

**HB 2040 Neutral Testimony – written only**  
**Option to fund based on current enrollment**  
**House Education Committee**  
**Dave Trabert – CEO**  
**January 24, 2023**



Chairman Thomas and Members of the Committee,

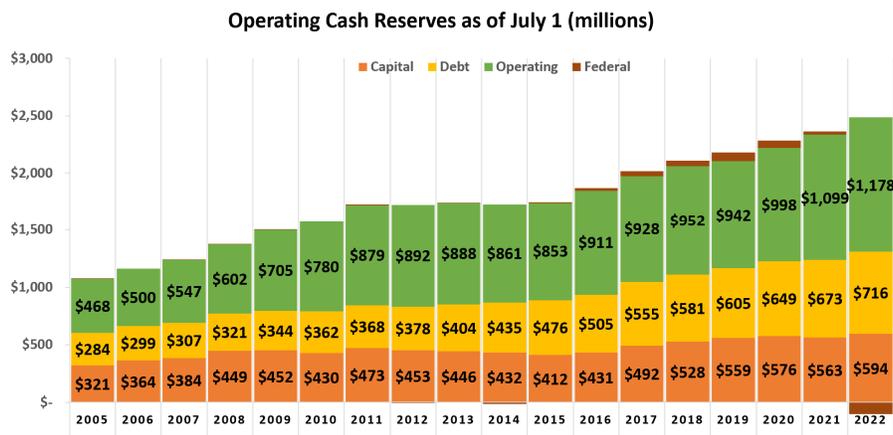
We appreciate this opportunity to submit neutral testimony on HB 2040, which would allow school districts be funded based on the current year enrollment. Current year enrollment should be the basis for school funding. We are neutral on this bill because it still allows funding to be based on prior years’ enrollment, and we believe that that is not in the best interest of students or taxpayers.

During COVID, some districts enacted what many parents thought to be unnecessary school closures and restrictions on in-person learning. District officials did so despite a large volume of research indicating that such actions were medically unnecessary and would have educational and emotional consequences for students. They were able to do so without concern that some parents would pull their children from school because they would be funded for students who left for up to two years.

FTE enrollment dropped by about 14,000 students in 2021, which should have saved taxpayers nearly \$100 million but state aid increased because funding was based on the prior year’s enrollment.<sup>1</sup>

Most recently, the Prairie Hills School District stands to gain a financial windfall by closing schools in Wetmore. Extensive analysis by a parent with extensive financial training indicates the potential closure isn’t prompted by district finances, and parents indicate that some students would transfer to a closer district rather than attend Prairie Hills schools in Sabetha. But Prairie Hills would still collect funding for students who left.

Funding was based on current year enrollment until a few years ago, when school districts asked for the change to make it easier for them to budget. Basing funding on current year enrollment adds a small measure of uncertainty to the budgeting process, but that is how the rest of the world successfully operates, whether in the public or private sector. Further, all but 13 school districts increased their carryover cash reserves in operating funds, and most of the \$700 million increase since 2005 results from not spending all of the aid they received in prior years.



An unexpected enrollment decline not built into a district’s budget can be offset by using a portion of the \$1.2 billion in operating reserves across all school districts.

We encourage the Committee to amend HB 2040 so that current year enrollment is the basis for funding and we thank you for your consideration.

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<sup>1</sup> BASE aid was \$4,569 in 2021 and weightings without special education caused students to count for about 1.51 of regular enrollment. A weighted decline of 13,911 FTE enrolled therefore is the equivalent of 21,006 students, or \$96 million in BASE aid.