



900 S.W. Jackson Street, Suite 102  
Topeka, Kansas 66612-1212  
(785) 296-3201  
www.ksde.org

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To: Special Committee on Education

From: Craig Neuenswander, Deputy Commissioner  
KSDE Division of Fiscal and Administrative Services

Subj: School Finance for Student Achievement

Chair Williams and Members of the Committee:

Thank you for the opportunity to address the committee about school finance as it relates to student achievement. Under the school finance solution implemented in response to Gannon v State, school districts overall have seen steady increases in operational funding since the block grant formula was replaced. One more year of a scheduled increase to the BASE funding remains before that solution will be fully implemented in 2022-23. After that point, the BASE is scheduled to increase by the Consumer Price Index in order to prevent a stagnation of funding for schools.

On the following page a table lists operating funds (general and supplemental general) available to school districts each year since 2016-17, the final year of the block grant. Figures for FY2021-22 are estimates only, based on school district budgets and consensus estimates developed by the Division of Budget, KLRD, and KSDE. Funding increases for 2020-21 and 2021-22 are smaller than prior years under the Gannon solution due to declining enrollment, primarily brought on by the COVID-19 pandemic. These enrollment declines are consistent across the majority of school districts, both public and private. Enrollment for FY2021-22 has actually increased, but funding is based on the FTE in prior years so any increase will not be apparent until the following year.

The table also shows special education state aid over the same time period. While the legislature has appropriated additional funds each year, costs for special education have increased at a faster rate. As a result, even with additional federal ESSER funding, consensus estimates show excess costs for special education will be funded at 76 percent in the current year, requiring an additional \$105 million to meet the statutory 92%. Because special education services are required in state and federal statute, school districts must make up this additional cost from their general and supplemental general funds. This in turn reduces the amount of funding available for other instructional programs.

In addition to state funding, school districts have federal funding available through September of 2024 in the form of three separate ESSER grants. School districts have applied for the majority of the ESSER II funding and have so far targeted \$84.9 million toward learning loss and \$33.0 million toward summer and supplemental learning programs. Applications for ESSER III funds are being submitted and are moving through the State Board approval process.

*Kansas leads the world in the success of each student.*

SCHOOL DISTRICT OPERATING FUNDS – STATE TOTALS

(A) School Year	(B) <sup>1</sup> FTE Enrollment	(C) BASE	(D) Special Education State Aid	(E) General Fund Legal Max Includes Spec Ed St Aid (Col. D)	(F) Supplemental General Fund Legal Max	(G) Total Operating Funds (Col. E + F)	(H) Difference from Prior Year
2016-17 <sup>2</sup> Block Grant	449,594.7	NA	425,819,859	3,032,459,500	1,067,698,181	4,100,157,681	NA
<sup>3</sup> 2017-18	466,226.8	\$4,006	435,999,742	3,246,163,787	1,098,582,827	4,344,746,614	244,588,933
2018-19	465,349.5	4,165	479,347,115	3,375,448,110	1,113,635,498	4,489,083,608	144,336,994
<sup>4</sup> 2019-20	465,158.8	4,436	486,332,870	3,545,498,763	1,132,125,381	4,677,624,144	188,540,536
2020-21	446,859.9	4,569	493,638,250	3,625,671,859	1,149,760,698	4,775,432,557	97,808,413
2021-22 (Budgeted)	450,015.5	4,706	501,138,250	3,680,154,958	1,177,318,735	4,857,473,693	82,041,136

<sup>1</sup> FTE (full-time equivalency) Enrollment (student counts on 9/20 and 2/20) (excludes 4 yr old At Risk and Virtual)

<sup>2</sup> Excludes \$253,501,811 for KPERS counted as General State Aid under the Block Grant.

<sup>3</sup> Kindergarten students were first funded as 1.0 FTE rather than 0.5 in 2017-18.

<sup>4</sup> In 2019-20 out-of-state students were funded at 0.75. Funding was reduced to 0.5 in 2021-22.

For more information, contact:  
Craig Neuenswander, Deputy  
Commissioner of Education  
[cneuenswander@ksde.org](mailto:cneuenswander@ksde.org)  
(785) 296-3871