



GET THE FACTS

Total general fund and LOB spending – the largest operating sources for local school districts – will decline this year by \$65 million or \$154 per full-time (not weighted) pupil – nearly \$600 per pupil below the 2009 level of \$9,222 (a 6.5 percent reduction).

How Can School Funding Increase if Operating Budgets are Declining?

State and local funding for general operating budgets for Kansas public schools will be at a five-year low this school year, yet total Kansas school district spending will reach an all-time high of \$5.67 billion according to estimates released by the Kansas State Department of Education. Total per pupil spending is projected to reach \$12,454 per full-time equivalent pupil, an increase of \$171 over last year.

The rise in total funding is due to a \$155 million increase in state retirement contributions, equaling a \$339 per pupil increase. Total district spending is expected to be slightly higher than in 2009. That was the final year of funding increases following the *Montoy* school finance lawsuit and before a deep recession led to state spending cuts.

This report, prepared by the Kansas Association of School Boards, examines why - in spite of overall spending increases by the state - boards of education and administrators have been forced to reduce budgets and cut staff and programs for students.

Get the Facts is a series of issue papers produced by KASB staff to provide accurate and detailed analysis of current education topics.

For additional information, please contact KASB at 785-273-3600, 800-432-2471 or email cpitts@kasb.org.

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Major Budget Categories as Percent of Total Spending				
	1990	2000	2010	2012
General Fund without Spec. Ed.	78.2%	62.0%	47.1%	44.4%
Special Education State Aid	5.5%	6.6%	7.5%	7.5%
Local Option Budgets	0.0%	9.2%	16.6%	17.3%
Federal Aid without ARRA, Ed. Jobs	4.7%	6.3%	8.0%	7.8%
KPERS School Districts	1.8%	2.3%	3.9%	6.0%
Cap Outlay, Bonds, Other Local	9.7%	13.6%	17.0%	16.9%

Ex. 9



Total K-12 Spending

The state of Kansas estimates a total of \$5,672,044,331 will be spent during the 2011-12 school year to support K-12 public schools. This includes state aid, federal aid and local revenue.

(Source: Kansas State Department of Education)

State Aid: \$3,156,882,027

Federal Aid: \$444,266,801

Local Revenue: \$2,070,895,503

School district expenditures are accounted for through the following budget categories:

- General Fund
- Supplemental General Fund
(Local Option Budget)
- At-Risk Four-Year-Olds
- At-Risk K-12
- Adult Education
- Adult Supplemental Education
- Bilingual Education
- Virtual Education
- Capital Outlay
- Driver's Training
- Extraordinary School Program
- Food Service
- Professional Development
- Parent Education Program
- Summer School
- Special Education
- Vocational Education
- Area Vocational Education
- Special Liability Expense
- School Retirement
- KPERS Special Retirement Contribution
- Contingency Reserve
- Textbook and Student Material Revolving
- Bond and Interest #1
- Bond and Interest #2
- No-Fund Warrant
- Special Assessment
- Temporary Note
- Cooperative Special Education
- Unbudgeted Federal Funds
- Gifts and Grants

School District Budget and Per Pupil Spending

A school district's overall budget is comprised of budget areas dedicated to specific areas. The largest budgets are the general fund and supplemental (local option budget or LOB) funds.

Most classroom instruction and educational support is financed from the district general fund (set by the state) and local option budget (set by the local school district but capped by the state).

Total general fund and LOB spending will decline this year by \$65 million or \$154 per full-time (not weighted) pupil – nearly \$600 per pupil below the 2009 level of \$9,222 (a 6.5 percent reduction).

School districts have become reliant on local revenues and "earmarked" state funding (funds that can only be used for a specific purpose), rather than general education funding from the state.

The reduction could be even greater because the KSDE estimates are based on an assumption that the Legislature will add \$34.4 million in funding this school year for higher enrollments and special education costs. Without that addition, the general fund and LOB amount per pupil will drop an additional \$75 to \$8,550.

If "restricted" funding is excluded - funds a district must spend on programs such as special education, at-risk, bilingual and transportation - the amount would drop from the high of \$7,191 in 2009 to \$6,544 this year if funded by the Legislature. ***That would set funding for general education in 2011-12 at the lowest level since 2006, a 9 percent reduction below 2009.***

Changes in Budget Categories and Revenues

Since 1990, there has been a steady decline in the portion of school district budgets for general educational purposes as compared to more restricted funding.

SELECTED BUDGET CATEGORIES	INCREASES IN TOTAL SPENDING
Special Education	Increased from 5.5% to 7.5%
Local Option Budgets	Increased from 4% to over 17%
Federal Funding	Increased from 5% to 7.8%
KPERS Contributions	Increased from 2% to 6%
Capital Costs, Debt Service and Other Local Revenue	Increased from 10% to 17%

Since the current school finance system was adopted in 1993, district general fund spending at the state level has declined from nearly 80 percent of total spending to 44 percent. As a result, a greater portion of school finance has been shifting to local revenue sources.

The Impact of Federal Funds

Federal aid is projected to drop from \$1,031 per pupil last year to \$976, the lowest level since 2009. Federal funds are restricted to programs such as Title I services for disadvantaged children, special education, and school lunch and breakfast support.

However, these figures *exclude* federal stimulus funds under the American Recovery and Reinvestment Act and Education Jobs Act, which were used to help finance general fund and LOB and counted in those categories in 2010 and 2011.

State Support for KPERs

Kansas Public Employees Retirement System contributions increased \$155 million, from \$409 per pupil to \$748. Part of the increase is in response to significant underfunding of the retirement system, but the Legislature also shifted over \$60 million in KPERs school payments from last year to the current year to help balance the state general fund budget. KPERs contributions, which are expected to increase significantly over the next decade, simply “pass through” district budgets and cannot be used for salaries or other expenses.

Buildings, Equipment and Supplies

District spending on capital outlay projects, such as construction, remodeling and equipment; payments on bond issues; and all other local revenues, including student fees for textbooks, supplies and meals account for additional increases.

These areas of the budget have increased from \$938.9 million to \$959.0 million or \$2,106 per pupil, an increase of \$42 per pupil over last year. Per pupil spending in this category remains slightly below 2007 and 2008 levels. Except for \$100 million in state bond and interest aid, all of these revenues are local.

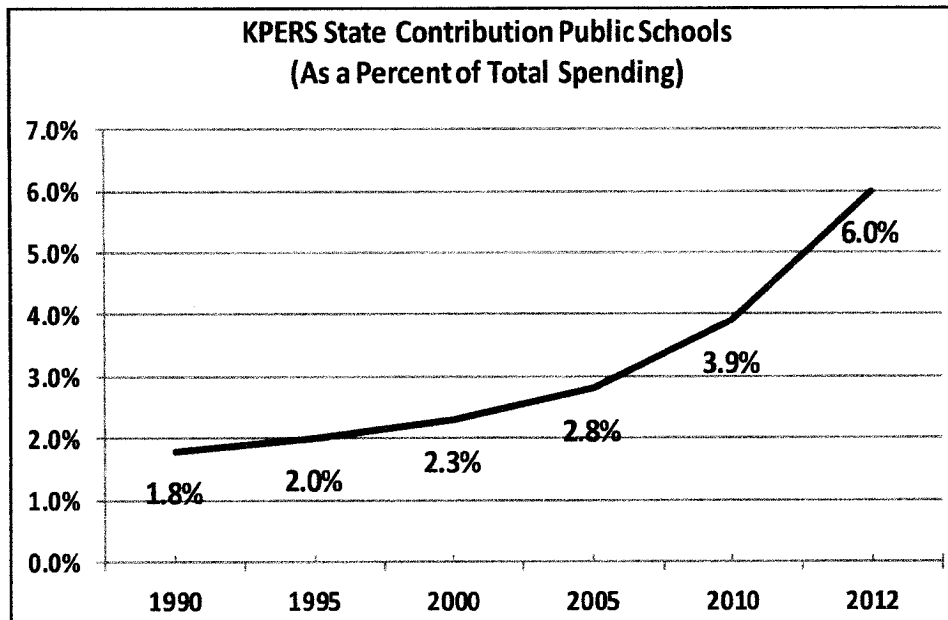
District Spending and Economic Indicators

Compared to Kansas personal income, school spending is essentially unchanged over the past four decades.

Total USD spending increased from \$2.1 billion in 1990 to \$5.67 billion in 2012, or about 170 percent. That is more than double the rate of inflation. The consumer price index has increased 78 percent since 1990.

However, the increase in total school spending is very close to the increase in total personal income in Kansas.

Total school district spending equaled 4.53 percent of Kansas



personal income (KPI) (\$44.9 billion) in 1990, compared to 4.58 percent of Kansas personal income in 2012 (\$123.8 billion, based on the state’s consensus revenue estimate). Although data on total school spending data is only available back to 1990, information on general operating budgets, including special education and LOBs, goes back to 1975. This spending was equal to 3.46 percent of KPI in 1975, compared to 3.17 percent based on estimates for 2012.

Major Budget Categories As Percent of Total Spending 1990-2012

Fiscal Year	Total USD Expenditures	General Fund w/o Special Education	Special Education State Aid	Local Option Budget	Federal Aid (ex. stimulus)	KPERS (School Districts)	Cap. Outlay, Bonds, Other Local
FY 2012	\$5,672,044	44.4%	7.5%	17.3%	7.8%	6.0%	16.9%
FY 2011	\$5,587,044	46.9%	7.5%	17.1%	8.4%	3.3%	16.8%
FY 2010	\$5,589,549	47.1%	7.5%	16.6%	8.0%	3.9%	17.0%
FY 2009	\$5,666,732	49.4%	7.5%	15.9%	7.3%	3.8%	16.1%
FY 2008	\$5,446,453	49.3%	7.3%	15.4%	6.9%	3.6%	17.6%
FY 2007	\$5,142,077	49.7%	6.4%	14.8%	7.5%	3.3%	18.3%
FY 2006	\$4,689,295	51.6%	6.1%	14.1%	8.2%	3.0%	17.0%
FY 2005	\$4,289,415	52.3%	5.8%	13.3%	9.3%	2.8%	16.5%
FY 2004	\$4,204,925	53.4%	5.9%	13.3%	9.0%	2.6%	15.7%
FY 2003	\$4,057,904	55.0%	6.2%	12.8%	8.4%	2.6%	15.0%
FY 2002	\$3,871,969	56.4%	6.3%	12.0%	8.0%	2.4%	14.9%
FY 2001	\$3,668,761	59.8%	6.8%	10.2%	7.1%	2.2%	13.9%
FY 2000	\$3,484,357	62.0%	6.6%	9.2%	6.3%	2.3%	13.6%
FY 1999	\$3,320,121	63.8%	6.6%	8.5%	6.1%	2.3%	12.7%
FY 1998	\$3,133,628	65.7%	6.4%	7.4%	6.0%	2.2%	12.2%
FY 1997	\$2,985,729	66.9%	6.4%	6.9%	6.1%	2.1%	11.6%
FY 1996	\$2,875,425	67.8%	6.5%	6.4%	5.2%	2.0%	12.0%
FY 1995	\$2,765,451	69.2%	6.4%	6.1%	5.1%	2.0%	11.3%
FY 1994	\$2,669,571	70.8%	5.6%	5.5%	5.1%	1.9%	11.0%
FY 1993	\$2,545,788	72.1%	5.9%	3.9%	4.8%	1.9%	11.5%
FY 1992	\$2,300,435	77.3%	5.3%	0.0%	5.0%	2.0%	10.4%
FY 1991	\$2,173,206	78.0%	5.8%	0.0%	4.8%	2.0%	9.4%
FY 1990	\$2,069,861	78.2%	5.5%	0.0%	4.7%	1.8%	9.7%

Kansas Elementary and Secondary Expenditures Per Pupil 1990-2012, Major Budget Categories

Fiscal Year	FTE Enroll.	Total Expend. Per Pupil	General Fund Budget Per Pupil	General Fund Plus LOB Per Pupil	Spec. Ed. plus Restricted Wt. Per Pupil	Unrestricted Plus LOB Per Pupil	Federal Aid Per Pupil (excludes stimulus)	KPERS Contributions Per Pupil	Cap. Outlay, Bonds, Local Per Pupil
2011-12	455,422	\$12,454	\$6,474	\$8,625	\$2,081	\$6,544	\$976	\$748	\$2,106
2010-11	454,866	\$12,283	\$6,673	\$8,779	\$2,106	\$6,673	\$1,031	\$409	\$2,064
2009-10	453,324	\$12,330	\$6,725	\$8,775	\$2,095	\$6,680	\$988	\$477	\$2,091
2008-09	447,615	\$12,660	\$7,207	\$9,222	\$2,025	\$7,197	\$924	\$477	\$2,037
2007-08	446,874	\$12,188	\$6,889	\$8,765	\$1,860	\$6,905	\$844	\$434	\$2,146
2006-07	444,875	\$11,558	\$6,483	\$8,193	\$1,534	\$6,659	\$866	\$379	\$2,120
2005-06	442,556	\$10,596	\$6,117	\$7,607	\$1,239	\$6,368	\$865	\$320	\$1,805
2004-05	441,868	\$9,707	\$5,636	\$6,928	\$963	\$5,965	\$902	\$274	\$1,604
2003-04	443,302	\$9,485	\$5,626	\$6,892	\$953	\$5,939	\$850	\$250	\$1,494
2002-03	444,541	\$9,128	\$5,589	\$6,758	\$938	\$5,820	\$766	\$234	\$1,369
2001-02	445,377	\$8,694	\$5,447	\$6,494	\$905	\$5,589	\$696	\$205	\$1,298
2000-01	446,970	\$8,208	\$5,462	\$6,297	\$881	\$5,416	\$584	\$184	\$1,143
1999-00	448,610	\$7,767	\$5,326	\$6,040	\$820	\$5,220	\$492	\$182	\$1,053
1998-99	448,926	\$7,396	\$5,206	\$5,834	\$780	\$5,054	\$451	\$173	\$937
1997-98	448,609	\$6,985	\$5,039	\$5,557	\$724	\$4,833	\$422	\$157	\$850
1996-97	445,767	\$6,698	\$4,906	\$5,368			\$407	\$143	\$779
1995-96	442,466	\$6,499	\$4,827	\$5,246			\$340	\$132	\$782
1994-95	440,684	\$6,275	\$4,746	\$5,128			\$319	\$123	\$706
1993-94	437,210	\$6,106	\$4,666	\$5,001			\$314	\$119	\$672
1992-93	431,321	\$5,902	\$4,600	\$4,828			\$282	\$115	\$678
1991-92	424,737	\$5,416	\$4,470	\$4,470			\$273	\$109	\$564
1990-91	416,383	\$5,219	\$4,370	\$4,370			\$253	\$104	\$492
1989-90	409,656	\$5,053	\$4,230	\$4,230			\$239	\$93	\$490

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