

Issue	Options	Pros / Cons	Cost	Talking Points Overview
Low Attendance Rates and their Impact on School Budgets	Move to enrollment-based funding within FSP	Better matches school costs since schools staff for all enrolled students; increase revenue; eliminates inequity given higher absence rates for low income students; legislative concern over loss of incentive to work on improving attendance rates; funding gains uneven	Roughly 3.5 billion per year	Most other states use enrollment-based funding; incentives should be put in the accountability system, not the school finance system; eliminates the need for overly-complex school attendance and accounting rules (see 296 page SAAH); eliminates an inequity in the current system.
	Create a back-stop, for example, by setting an attendance rate floor based on the district's average attendance rates in past years, so that factors beyond the control of school districts don't cause unanticipated funding cuts	Brings more stability and predictability to the funding calculations; allows for better school budgeting; Because this would only create a floor, the legislature may be convinced that incentives for improved attendance would remain; does not, in and of itself, necessarily increase funding	Low to no cost option depending on language	Increased student absences are happening for a host of complex reasons (more frequent illness, easier time staying home when ill because a parent is working from home, school safety scares, etc.) Schools need a clear, simple rule that they know they can count on.
Inflationary Cost Pressures	Increase the basic allotment	All districts benefit (for FTG districts, the benefit is less of a funding cliff rather than direct increases), but this is important to them. Allows for staff salary increases (teachers and other staff where costs have grown); allows schools to respond to other cost pressures as well (food, fuel, supplies, etc.). The legislature will want to know how the investment will be spent.	Roughly \$700 million per \$100 per year	Inflation has increased roughly 12% since the basic allotment was last adjusted in 2019 and thus has eroded more than all of the gains that were made when HB 3 passed.
	Index the basic allotment to the CPI	Provides for a school funding formula that is dynamic and can grow as school costs grow. The legislature may worry about meeting the out year costs.	Costs will vary depending on bill language and estimates of inflation going forward. Doing things like using multi-year averages, allowing the LBB to fix the estimated inflation rate in the GAA, or adding back-stops may help mitigate legislative concerns over cost.	The legislature only meets every 2 years, and often sees school finance as a "once in a decade" event. But school budgets are adopted every year. Annual cost adjustments are needed to allow the system to be responsive to changes in the state's economy.

Safety and Mental Health Needs	Increase the school safety allotment. Create a minimum per campus allotment	The school safety allotment includes enough flexibility to allow local schools to meet student needs. Responding to school safety concerns is core to getting students back in school. The legislature will be tempted to further restrict this funding as they add resources.	Increase per ADA allotment to \$200 per enrolled student and set floor per campus of \$100,000 would cost roughly \$1.35 billion per year.	The current \$9.72 allotment was set based on funds available and not cost. It is woefully short of providing the resources needed to fully-address school safety concerns.
Growing Special Education Costs	Follow special education committee and work to get specific costs recognized (diagnosticians, etc.); work to ensure any changes in the funding structure are workable and provide additional resources			The Tier 1 allotment for special education currently only covers about 64% of what districts spend on special education from the general fund. Certain costs, like assessment services, have been increasing and are not recognized by the current system
Lack of Fully-Funded Formulas	Make sure the legislature fully funds the cost of specific formula elements, including NIFA, the guaranteed yield in Tier 2, TIMA, and the GT allotment	Increase the appropriation for NIFA, raise the guaranteed yield in Tier 2, restore the appropriation for TIMA, remove proration on specific allotments, particularly when the FSP is running a surplus		