

Financial Impact of Unfunded Mandates on Local School Districts

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What is an “unfunded mandate?”

A working concept we offer is:

A legal requirement of the state or federal government that a local school/district must do something, without the state or federal government providing funding to fully cover the cost of that action.

Key terms are “shall” and “must” and “is required to...”

They may arise in statute or regulation, or agency actions. They may be explicitly stated, or the result of less explicit programming functions or interpretations.

Unfunded mandates may be obvious or not

Some examples of fairly obvious, explicit unfunded mandates are:

- NBCT salary supplements
- Required PD for staff
- Every school must employ a librarian
- The multitude of district reports to KDE
- Boards must participate in CERS

Some less obvious examples are:

- Building Code requirements/updates
- Facility construction approval process (i.e.: BG1 and FACPAC)
- Use of the MUNIS financial/accounting system
- Use of schools as polling places

Federal unfunded mandates

Most notable are the numerous mandates embedded throughout the Individuals with Disabilities Education Act (**IDEA**), and the IDEA regulations.

McKinney-Vento Homeless Assistance Act

ESSA mandates (associated with assessment/accountability; students in foster care; etc.)

What is the financial impact?

Impossible to really quantify the whole picture.

A similar issued as faced by the state *Tax Expenditure Analysis*.

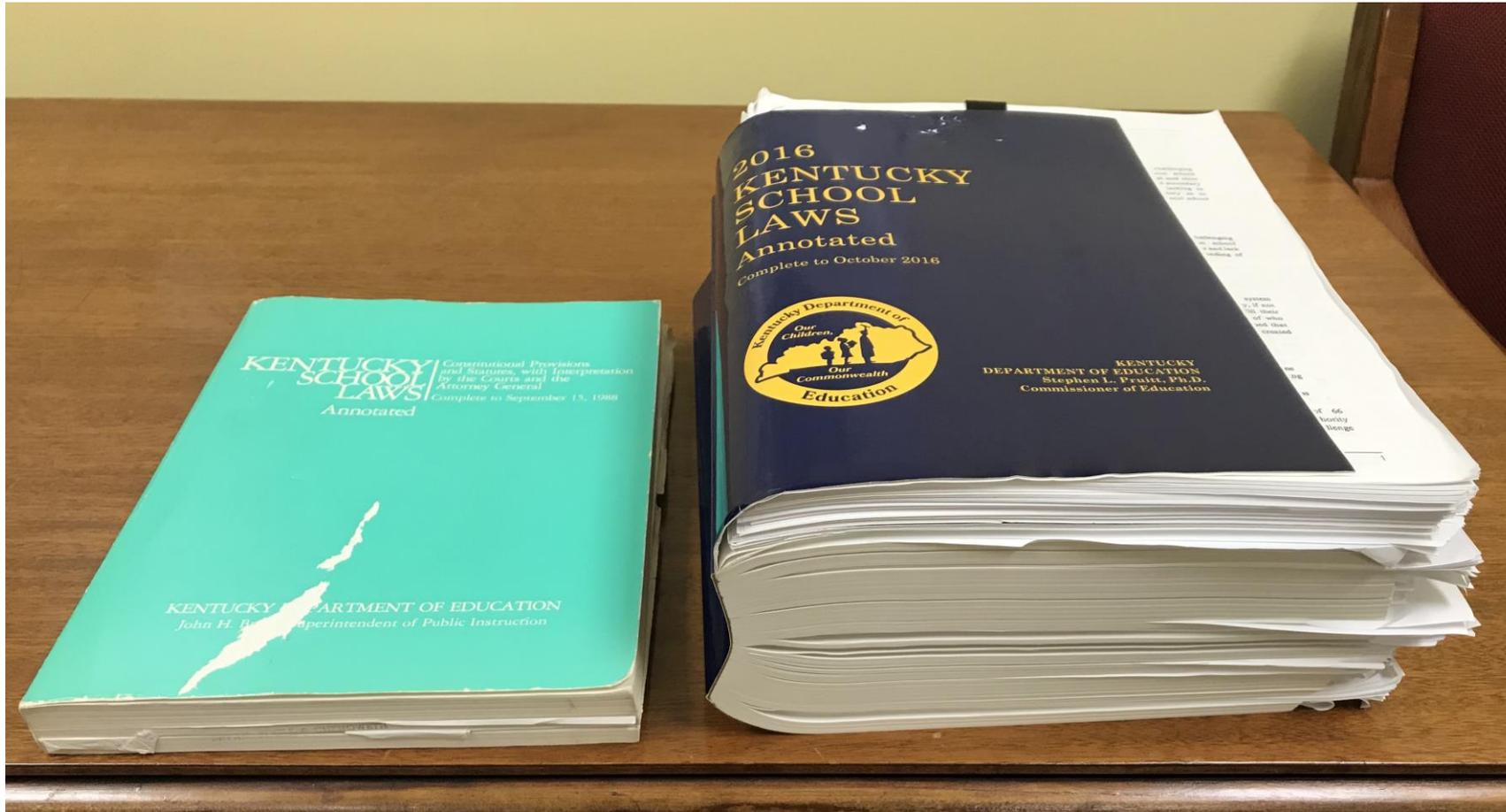
One easy one:

NBCT: \$1,626,873.44 unfunded cost in SY 20-21. (37% unfunded)

But, what about cost of using MUNIS versus something else?

Impossible to estimate.

The intangible cost of complexity is also a growing issue.



A key point to remember

Despite not being able to calculate a certain all-encompassing dollar figure cost of all state/federal unfunded mandates, we do know there is a cost. We do know this cost is paid, and largely by local tax revenue that fills in any gaps to make it work.

We ask all policymakers, and all Kentuckians, to consider this whenever public school per pupil expenditures are compared to nonpublic school expenditures.



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