: Tuition/fees, sometimes local transfers.
- Expenditures: Non-degree adult learning programs (not K-12).

Cash Balance Basics

13 – At-Risk (K-12) Fund

- Revenues: At-risk weighting from the state (based on free lunch count).
- Expenditures: Interventions, extra staffing, tutoring, extended learning, summer school for K-12 at-risk students.

14 – Bilingual Education Fund

- Revenues: Bilingual/ESOL weighting from the state.
- Expenditures: Language support programs, bilingual teachers, instructional materials.

15 – Virtual Education Fund

- Revenues: Virtual weighting from the state for online students.
- Expenditures: Online program operations, virtual teachers, technology.

16 – Capital Outlay Fund

- Revenues: Local property tax levy (up to 8 mills), state equalization aid.
- Expenditures: Buildings, equipment, technology, buses, repairs (not salaries).

18 – Driver Training Fund

- Revenues: State categorical aid, fees.
- Expenditures: Driver's education programs, vehicles, instructors.

19 – Declining Enrollment Fund

- Revenues: State aid transfer (to cushion districts losing students).
- Expenditures: Transition costs, allows time to adjust staffing/programs.

Cash Balance Basics

22 – Extraordinary School Program Fund (after school program)

- Revenues: State aid transfers.
- Expenditures: Extended-year or pilot programs beyond normal operations.

24 – Food Service Fund

- Revenues: Federal nutrition dollars, state aid, student lunch fees.
- Expenditures: Cafeteria operations, food, kitchen staff, equipment.

26 – Professional Development Fund

- Revenues: State aid transfers.
- Expenditures: Teacher training, workshops, instructional improvement.

28 – Parent Education Program Fund

- Revenues: State grants, transfers.
- Expenditures: Parent education services (e.g., Parents as Teachers program).

29 – Summer School Fund

- Revenues: State aid transfers, sometimes fees.
- Expenditures: Summer school programs, teachers, materials.

30 – Special Education Fund

- Revenues: State special ed aid (staffing, paras, transportation), federal IDEA dollars, local transfers.
- Expenditures: Special ed teachers, paras, therapies, high-cost services, specialized transportation.

Cash Balance Basics

33 – Cost of Living Fund

- Revenues: Cost-of-living weighting from the state (available only in high-cost districts).
- Expenditures: General operations in higher-cost-of-living areas.

34 – Vocational Education Fund

- Revenues: CTE weighting from the state, Perkins grants.
- Expenditures: Career & technical programs, equipment, instructors.

35 – Gifts and Grants Fund

- Revenues: Donations, private grants.
- Expenditures: Must follow donor/grant restrictions.

42 – Special Liability Expense Fund

- Revenues: Transfers from General or LOB.
- Expenditures: Insurance, legal claims, liability costs.

44 – School Retirement Fund

- Revenues: State aid transfers (now largely rolled into KPERS).
- Expenditures: Retirement obligations.

46 – Extraordinary Growth Facilities Fund

- Revenues: State transfers (for fast-growing districts building schools).
- Expenditures: Facility costs tied to rapid enrollment growth.

Cash Balance Basics

47 – Special Reserve Fund (partial self-insured and insurance premiums)

- Revenues: Transfers, often contingency savings.
- Expenditures: Emergency or one-time expenses.

51 – KPERS Fund

- Revenues: State KPERS employer contributions.
- Expenditures: Paid directly into Kansas Public Employees Retirement System.

53 – Contingency Reserve Fund

- Revenues: Transfers from General/LOB.
- Expenditures: Emergencies, revenue shortfalls, unexpected costs.

55 – Textbook and Student Materials Fund

- Revenues: Student fees, transfers.
- Expenditures: Textbooks, digital curriculum licenses, instructional materials.

56 – Activity Fund

- Revenues: Student fees, ticket sales, fundraising.
- Expenditures: Athletics, clubs, extracurricular activities.

62 – Bond and Interest Fund

- Revenues: Local property tax levies, state bond & interest aid.
- Expenditures: Repayment of principal and interest on bonds.

Cash Balance Basics

63 – Bond and Interest II Fund

- Revenues: Same as above, used for separate bond issue tracking.
- Expenditures: Same — repayment of bond debt.

67 – Special Assessment Fund

- Revenues: Local property tax for special assessments (city improvements like streets, sewers, sidewalks tied to school property).
- Expenditures: Paying those special assessments.

School Board Oversight

Frequently, when questions are asked by School Board Members, some Superintendents rely on scripted justifications instead of real accountability.

Your response should ***always***:

- “Tie it to student learning” (state assessments and standards)
- “Show us the numbers” (request documentation, data, trends).

This matters because it forces superintendents to connect dollars to programs and student results AND it shifts your role as a board member from approving budgets to measuring effectiveness.

Oversight Questions for School Funds

- **General Fund (06):** “Can you provide a breakdown of how much of our General Fund is going directly to classroom instruction versus administration or other expenses?”
- **Supplemental General Fund / LOB (08):** “What additional programs or services are we funding through the LOB, and how do we measure their impact on student outcomes?”
- **At-Risk & Bilingual Funds (13 & 14):** “How are we ensuring that At-Risk and Bilingual funds are being spent only on eligible students, and what evidence (data) do we have that the interventions are effective?”
- **Professional Development (26):** “Can you outline how Professional Development funds are being used, and how we evaluate whether these trainings improve teaching practices?”
- **Capital Outlay (16):** “What projects are we currently saving for in Capital Outlay, and how do we prioritize facility upgrades against immediate needs in classrooms?”
- **Bond & Interest (62/63):** “Can you show us a five-year forecast of our Bond & Interest payments, and explain how our debt service compares to other districts of similar size?”
- **Contingency Reserve (53):** “How much do we keep in Contingency Reserve, and what criteria do you use to decide whether to spend it versus holding it back?”

Statements and Board Oversight

1. "Those reserves are for cash flow, we need them to cover payroll until the next state aid payment comes in."
 - "Can you show us how much of that reserve was actually used for payroll in the last 12 months?"
 - "Do we have a policy that defines the minimum balance needed for cash flow stability?"
 - "If the balance is far above what's required for payroll, then shouldn't the excess be redirected into classrooms now?"
 - "What data do you have that shows the cash flow need matches the size of the balance?"
2. "That money is restricted, we can't just spend it on anything."
 - "What percentage of our total reserves are truly restricted by law versus board policy?"
 - "Can you provide examples of how those restricted funds are directly impacting student outcomes?"
 - "Show us, with data, how restricted balances are reducing student achievement gaps."
3. "We're saving for a big capital project, that's why Capital Outlay looks so high."
 - "What is the timeline for that project, and how much have we already saved toward it?"
 - "Why are we holding millions for future buildings when classrooms today face immediate needs?"
 - "Students can't wait five years for us to spend, what portion can be redirected now?"
 - "Facilities savings are fine, but not at the expense of current instructional quality."

Superintendent Statements vs Board Oversight

4. "Food Service funds look big, but they're locked and we can't touch them."

- "Can you break down the inflows and outflows so the board understands the real 'usable' cash?"
- "Are we charging meal fees that exceed costs, leading to inflated balances?"

5. "We need reserves to protect against uncertain state funding."

- "What's the historical trend of state aid interruptions that justifies this level of reserve?"
- "Have we defined what amount is 'prudent' versus 'excessive'?"
- "Uncertainty shouldn't justify stockpiling, students need services now."
- "We can plan responsibly without hoarding beyond what history shows is necessary."

6. "Our auditors require us to maintain strong balances."

- "What specific audit standard requires this balance level?"
- "Did our auditors recommend a target percentage, or is this just district (or you) practice?"
- "Audit compliance is one thing, but inflating balances beyond recommendations is another."
- "Audit rules don't override our duty to ensure funds reach classrooms."

Superintendent Statements vs Board Oversight

7. "Those balances roll forward, they're already committed for next year's expenses."

- "Can you show us the board-approved commitments tied to those balances?"
- "How much of that roll-forward is discretionary versus legally obligated?"
- "We need proof (data and specifics) that roll-forward dollars are scheduled to benefit students, not just sit idle."

8. "We use reserves for emergencies, like a bus breakdown or roof repair."

- "How much did we actually spend from these reserves on emergencies in the last three years?"
- "Do we have a formal cap on how much we should hold for emergencies?"
- "If emergency use is rare, shouldn't most of this balance be serving students now?"
- "Emergencies don't justify accumulating unrestricted surpluses."

9. "We're being fiscally responsible, it's better to have too much than too little."

- "What's the educational trade-off of holding this much in reserve?"
- "Can you show us how much of these dollars directly reached classrooms last year?"
- "Fiscal responsibility also means investing in students today, not just storing money."
- "Too much in reserves is just as irresponsible as too little, it means students are underfunded now."

Superintendent Statements vs Board Oversight

10. "Special Education balances look high because reimbursements come late from the state."

- "How much of that balance is pending reimbursement versus discretionary carryover?"
- "If reimbursements are late, why does the balance grow year after year?"
- "Delays explain timing, but not consistent growth in the account."

11. "At-Risk funds are restricted, but we're using them for interventions."

- "Can you show the board data on how those interventions are improving state test scores?"
- "What percentage of At-Risk dollars go directly to instructional staff versus overhead?"
- "Restricted funds still require measurable outcomes, what are the measurable outcomes?"

12. "Professional Development money is banked for upcoming training."

- "What specific trainings are planned, and when will they be delivered?"
- "How do we measure whether past PD dollars improved classroom practice and met state standards?"
- "PD funds must be tied to measurable improvement, not just workshops. What measures is your next PD going to meet?"

Superintendent Statements vs Board Oversight

13. "Our Gift & Grant funds are donor-restricted, so we're holding them."

- "Have we communicated with donors about using these funds promptly?"
- "What is the timeline of using these funds?"

14. "Contingency reserves are high because we're being cautious."

- "What is the board-approved cap on reserves, and how do we compare?"
- "Have we ever tapped this fund in the last five years, and for what?"
- "How is the reserve ensuring students are scoring high are state assessments or are meeting state standards?"

Realities behind the Numbers

- Kansas is VERY generous with education funding.
- The purpose of local school boards in Kansas is to act as stewards of taxpayer dollars, guardians of student achievement, and representatives of community values, ensuring that schools both meet state requirements and the desires and needs of their local communities.
- Ask the hard questions.
- Hold administrators accountable.
- Trust, but verify!

Questions

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