

MINUTES OF THE EDUCATION BUDGET COMMITTEE
DRAFT

The meeting was called to order by Chairwoman Lana Gordon at 3:30 pm on March 3, 2011, in Room 159-S of the Capitol.

All members were present except:

Rep. Clay Aurand – excused
Rep. Connie O'Brien – excused
Rep. Sheryl Spalding – excused
Rep. Bill Feuerborn - excused

Committee staff present:

Reagan Cussimano, Kansas Legislative Research Department
Jason Long, Revisor, Office of Revisor of Statutes
Bernadine Lloyd, Committee Assistant

Conferees appearing before the committee:

Rep. Lana Gordon, Chairwoman
Steve Anderson, Director Of Budget
Dave Trabert, President, Kansas Policy Institute
Dan Murray, Kansas State Director, NFIB
Dr. Rob Balsters, Deputy Superintendent, Seaman School dist. USD 345
Dr. Gary George, Asst. superintendent, Olathe School Dist., USD 233
Diane Gjerstad, Wichita Public Schools
Robert Vancrum, Government Affairs Specialist
Scott Frank, Legislative Post Auditor
Jim Edwards, Asst. Executive Director for Operations, KASB

Others attending:

See attached list.

Hearing on:

HB 2360 - School districts; uniform chart of accounts.

Proponents:

Rep. Lana Gordon, Chairwoman, submitted and presented testimony that this bill requires the State Board of Education to modify the internet-based uniform system of reporting to compare school district data, of which, a key component of this legislation is that it is to adopt a uniform chart of accounts for reporting receipts and expenditures of the districts. She believes the good thing about this bill is that it is a start at trying to get all districts to use the same chart of accounts. ([Attachment 1](#))

Steve Anderson, Director of Budget, submitted presented testimony that he thinks the implementation could be done with minimal impact and no cost. The larger schools have in house staff who handle this data on a regular basis and the addition of activity funds et. al. Do not comprise a burden. ([Attachment 2](#))

Dave Trabert, President, Kansas Policy Institute, submitted and presented testimony on sample charts showing per-pupil revenue components for the Topeka school district, a chart showing spending by major category of USD 259 Wichita, and a publication providing information about the 2010-11 Shawnee Mission School District budget, as well as actual revenue and expenditures for the last two years. There is also a Telephone Survey Research Regarding School District Funding. ([Attachment 3](#))

Dan Murray, State Director, NFIB, submitted and presented testimony that this bill is a good first step in addressing the LPA's (Legislative Post Audit) recommendation. Any well-developed process to compare measures to peers and benchmarks must start with uniform and transparent reporting systems. ([Attachment 4](#))

Opponents:

Dr. Rob Balsters, Deputy Superintendent, Seaman School dist., USD 345, submitted and presented testimony on Activity Funds, "Real-Time" Data Search Capability, Generally Accepted Accounting

Principles, Value of Information Produced, and Explanation of Operating expenditures and cost Differences Between School Districts. ([Attachment 5](#))

Dr. Gary George, Assistant Superintendent, Olathe School Dist., USD 233, submitted and presented testimony that the bill would create an internet based uniform accounting system for all school districts and this system is to provide records at all times by funds, accounts and other pertinent classifications, the amounts appropriated, the estimated revenues, actual revenues or receipts, the unliquidated obligations, actual balances on hand, and the unencumbered balances of allotments or appropriations for each district. His concern is the bill is silent about who is to pay for this new system. ([Attachment 6](#))

Diane Gjerstad, Wichita Public Schools, submitted and presented testimony that the bill would appear to require schools use a uniform reporting system and uniform chart of accounts – which they do – in accordance to general accepted accounting principles (which conflicts with the cash basis law); and the system would allow searches of expenditures or revenue funds “at all time”. She suggested several modifications to the bill and included a chart of Summary of Total Expenditures By Function (All Funds). ([Attachment 7](#))

Robert Vancrum, Government Affairs Specialist, submitted and presented testimony on the bill and commented that Section (B) (1) says the system must follow generally accepted accounting principles (GAAP); Section (c) - Kansas already has the uniform accounting and reporting system for the receipts and expenditures of school districts; Section (e) – We also aren't sure what is meant by “the amounts appropriated; and Section (f) – We are assuming that this means that our data would be turned in to KSDE and then anyone can use their online tool to search district's information. ([Attachment 8](#))

Neutral:

Scott Frank, Legislative Post Auditor, submitted and presented testimony on the background of the bill. He stated that all states we have looked at require uniform reporting of expenditures, and most require uniform recording as well. With his testimony he included Attachment A – Types of Accounting Systems Used in a Sample of 20 States and Kansas; Attachment B - 06-1000-300 General – INSTRUCTION – Prof-Tech-Services; and, Attachment C – PERFORMANCE AUDIT REPORT, K-12 Education: School District Efficiency Audits. ([Attachment 9](#))

Jim Edwards, Assistant Executive Director for Operations, KASB, submitted and presented testimony that the proposed bill could help citizens from across Kansas better understand school budgets. The concern was on the use of the phrase, ***at all times***, included in Line 1, page 2. This phrase would mean that a district, when it writes one check or receives revenue from any source, must completely send a new file to the state. He states the current reports that can be access on the Kansas State Department of Education's website still have value to the public and the Legislature. He included several examples of the KanView website. ([Attachment 10](#))

A question and answer session followed each agency presentation.

The next meeting is scheduled for March 7, 2011, in 159-S.

The meeting adjourned 5:25 pm.

EDUCATION BUDGET COMMITTEE

3:30pm

Room 159S, State Capitol

GUEST LIST

DATE: 3-3-11

| NAME | REPRESENTING |
|------------------------|-----------------------------|
| Bob Waack | none |
| Harry Acory | Olathe schools |
| Dodie Wellshear | USA/KS |
| Dave Prater | KPI |
| Shesstern | SBOE |
| Shannon Bell Little | Little Government Relations |
| Bob Van Orman | USD 229 |
| Butt Brd | C.S. |
| Chris Parker | Public Spectator |
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LANA GORDON
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STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
CHAIR: EDUCATION BUDGET
JOINT COMMITTEE ARTS &
CULTURAL RESOURCES
MEMBER: APPROPRIATIONS

Several years ago when the Schools for Fair Funding, a coalition of schools in the state of Kansas, sued the Legislature for not providing adequate funding; I served as a member of the Special Committee on School Finance. During all the discussion, it was revealed that when administrators were testifying on behalf of certain weighting factors in the formula, not one single one of them could tell us how much they spent on certain categories. The amounts they said they needed varied greatly. The reason they could not tell us how much was currently being spent in each category was because they admitted comingling their funds. It was, and still is, difficult to compare District to District since each one may put somewhat different items into the same category. When one does not compare "apples to apples", how can we as a Legislature know how much the schools need, let alone, how can schools know whether they have enough or need more in certain areas. Because of this experience, which resulted in the Supreme Court ordering us to put \$1B into the education budget over the next 3 years, I felt it was more important than ever to create more transparency in school finance, the largest item in our budget, accounting for more than 50% of the budget. About 3 or 4 years ago, I introduced a bill that asked for the schools to have uniform budgeting and reporting of their accounting. When Bill Bunten was in the Senate he introduced an idea for building by building budgeting. I agreed with his ideas, but with the Legislation on which I have worked I have tried to take it to a more detailed level.

HB 2360 requires the State Board of Education to modify the internet-based uniform system of reporting to compare school district data. A key component of this legislation is that it is to adopt a uniform chart of accounts for reporting receipts and expenditures of the districts. The positive thing is that this bill is a start at trying to get all districts to use the same chart of accounts so that we can compare like items in the budget to like items more accurately. I have always contended that businesses such as McDonalds would keep track of individual restaurants in a chain so that they could more accurately tell which stores were profitable or not. Uniform accounting allows for comparisons and tracks all income and expenditures so one can evaluate whether stores need to stay open or not. I believe that HB 2360 helps create good public policy concerning transparency in school finance. Good business practices demand tools to measure and evaluate outcomes-income for business and results for students.

I would appreciate your support on this bill. I look forward to hearing from the other conferees here today.

Thank you-

Lana Gordon

House Education Budget Committee
Date: March 3, 2011
Attachment #: 1

Steve Anderson, Director of Budget Presentation:

It is the position of this office that good data makes for good decisions. Inherent in that position is comparability and that the data be complete in all respects. The Division of the Budget supports the intent of the Representative's bill. We do however believe there was one issue that needs modification that would remove any fiscal impact from this bill. The requirement of "all" for reporting periods should be changed to simply model the current reporting periods. Every school receives an audit and using the annual audit as a starting point might facilitate that process. Once you remove that small issue it is my professional believe that there would be no discernible financial impact of this bill. My former firm, Anderson, Reichert and Anderson CPAs LLC conducts audits of numerous small school districts. Based on conversations with the individuals in our firm that audit those schools I think the implementation could be done with minimal impact and no cost. The larger schools have in house staff who handle this data on a regular basis and the addition of activity funds et. al. do not comprise a burden. Our office will work with the Representative in any way we can to facilitate the implementation of the bill if passed.

We thank Representative Gordon for the chance to address the committee.

House Education Budget Committee
Date: March 3, 2011
Attachment #: 2



Testimony Submitted to House Education Budget Committee
HB 2360 Kansas Uniform Financial Accounting and Reporting Act

March 3, 2011

Dave Trabert, President, Kansas Policy Institute

Chairman Gordon and Members of the Committee,

Thank you for the opportunity to testify today. It is an honor and privilege to be able to answer your questions and provide assistance as you work to give taxpayers a better insight into how their money is being spent.

There are two fundamental questions we'd like to address regarding the essence of HB 2360:

1. Are citizens adequately informed about school district spending and funding?
2. Can better information be affordably provided for citizens to easily access and analyze?

The evidence is clear that that answer to #1 is clearly 'NO'. The Foundation for Educational Choice conducted a six-state survey last November that included Kansas (602 participants, margin of error $\pm 4\%$). Two questions in that survey addressed school funding; those questions and Kansans' answers follow:

Q4: Do you believe that public school funding in Kansas is at a level that is:

- a. Too low (48%)
- b. About right (35%)
- c. Too high (10%)
- d. No response (7%)

Q5: How much do you think is currently spent on each student in Kansas public schools? Your estimate (to the nearest thousand dollars) will represent the combined expenditures of local, state and federal governments.

- a. Less than \$4,000 (40%)
- b. \$4,001 to \$8,000 (31%)
- c. \$8,001 to \$12,000 (10%)
- d. \$12,001 to \$16,000 (2%)
- e. Over \$16,000 (4%)

KSDE figures show total spending per-pupil has been above \$12,000 since the 2008 school year, yet only 2% of respondents knew the correct answer. It's also noteworthy that 76.6% of those who said they think school funding is too low also believe that total spending is less than \$8,000. That is a fairly strong indication that citizens' beliefs about school funding are heavily influenced by their incorrect perception of total spending per-pupil.

The findings above are confirmed by a separate survey conducted by The Research Partnership last March on behalf of Kansas Policy Institute. This survey also showed that false perceptions of school funding had a definite impact on citizens' willingness to pay higher taxes. (There were 600 participants in the survey, with a margin of error $\pm 4\%$). As noted on the attached handout, 65% believed total spending per-pupil was less than \$8,000 and only 4% of participants knew that the correct answer was over \$12,000. Participants were also asked their perceptions of how total school funding had changed over the last five years; again, only 4% correctly stated that total per-pupil funding had increased more than 25%. A summary of the responses follows:

- Down compared to five years ago (44%)
- About the same (17%)
- Up between 0% and 10% (14%)
- Up between 11% and 20% (8%)
- Up between 21% and 25% (1%)
- Up more than 25% (4%)
- Don't know (13%)

Participants were then asked if they would be willing to personally pay higher taxes to support public schools under the following circumstances. Here's what they said:

| Willingness to Pay Higher Taxes | Percent Responding N = 600 | | |
|--|-------------------------------|----|------------------------------|
| | YES | NO | DON'T KNOW (did not read) |
| a. If the total funding <u>per pupil</u> that goes to the school districts is <u>down</u> from 5 years go? | 51 | 41 | 8 |
| b. If the total funding per pupil that goes to the school districts is <u>about the same</u> as 5 years ago? | 44 | 49 | 8 |
| c. If the total funding <u>per pupil</u> that goes to the school districts is <u>up</u> between 0 and 10%? | 27 | 66 | 7 |
| d. If the total funding <u>per pupil</u> that goes to the school districts is <u>up</u> between 10 and 20%? | 16 | 77 | 8 |
| e. If the total funding <u>per pupil</u> that goes to the school districts is <u>up</u> more than 20%? | 11 | 81 | 7 |

Citizens were only willing to pay higher taxes if total funding per-pupil was down compared to five years ago and were pretty strongly opposed to paying higher taxes if total funding was up. Surveys conducted by some media outlets and other groups showed that citizens were supportive of a tax increase, but to our knowledge, none of those surveys tested the accuracy of participants' perception of school funding.

It's not surprising that most Kansans are grossly misinformed about school funding, as some districts do not post actual spending data on their web sites, let alone historical records. While some districts do post their budgets online, some of them also post and distribute information that many citizens would likely find misleading.

For example, a letter posted on the Shawnee Mission district web site regarding their 2010-11 budget says "district operating expenditures decreased approximately \$9.2 million." However, a careful examination of their Summary of Total Expenditures by Function, available at the same website, shows that operating expenditures (total expenditures less capital improvements and debt service) were actually budgeted to increase by \$24,248,043. It shouldn't take an accountant or financial planner to determine the truth about how their tax dollars are being spent.

The Blue Valley school district does not post any financial summaries in the Budget Information section of their web site. A flyer they distributed last year included the following information:

2009-10: Operating budget \$143,802,789; per-pupil annual expenditure \$7,077

However, their budget summary on file with the Kansas Department of Education shows much higher numbers (operating budget is not identified on the budget summary but can be calculated by subtracting capital improvements and debt service):

2009-10: Operating budget \$227,318,177; per-pupil annual expenditure \$10,938

There are many other examples of information that can be misleading to citizens, including reports of significant budget cuts that many people interpret as spending less money. Media frequently reports that districts have cut budgets by tens of millions of dollars but doesn't mention that operating and/or total spending still increased.

Fortunately, the answer to Question 2 - Can better information be affordably provided so citizens can easily access and analyze such information? – is a resounding 'YES'.

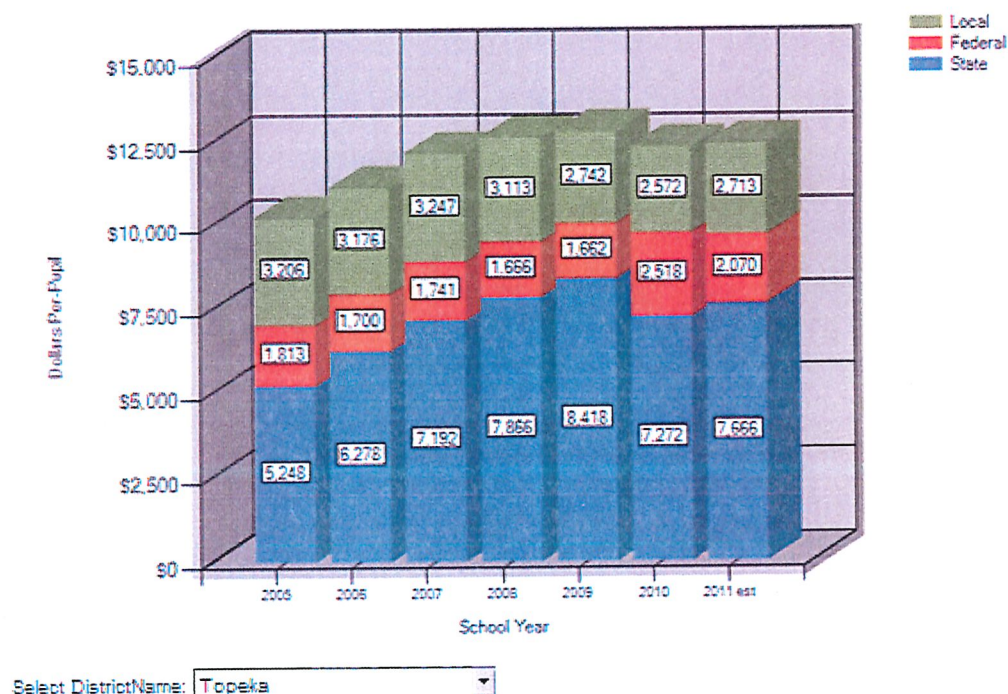
We say that with confidence because we've already published a great deal of school finance data at KansasOpenGov.org and know that the technology is quite affordable and very easy to work with. There would also be very little additional effort required of districts to post the data online. It appears that the information identified in HB 2360 is already being prepared by

districts and much, if not all, is even submitted to KSDE in spreadsheet formats that can easily be uploaded.

People like being able to scroll through district checkbooks and payroll registers and also be able to download data for further analysis. They also favorably comment on historical data being presented in charts to add greater perspective and allow for comparison across time and district.

Here's a sample chart showing per-pupil revenue components for the Topeka school district.

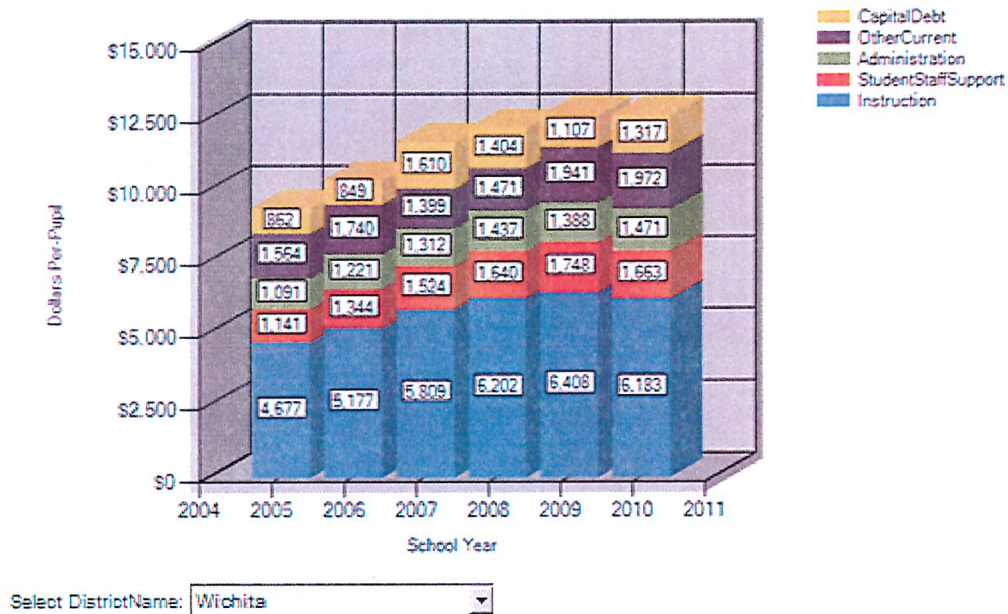
District Revenue Per-Pupil by Source (\$)



The 2011 revenue estimate was last updated by KSDE in December. Calculations of 'per-pupil' on the site are based on Full Time Equivalent (FTE) enrollment data for consistency with per-pupil revenue and spending reported by the state department of education.

The next chart shows spending by major category for USD 259 Wichita.

District Spending by Major Category



It seems pretty clear that citizens are not adequately informed about school funding and most of the data that's made available lacks perspective to which citizens are entitled. Fortunately, technology exists that allows school funding data to be affordably presented so it can be easily accessed and analyzed.

Accordingly, we believe HB 2360 is in Kansans best interest and encourage its passage.



Shawnee Mission School District

Howard D. McEachen Administrative Center
7235 Antioch • Shawnee Mission, Kansas 66204-1798
Phone (913) 993-6200 • Fax (913) 993-6237 • www.smsd.org

Dear Patron:

This publication provides information about the 2010-11 Shawnee Mission School District budget, as well as actual revenue and expenditures for the last two years.

District operating revenue decreased approximately \$1.1 million. The major changes include:

- Decrease of 20 full-time equivalent students (-\$0.1 million)
- Maintain the base state aid per pupil of \$4,012
- Increase at-risk free lunch students 5% (+\$0.6 million)
- Reduction in new facilities based on construction schedule (-\$1.3 million)
- Decrease in cost of living maximum allowed to 4.09% (-\$0.3 million)

District operating expenditures decreased approximately \$9.2 million. The major changes include:

- No salary increases except for professional growth
- Reduction in Title VIB staffing 11.5 FTE (-\$0.6 million)
- Reduction in staffing: certified 90.0 FTE and administration/classified 38.84 FTE (-\$8.6 million)
- Increased health insurance (+\$0.7 million)
- Eliminated KPERS benefit and short-term disability (-\$0.7 million)
- Increase transportation and utilities (+\$1.0 million)
- Decrease in supplies and services (-\$1.0 million)

Please feel free to contact any member of the board of education or school district administration if you have questions about the information contained in this booklet. We appreciate your continued support of the students and staff of the Shawnee Mission School District.

Sincerely,

Deb Zila, President
Board of Education

**Summary of Total Expenditures By Function
(All Funds)**

| | 2008-2009 Actual | % of Tot | 2009-2010 Actual | % of Tot | % inc/ dec | 2010-2011 Budget | % of Tot | % inc/ dec |
|----------------------------------|---------------------|----------------|---------------------|----------------|------------------|---------------------|----------------|------------------|
| Instruction | 184,033,926 | 57% | 187,765,462 | 56% | 2% | 178,504,606 | 51% | -5% |
| Student & Instructional Support | 26,960,231 | 8% | 24,938,249 | 7% | -7% | 24,089,335 | 7% | -3% |
| General Administration | 2,268,310 | 1% | 2,492,888 | 1% | 10% | 3,114,011 | 1% | 25% |
| School Administration (Building) | 14,120,777 | 4% | 14,219,275 | 4% | 1% | 14,002,571 | 4% | -2% |
| Operations & Maintenance | 24,446,680 | 8% | 24,156,830 | 7% | -1% | 24,537,926 | 7% | 2% |
| Capital Improvements | 17,893,941 | 6% | 26,383,808 | 8% | 47% | 17,275,379 | 5% | -35% |
| Debt Services | 22,179,014 | 7% | 24,075,693 | 7% | 9% | 24,752,500 | 7% | 3% |
| Other Costs | 31,668,293 | 10% | 30,829,538 | 9% | -3% | 64,401,836 | 18% | 109% |
| Total Expenditures | 323,571,172 | 100% | 334,861,743 | 100% | 3% | 350,678,164 | 100% | 5% |
| Amount per Pupil | \$12,196 | | \$12,639 | | 4% | \$13,246 | | 5% |

The funds that are included in the categories above are: General, Supplemental General, Bilingual Education, At Risk(4yr Old), At Risk(K-12), Virtual Education, Capital Outlay, Driver Education, Extraordinary School Program, Summer School, Special Education, Vocational Education, Professional Development, Bond & Interest #1, Bond & Interest #2, No-Fund Warrant, Special Assessment, Parent Education, School Retirement, Student Materials Revolving & Textbook Rental, Tuition Reimbursement, Gifts/Grants, KPERS Special Retirement Contribution, Contingency, Special Liability Expense, Federal Funds, Adult Education, and Adult Supplemental Education.

Note: Percentages on charts are within +-1% due to rounding used. Pie graph percentages may differ from charts for this reason also.

Further definition of what goes into each category:

Instruction - 1000

Student & Instructional Support - 2100 & 2200

General Administration - 2300

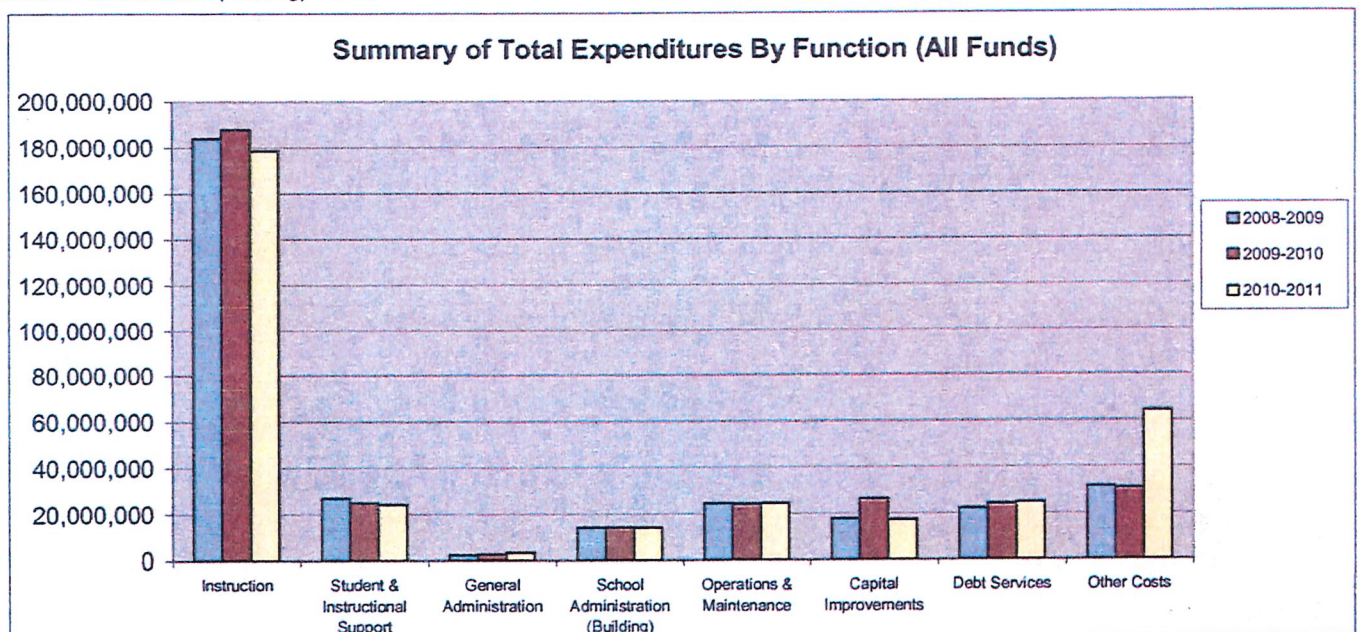
School Administration (Building) - 2400

Operations & Maintenance - 2600

Other Costs - 2500, 2900 and 3000 and all others not included elsewhere

Capital Improvements - 4000

Debt Services - 5100 Transfers - 5200



Location:

91 square miles in southeastern Johnson County

Facilities:

20 elementary schools (grades K-5)
8 middle schools (grades 6-8)
4 high schools (grades 9-12)

Enrollment:

| | |
|----------------|--------|
| K-12 | 20,911 |
| Preschool - 12 | 21,361 |

Staff:

1,306 classified staff
1,721 certified staff
Seventy-five percent of faculty have
a master's degree or higher

About Us:

Education Beyond Expectations is what the Blue Valley School District stands for. The excellent reputation of the Blue Valley School District is based upon the outstanding academic achievement of its students. Staff members are dedicated to the district's mission of unprecedented academic success and unparalleled personal growth for every student.

To experience a visual story of Blue Valley's journey toward academic success, go to www.bluevalleyk12.org/dots.

Focused on Student Success:

- Of 224 possible opportunities for achieving the Standard of Excellence on the 2009 Kansas State Assessments in reading and math, Blue Valley schools earned 222. If science and writing are included in addition to reading and math, BV schools earned 276 out of 286 possibilities.
- Every Blue Valley school received the Building Standard of Excellence in math and reading.
- 2009 Blue Valley graduates continue to exceed state and national averages on the SAT test.
- In 2009, Blue Valley and all of its schools made No Child Left Behind's Adequate Yearly Progress (AYP) for the seventh consecutive year.
- In 2008, six Blue Valley schools received the Governor's Achievement Award, which recognizes top performing schools in the state of Kansas.
- For the third year in a row, all four Blue Valley high schools were named to a list of America's top public high schools compiled by *Newsweek*.
- 37 students were named National Merit scholarship semifinalists (2009-10).
- The prestigious Blue Ribbon distinction from the U.S. Department of Education has been awarded 15 times to district schools for their outstanding educational programs.
- Blue Valley teachers have earned the Kansas Master Teacher Award 15 times.
- 2009 graduates were offered more than \$41.5 million in grants, scholarships and awards.
- Blue Valley's graduation rate is 98 percent.
- Approximately 93 percent of Blue Valley graduates pursue a post-secondary education.

Blue Valley Schools (area code 913)

| | | | |
|-----------------------------|----------|--------------------------|----------|
| Blue Valley Academy | 239-4529 | Harmony Elementary | 239-6200 |
| Blue Valley District Office | 239-4000 | Heartland Elementary | 239-6300 |
| Blue Valley High | 239-4800 | Indian Valley Elementary | 239-6400 |
| Blue Valley North | 239-3000 | Lakewood Elementary | 239-6500 |
| Blue Valley Northwest | 239-3400 | Leawood Elementary | 239-6600 |

91 square miles in southeastern Johnson County

Facilities:

19 elementary schools (grades K-5)
8 middle schools (grades 6-8)
4 high schools (grades 9-12)

Enrollment:

| | |
|----------------|--------|
| K-12 | 20,563 |
| Preschool - 12 | 20,993 |

Staff:

1,437 classified staff
1,793 certified staff
Seventy-three percent of faculty have
a master's degree or higher

Education Beyond Expectations is what the Blue Valley School District stands for. The excellent reputation of the Blue Valley School District is based upon the outstanding academic achievement of its students. Staff members are dedicated to the district's mission of unprecedented academic success and unparalleled personal growth for every student.

Focused on Student Success:

- Of 232 possible opportunities for achieving the Standard of Excellence on the 2009 Kansas State Assessments, Blue Valley schools earned 229.
- Every Blue Valley school received the building Standard of Excellence in math and reading.
- In 2008, Blue Valley was the only district in the state of Kansas with more than 5,500 students to make No Child Left Behind's Adequate Yearly Progress (AYP) in all of its schools and the district.
- In 2007, 12 Blue Valley schools received the Governor's Achievement Award, which recognizes top performing schools in the state of Kansas.
- For the second year in a row, all four Blue Valley high schools were named to a list of America's top public high schools compiled by *Newsweek*.
- 33 students were named National Merit scholarship finalists (2008).
- The prestigious Blue Ribbon distinction from the U.S. Department of Education has been awarded 15 times to district schools for their outstanding educational programs.
- Blue Valley teachers have earned the Kansas Master Teacher Award 14 times.
- 2008 graduates were offered more than \$41.8 million in grants, scholarships and awards.
- Blue Valley's graduation rate is 98 percent.
- Approximately 92 percent of Blue Valley graduates pursue a post-secondary education.
- 2008 Blue Valley graduates scored the highest composite SAT score in district history.

| | | | |
|-----------------------------|----------|--------------------------|----------|
| Blue Valley Academy | 239-4529 | Harmony Elementary | 239-6200 |
| Blue Valley District Office | 239-4000 | Heartland Elementary | 239-6300 |
| Blue Valley High | 239-4800 | Indian Valley Elementary | 239-6400 |
| Blue Valley North | 239-3000 | Lakewood Elementary | 239-6500 |
| Blue Valley Northwest | 239-3400 | Leawood Elementary | 239-6600 |

Summary of Total Expenditures By Function (All Funds)

| | 2007-2008 Actual | % of Tot | 2008-2009 Actual | % of Tot | % inc/ dec | 2009-2010 Budget | % of Tot | % inc/ dec |
|----------------------------------|---------------------|----------------|---------------------|----------------|------------------|---------------------|----------------|------------------|
| Instruction | 117,044,416 | 47% | 123,160,122 | 46% | 5% | 141,757,834 | 50% | 15% |
| Student & Instructional Support | 25,172,023 | 10% | 25,520,402 | 10% | 1% | 27,444,573 | 10% | 8% |
| General Administration | 2,134,393 | 1% | 2,212,531 | 1% | 4% | 1,865,304 | 1% | -16% |
| School Administration (Building) | 9,379,402 | 4% | 9,962,442 | 4% | 6% | 10,477,206 | 4% | 5% |
| Operations & Maintenance | 16,501,656 | 7% | 16,832,384 | 6% | 2% | 18,032,047 | 6% | 7% |
| Capital Improvements | 16,147,259 | 7% | 27,325,292 | 10% | 69% | 15,509,869 | 5% | -43% |
| Debt Services | 38,511,931 | 16% | 37,890,579 | 14% | -2% | 41,252,798 | 15% | 9% |
| Other Costs | 22,408,886 | 9% | 23,997,141 | 9% | 7% | 27,741,213 | 10% | 16% |
| Total Expenditures | 247,299,966 | 100% | 266,900,893 | 100% | 8% | 284,080,844 | 100% | 6% |
| Amount per Pupil | \$12,180 | | \$12,937 | | 6% | \$13,669 | | 6% |

The funds that are included in the categories above are: General, Supplemental General, Bilingual Education, At Risk(4yr Old), At Risk(K-12), Virtual Education, Capital Outlay, Driver Education, Extraordinary School Program, Summer School, Special Education, Vocational Education, Professional Development, Bond & Interest #1, Bond & Interest #2, No-Fund Warrant, Special Assessment, Parent Education, School Retirement, Student Materials Revolving & Textbook Rental, Tuition Reimbursement, Gifts/Grants, KPERs Special Retirement Contribution, Contingency, Special Liability Expense, Federal Funds, Adult Education, Adult Supplemental Education, Area Vocational School, and Special Education Coop.

Note: Percentages on charts are within +/-1% due to rounding used. Pie graph percentages may differ from charts for this reason also.

Further definition of what goes into each category:

Instruction - 1000

Student & Instructional Support - 2100 & 2200

General Administration - 2300

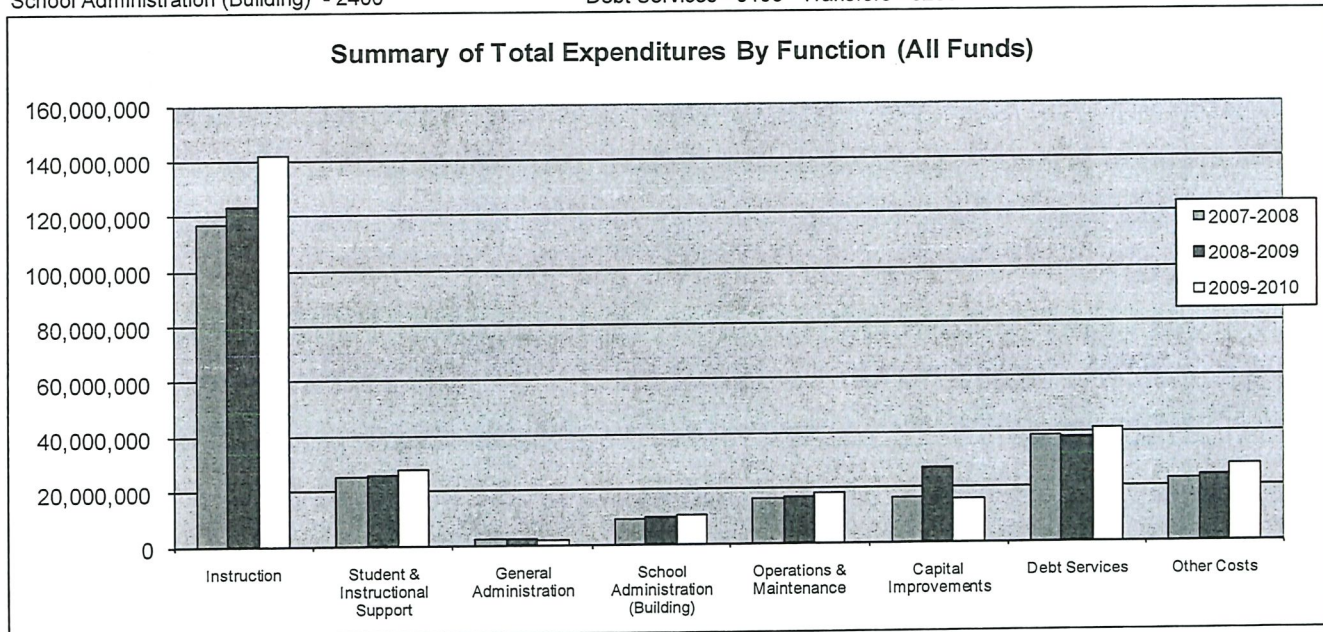
School Administration (Building) - 2400

Operations & Maintenance - 2600

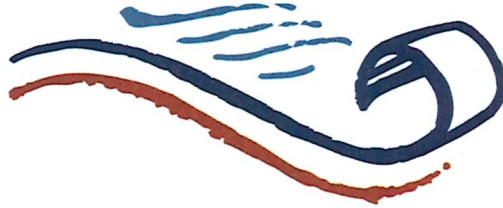
Other Costs - 2500, 2900 and 3000 and all others not included elsewhere

Capital Improvements - 4000

Debt Services - 5100 Transfers - 5200



FINAL RESULTS



KANSAS · POLICY **INSTITUTE**

TELEPHONE SURVEY RESEARCH REGARDING

SCHOOL DISTRICT FUNDING

Prepared By

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MARCH 2010

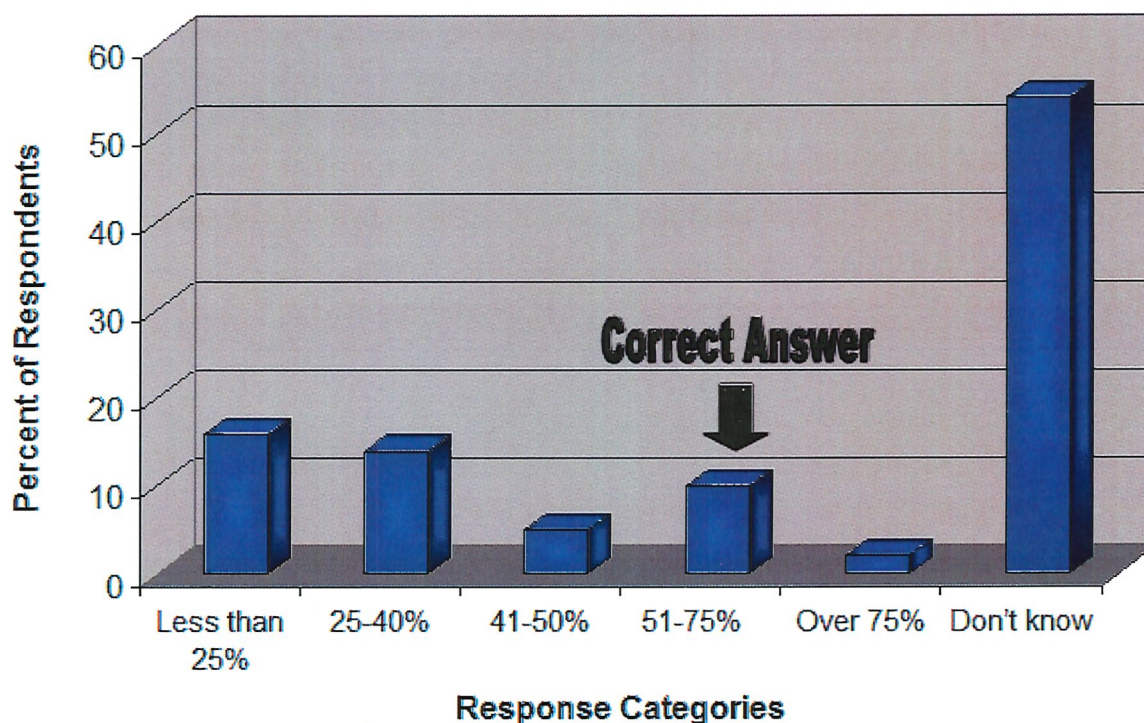
MANAGERIAL SUMMARY

The funding of public schools in the State of Kansas has been the subject of much discussion in recent months. The purpose of this survey is to establish a baseline of public perceptions regarding this funding issue. Throughout the survey, the phrase K-12 will be used to refer to Kansas public schools Kindergarten through 12th grade (High School).

- Public School funding (K-12 schools only) makes up what percentage of the overall budget of the State of Kansas? (Responses were categorized)

| K-12 Percentage of State Budget | Percent Responding N=600 |
|---------------------------------|-----------------------------|
| Less than 25% | 16 |
| 25-40% | 14 |
| 41-50% | 5 |
| 51-75% (Correct Answer) | 10 |
| Over 75% | 2 |
| Don't know | 54 |

K-12 Percentage of State Budget



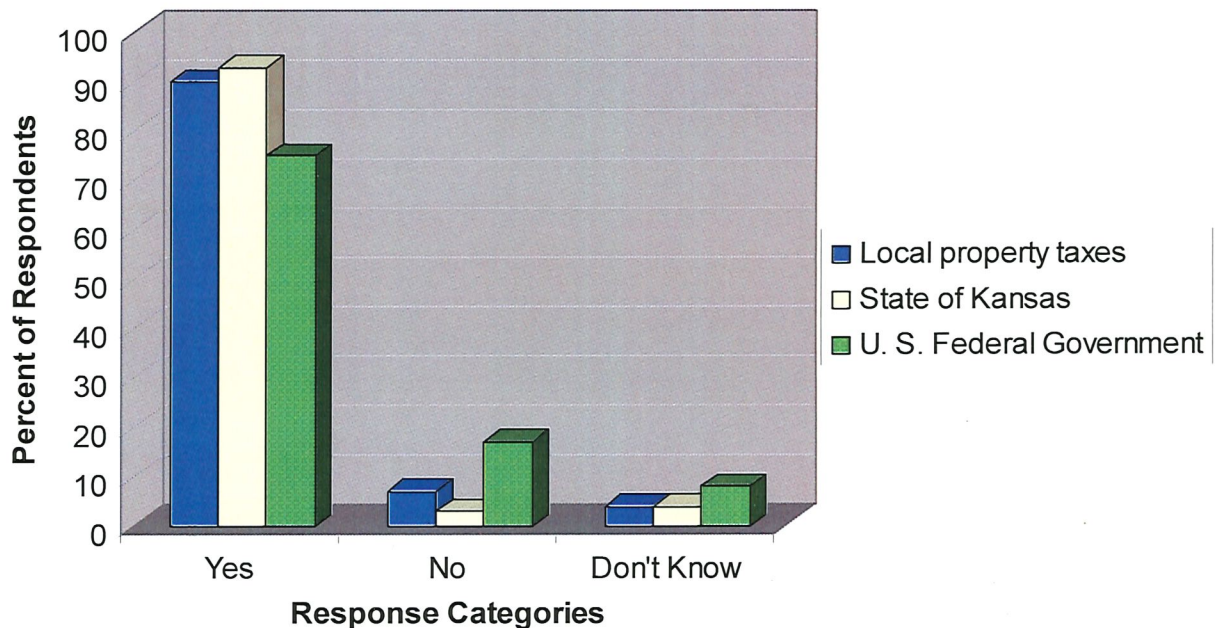
Fifty four (54%) percent of the respondents indicated they “did not know” what percentage public school funding made up of the overall budget for the State of Kansas. **Sixteen (16%) percent** thought public school funding accounted for less than **25%** of the overall budget for the state of Kansas. **Thirty five (35%) percent** of respondents thought public school (K-12) funding made up less than 50% of the budget for the State of Kansas. Only **twelve (12%) percent** believed that funding for public schools accounted for more than 50% of the budget. The **actual** percentage of the State budget dedicated to K-12 education is **53%**.

Of the 157 respondents with children currently attending K-12 public schools in Kansas, **43%** believed the overall funding for Kansas K-12 public schools made up 50% or less of the budget for the state of Kansas. This compares to the results of the total sample surveyed where **35%** believed the overall funding for Kansas K-12 public schools made up 50% or less of the budget for the state of Kansas. Only **8%** of respondents with children in the K-12 Kansas public school system gave the correct answer of better than 50%.

2. Which of the following are funding sources for Kansas public schools K-12?
(Response categories were read)

| Funding Sources | Percent Responding N=600 | | |
|-----------------------------|-----------------------------|----|-------------------------------------|
| | YES | NO | DON'T KNOW (did <u>not</u> read) |
| a. Local property taxes | 90 | 7 | 4 |
| b. State of Kansas | 93 | 3 | 4 |
| c. U. S. Federal Government | 75 | 17 | 8 |

Funding Sources



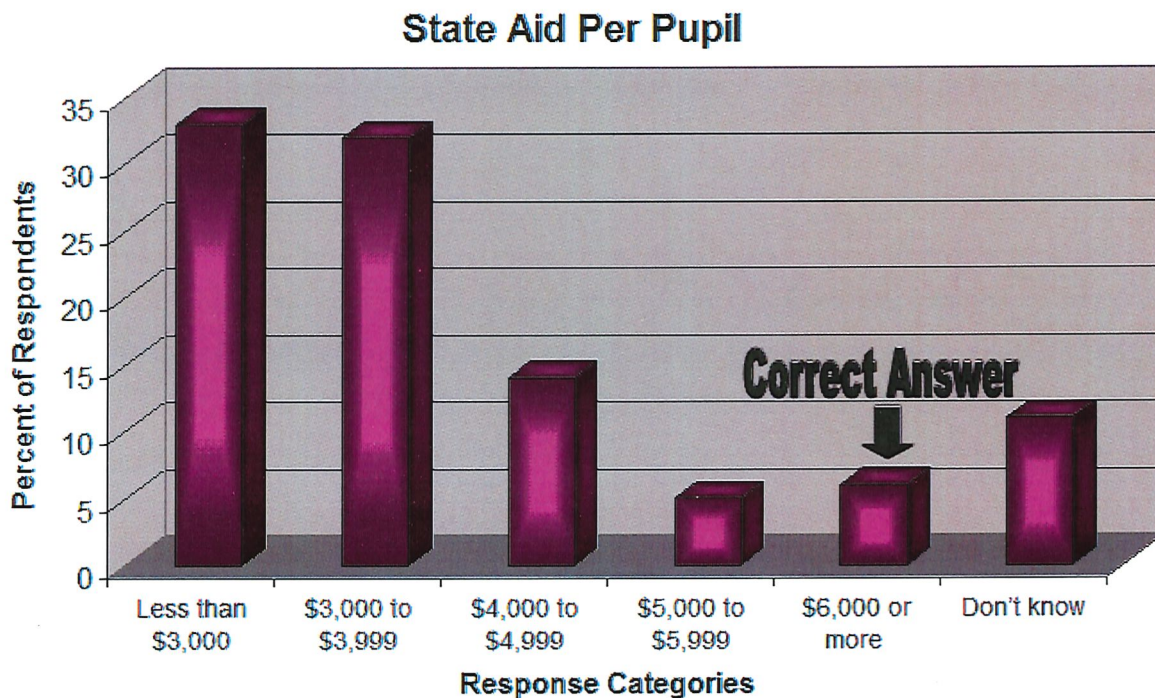
The majority of the respondents knew that local property taxes, the State of Kansas and the U.S. Federal Government were all sources of funding for the Kansas public school (K-12) system. Of the three revenue sources, significantly fewer respondents were aware that the U.S. Federal Government was a source of funding for Kansas's public schools. **Seventeen (17%)** percent of the respondents believed that the U.S. Federal Government was not a source of local school funding.

The answers given for Local Property Tax and the State of Kansas as funding sources were consistent from the overall survey respondents and those with children currently attending K-12 Kansas public school. However, **81%** of respondents with kids in the school system knew the U.S. Federal Government was also a source of funding compared to **75%** of the overall survey responses.

To compare the funding provided to larger school districts with the funding provided to smaller school districts, the amount of funding is calculated on a “per pupil” basis. This phrasing will be used in the following questions:

3. How much annual funding per pupil do you feel Kansas school districts currently receive from the State of Kansas? Is it? (Response categories were read)

| State Aid Per Pupil | Percent Responding N = 600 |
|---|-------------------------------|
| Less than \$3,000 per pupil | 33 |
| Between \$3,000 and \$3,999 per pupil | 32 |
| Between \$4,000 and \$4,999 per pupil | 14 |
| Between \$5,000 and \$5,999 per pupil | 5 |
| \$6000 or more per pupil (Correct Answer) | 6 |
| Don't know | 11 |

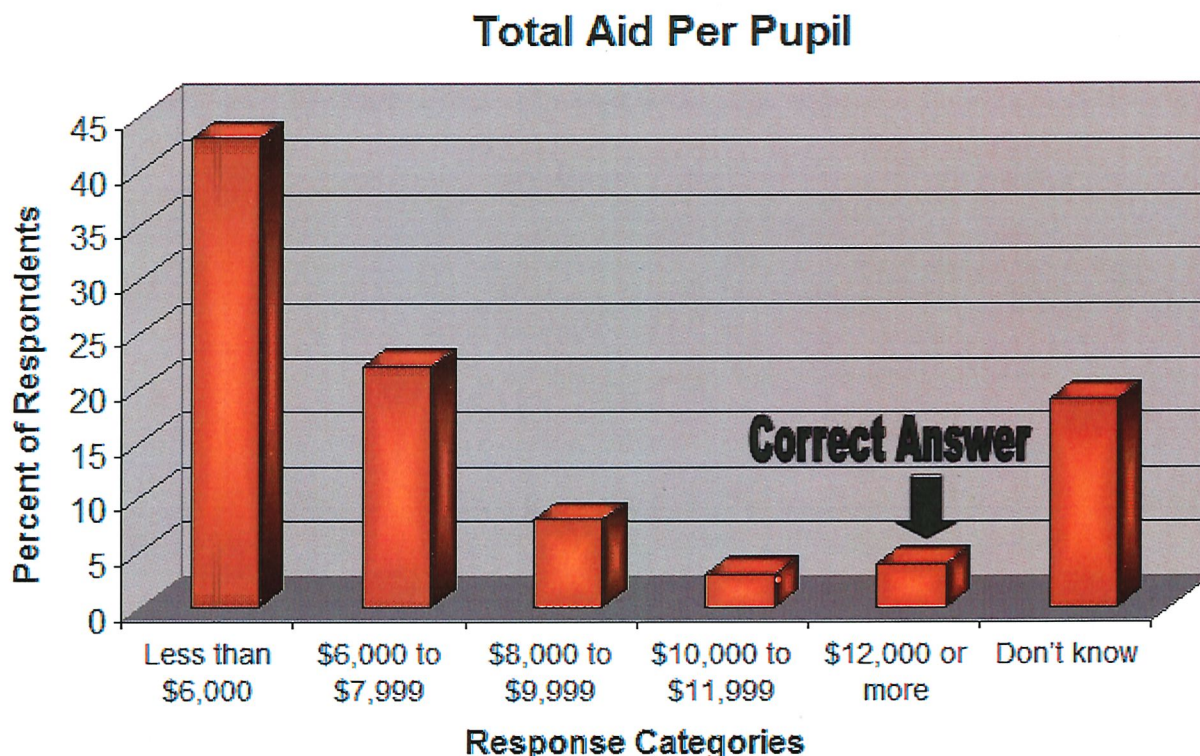


Thirty three (33%) percent of the respondents believed the Kansas school districts currently receive less than \$3,000 per pupil annually from the state of Kansas. Combined, **84%** of respondents believed that Kansas school districts currently receive less than \$6,000 per pupil annually from the State. The **actual** amount of funding received per pupil from the State of Kansas is **more than \$6000** per pupil. Only **6%** of respondents answered this correctly.

Eighty five (85%) percent of respondents with children currently attending K-12 Kansas public school felt the annual funding for Kansas school districts from the State of Kansas was less than \$5,000 per pupil, as compared to **79%** of the overall respondents.

4. How much annual funding per pupil do you feel Kansas school districts currently receive all together from the State of Kansas, U.S. Federal Government and local property taxes? (Response categories were read)

| Total Aid Per Pupil | Percent Responding N = 600 |
|---|-------------------------------|
| Less than \$6,000 per pupil | 43 |
| Between \$6,000 and \$7,999 per pupil | 22 |
| Between \$8,000 and \$9,999 per pupil | 8 |
| Between \$10,000 and \$11,999 per pupil | 3 |
| \$12,000 or more per pupil (Correct Answer) | 4 |
| Don't know | 19 |



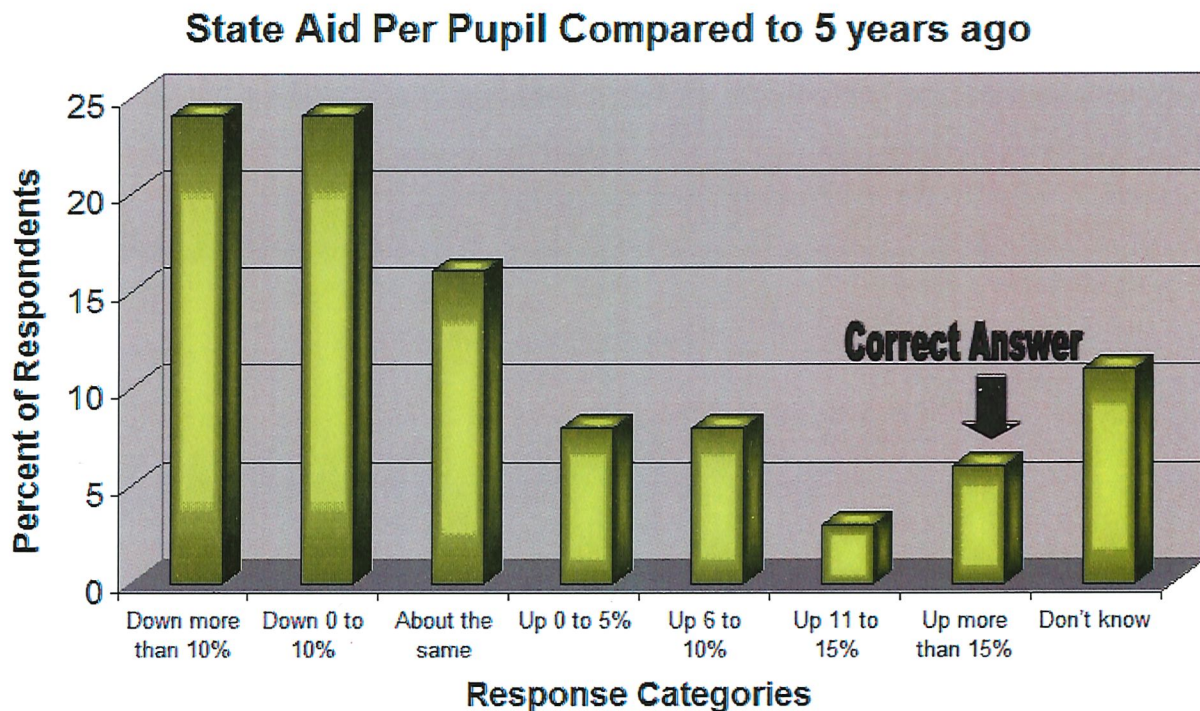
Seventy six (76%) percent of respondents thought the amount of annual funding the Kansas school districts currently receive all together from the State of Kansas, U.S. Federal

Government and local property taxes totaled less than \$12,000 per pupil. **Sixty five (65%)** percent felt the total aid was less than \$8,000 per pupil. **Nineteen (19%)** percent indicated that they did not know. The **actual** amount of funding that school districts receive per pupil from all three sources is more than \$12,000. Only 4% of those surveyed answered this question correctly.

Eighty five (85%) percent of respondents with children in Kansas K-12 public schools thought the amount of annual funding the Kansas school districts currently receive all together from the State of Kansas, U.S. Federal Government and local property taxes totaled less than \$12,000 per pupil. **Seventy five (75%)** percent of these respondents felt the total aid was less than \$8,000 per pupil, as compared to 65% in the total survey population. Only 3% of those surveyed with children in Kansas school districts answered this question correctly.

5. Looking back over the last 5 years, do you feel that the per-pupil school district funding from the State of Kansas is? (Response categories were read)

| State Aid Per Pupil Compared to 5 years ago | Percent Responding N = 600 |
|---|-------------------------------|
| Down more than 10% as compared to 5 years ago | 24 |
| Down between 0% and 10% | 24 |
| About the same | 16 |
| Up between 0% and 5% | 8 |
| Up between 6% and 10% | 8 |
| Up between 11% and 15% | 3 |
| Up more than 15% as compared to 5 years ago (Correct Answer) | 6 |
| Don't know | 11 |



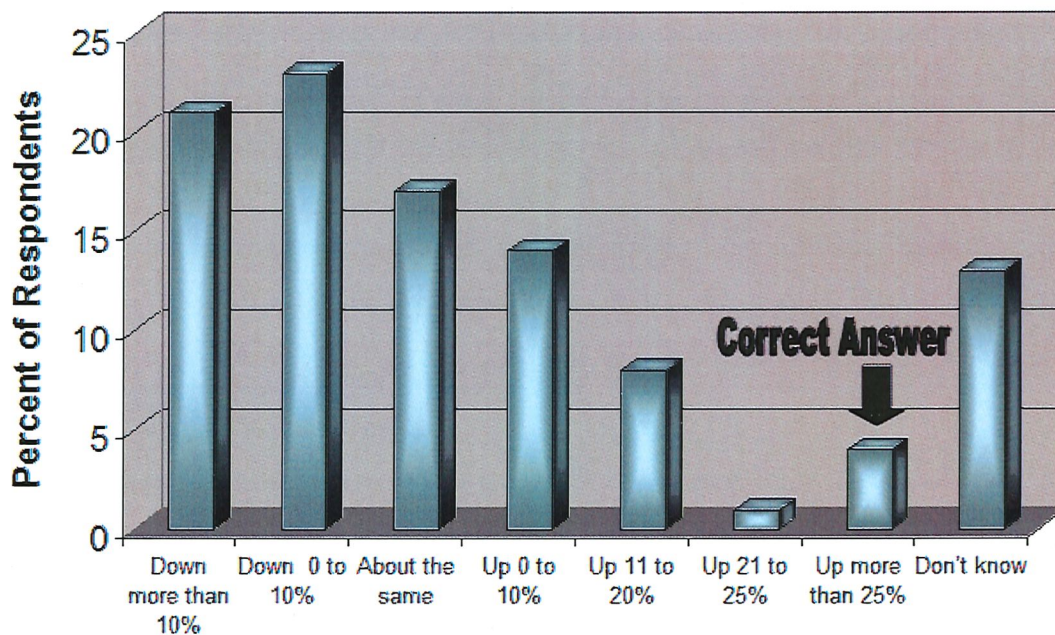
Only 6% of the respondents correctly thought that over the last 5 years, per pupil funding from the state of Kansas had increased more than 15%. The majority, 64% believed that funding was either the same or less than it had been five years ago. **Eleven (11%)** percent of the respondents indicated that they did not know what changes had occurred to the level of funding. The **actual** level of such funding is **up 18%**. Compared to the 48% of overall survey respondents who felt State funding per pupil was down as compared to 5 years ago, 54% of respondents with children in K-12 Kansas public schools felt this to be true.

6. Again, looking back over the last 5 years, do you feel that the per-pupil school district funding all together from the State of Kansas, U.S. Federal Government and local property taxes is?

(READ RESPONSES, CIRCLE ONE)

| Total Aid Per Pupil Compared to 5 years ago | Percent Responding N=600 |
|---|-----------------------------|
| Down more than 10% as compared to 5 years ago | 21 |
| Down between 0% and 10% | 23 |
| About the same | 17 |
| Up between 0% and 10% | 14 |
| Up between 11% and 20% | 8 |
| Up between 21% and 25% | 1 |
| Up more than 25% as compared to 5 years ago (Correct Answer) | 4 |
| Don't know | 13 |

Total Aid Per Pupil Compared to 5 years ago



Response Categories

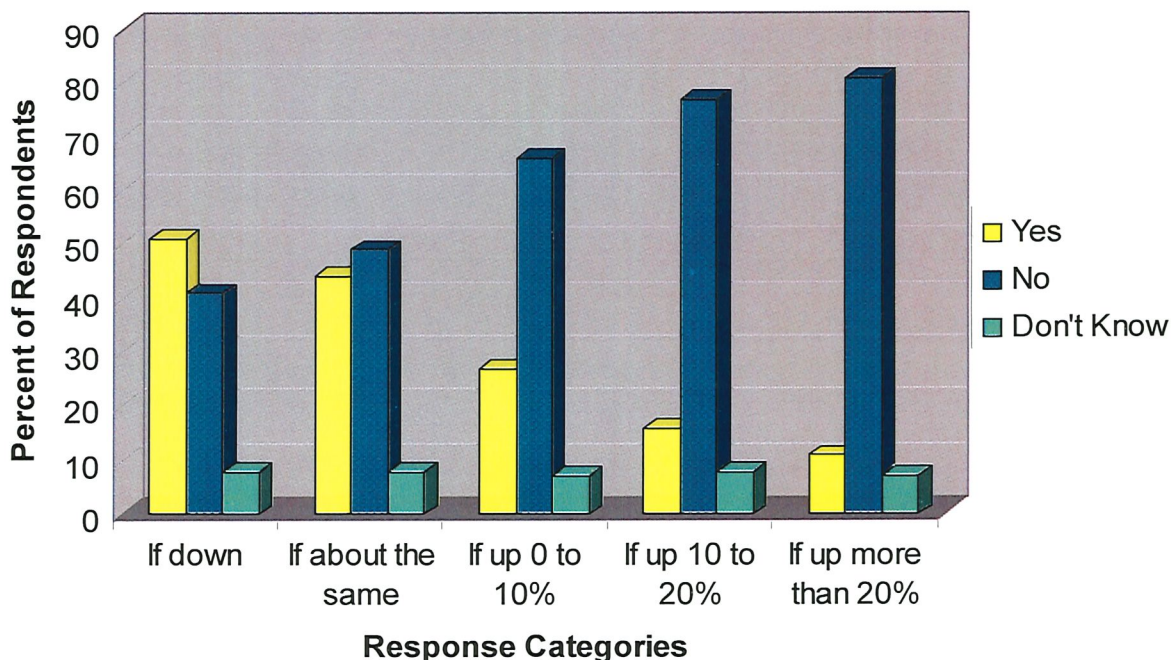
Only 4% of respondents correctly felt the total amount of funding per pupil from the state of Kansas, the U.S. Federal Government and local property taxes had increased more than 25% over the last 5 years. **Sixty one (61%) percent** thought that the level of funding was either the same as five years ago or had decreased. Compared to the 44% of overall survey

respondents who felt total funding per pupil was down as compared to 5 years ago, 50% of respondents with children in K-12 Kansas public schools felt this to be true.

7. Would you be willing to **personally** pay higher taxes to support Kansas School Districts-kindergarten through grade 12 (high school). . .**(Responses were read)**

| Willingness to Pay Higher Taxes | Percent Responding N = 600 | | |
|---|-------------------------------|----|------------------------------|
| | YES | NO | DON'T KNOW (did not read) |
| a. If the total funding <u>per pupil</u> that goes to the school districts is <u>down</u> from 5 years go? | 51 | 41 | 8 |
| b. If the total funding <u>per pupil</u> that goes to the school districts is <u>about the same</u> as 5 years ago? | 44 | 49 | 8 |
| c. If the total funding <u>per pupil</u> that goes to the school districts is <u>up</u> between 0 and 10%? | 27 | 66 | 7 |
| d. If the total funding <u>per pupil</u> that goes to the school districts is <u>up</u> between 10 and 20%? | 16 | 77 | 8 |
| e. If the total funding <u>per pupil</u> that goes to the school districts is <u>up</u> more than 20%? | 11 | 81 | 7 |

Willingness to Pay Higher Taxes



The majority of respondents, 51% would be willing to personally pay higher taxes to support Kansas School Districts (K-12) if the total funding per pupil that goes to the school

districts is **down** from 5 years go. **Forty-four (44%)** percent would personally be willing to pay higher taxes if the total funding per pupil that goes to the school districts is **about the same** as 5 years ago. Only 11% of respondents would personally be willing to pay higher taxes to support Kansas K-12 schools if the total funding per pupil that goes to the school districts is **up** more than 20%. The actual increase in funding per pupil is **up** 25% as compared to five years ago.

The majority of respondents, **59%**, with children in Kansas K-12 public schools would be willing to personally pay higher taxes to support Kansas School Districts (K-12) if the total funding per pupil that goes to the school districts is **down** from 5 years go. This compares with **51%** of the overall survey respondents. **Fifty (50%)** percent of respondents with children in the Kansas school districts were willing to personally pay higher taxes to support Kansas School Districts (K-12) if the total funding per pupil that goes to the school districts is **about the same** as 5 years go. This compares with **44%** of those with these feeling among the total survey respondents.

If the total funding per pupil that goes to the school districts is **up** between 0-10%, **35%** of respondents with children in the Kansas K-12 public schools are willing to personally pay higher taxes to support Kansas School Districts, compared with **27%** of the overall survey respondents. When asked their reactions if funding is **up** more than 11% from 5 years ago, the percentage of respondents willing to personally pay higher taxes is consistent between those who have children in the school system and those who do not.

8. Are there any other comments you would like to make regarding funding Kansas public schools K-12?

| Response Categories | Percent Responding N = 600 |
|---------------------|-------------------------------|
| No | 45 |
| Yes | 56 |

If Yes, **ASK** what? _____

For a complete list of open ended responses, please see the appendix.



The Voice of Small Business®

Testimony in Support of HB2360 by Mr. Daniel Murray
Kansas State Director, National Federation of Independent Business
House Education Budget Committee Committee
Thursday, March 3, 2011

Good morning Chair Gordon and members of the Committee. My name is Dan Murray and I am the State Director of the National Federation of Independent Business/Kansas. NFIB/Kansas supports HB2360.

NFIB/Kansas has, and will likely continue to remain silent on the overall policy debate regarding K-12 Education finance and funding. However, our members have consistently supported state efforts to find efficiencies in spending. Further, our members understand the necessity of balancing their books and are astounded that there is not a uniform and transparent reporting system for school district receipts and expenditures.

Kansas commits 52 percent of the state general fund to K-12 education, the largest portion of the state budget. Policy-makers and Kansas taxpayers must have a system in which they can uniformly compare our state's largest investment. We believe the uniform reporting practices outlined in HB2360 will help the state—and school districts—identify efficiencies and save tax dollars.

In their August 2010 summary report of voluntary efficiency audits conducted on seven school districts, the Legislative Post Audit came to the following conclusion:

"The current fiscal situation—which may linger for some time—makes it critical for school districts to find ways to make their operations more efficient. The purpose of these seven school efficiency audits was to find ways in which districts can change the way they currently operate so they can provide the same quality of educational services using fewer resources, or so they can use their existing resources more productively. . . . Having an on-going efficiency management process is essential to improving efficiency. A well-developed process should include calculating efficiency measures, comparing those measures to peers and benchmarks, and systematically making changes as needed. None of the seven districts we looked at had such a process, and it's unlikely that most districts in the State have one either."

We believe that HB2360 is a good first step in addressing the LPA's recommendation. Any well-developed process to compare measures to peers and benchmarks must start with uniform and transparent reporting systems. We urge your support of HB2360

NFIB/KS is the leading small business organization representing small and independent businesses. A nonprofit, nonpartisan organization founded in 1943, NFIB/KS represents the consensus views of its over 4,100 members in Kansas.

House Education Budget Committee

Date: March 3, 2011

Attachment #: 4

House Education Budget Committee

HB 2360

Rob Balsters, Seaman USD 345 **Delivered on Behalf of USA/Kansas**

3 March 2011

Thank you for the opportunity to testify on HB 2360 and address several concerns related to this bill in its present form. Before making any changes to the existing system, we believe it is important that all interested parties – legislators, administrators, and representatives from KSDE work together to evaluate current practice and clearly identify the needs and desired outcomes.

Activity Funds

- Kept at the building level in order to address specific building level needs
- Very cumbersome and expensive to absorb into the district system
- Audited monthly internally and annually by independent auditors
- District-to-district comparison would be virtually meaningless

“Real-Time” Data Search Capability

- Expense – KSDE estimates that agency implementation will cost about \$111,000 and that statewide implementation will cost millions of dollars – similar to the cost of the state’s new SMART system
- Negative return on investment – see Value of Information Produced, below
- Real-Time data is currently not available for the State of Kansas Budget

Generally Accepted Accounting Principles

- Most Kansas districts vote to opt out of GAAP as allowed under K.S.A. 75-1120a
- Our boards of education believe that Cash Basis reporting is much more transparent and valuable to our patrons
- Forcing a GAAP requirement on districts would create additional costs beyond the uniform statewide reporting

Value of Information Produced

- Differences in district-to-district expenditures can be explained in many different ways. (See the back page)
- Two recent studies have shown that building-to-building differences in the same district are largely due to teacher placement on the salary schedule
- For the reasons listed above, it is meaningless to base statewide spending decisions on annual spending statistics, let alone instantaneous daily statistics
- The value of the information produced by this system will be much less than the cost of its implementation

Please let us work with you to address your concerns in a way that is ultimately beneficial to the public school students of Kansas.

House Education Budget Committee

Date: March 3, 2011

Attachment #: 5

Explanation of Operating Expenditures and Cost Differences Between School Districts

BACKGROUND

The operating expenditures attached are defined by the U.S. Census Bureau. Each state submits the data on an annual basis. Each function is defined by the National Center of Educational Statistics (NCES) handbook entitled "Financial Accounting for Local and State School Systems, 2003 Edition." The expenditure reports to the U.S. Census Bureau are completed by each state using the guidance of the NCES handbook.

POSSIBLE COST DIFFERENCES IN SCHOOL DISTRICTS

Comparing expenditures between school districts must be done with caution. Listed below are some of the reasons that may cause school districts' expenditures to vary.

- **Transportation Costs** – The size of Kansas School Districts vary from 10 square miles to nearly 1,000 square miles. In addition, the number of children transported also varies from just a few students to over 18,000.
- **Number of Buildings** – Because of the size of districts, some boards choose to operate more buildings, which result in additional operating costs.
- **Age of Buildings** – The age of buildings also may require more upkeep and be less efficient than new buildings.
- **Program Offerings Vary** – Some schools operate programs such as all-day kindergarten, Parents As Teachers, Summer School, and extended learning time for students.
- **Pupil Teacher Ratio (PTR)** – The size of a district in most cases will have an impact of ratios. Smaller districts may offer similar core courses as larger districts, but have fewer students which results in a lower PTR.
- **Students Eligible for Free/Reduced Price Meals** – Districts with a high concentration of students on free and/or reduced price meals pose a special challenge for those districts, such as the need for additional social workers or guidance counselors.
- **Bilingual/Migrant Students** – Schools with bilingual and/or migrant students have a greater cost due to the needs of those students.
- **Special Needs Students** – Some schools have a high number of special needs students which result in additional teachers, paraprofessionals, and transportation costs.

DISTRICTS LOCALLY GOVERNED

All Kansas School Districts are governed by local boards of education that decide locally how they want to operate their district. Some communities may prefer all-day kindergarten, while others may determine they want a smaller number of students for each teacher. Thus the percentage of expenditures reflects both the local decisions and the geographic makeup of the district.

KSDE – Legislative Operating Costs Cover Letter



March 3, 2011

TO: Representative Lana Gordon, Chair, and Members of the House Standing Committee on Education Budget

FROM: Gary George, Ed.D., Assistant Superintendent of Schools
Olathe Public Schools

SUBJECT: House Bill 2360 – Uniform Accounting

I am present to share our opposition to House Bill 2360 which would create an internet based uniform accounting system for all school districts. This system is to provide records at all times by funds, accounts and other pertinent classifications, the amounts appropriated, the estimated revenues, actual revenues or receipts, the unliquidated obligations, actual balances on hand, and the unencumbered balances of allotments or appropriations for each district. The reporting system is to allow people to search and compare data for comparisons among school districts. The system is to be operational July ,1 2012.

The bill calls for districts to use a chart of accounts. To set the record straight, the Olathe Public School District

- uses a chart of accounts
- uses state prescribed forms
- reports data as requested by the state board or Kansas Department of Education
- attends budget workshops each year regarding budget preparation and the proper use of forms, and
- our budget is checked for accuracy and appropriateness by Kansas State Department of Education staff.

Additionally, our financial records are also audited by an external CPA firm each year and the lead auditor meets with the board in an open meeting which is broadcast on television. After our board has heard the audit, it takes action in an open meeting to approve the audit. In addition, our website includes budget information for the current year as well as on a historical basis.

Our concerns are:

- The bill is silent about who is to pay for this new system. As already noted, our budgets are stretched very thin and they are about to be stretched thinner with the additional budget cuts coming. Implementing such a system now would place a heavy and unnecessary burden (unfunded mandate) on school districts. Training veteran and new staff in a large district would create further on-going costs. Currently, districts are reducing staff and staff training funds. Because the bill is silent on several items such as other pertinent classifications, we are not sure how detailed the reporting would be. These details could be quite time consuming and add to the number of staff we would need to be compliant with the law.

House Education Budget Committee
Date: March 3, 2011
Attachment #: 6

- Each year the Legislature changes some part of the formula. The Olathe district manages over 20 funds. We are the fiscal agent for Olathe Head Start and a consortium for Parents as Teachers. Our district also provides services for the Johnson County Juvenile Detention Center and Temporary Lodging for Children. All of these entities complicate the accounting process.
- Depending on how the new system is structured, we may have to spend additional funds adapting our imaging system and our KRONOS time and attendance system to the new system.
- The timeline is unrealistic. According to Legislative Post Audit, it took Colorado five years to get everyone using their system. A needs assessment alone will take time. Designing a system, developing specifications, the bidding, installation and training process will take much more time than is planned in the bill.
- And finally, how does the state intend to pay for this system? According to Legislative Post Audit, Arkansas spent \$25M on its system over 13 years ago. Indiana backed away from such a system because of costs. Staff implementation, training and on-going costs to update the system will add even more costs to this program. If the state has funds to implement this program, wouldn't they be better spent eliminating some of the budget reductions affecting all school district, cities and agencies across the state?

School accounting is complex and a web-based uniform accounting system computer system will not lessen the complexity or increase the ease of understanding school finance.

House Bill 2360 does not address the complexity of implementing such a system nor does this bill provide a mechanism to pay for this project. This bill is unnecessary and will place a financial hardship on the state and districts at a time when both entities are facing unprecedented long-term financial challenges.

We urge the Committee to reject House Bill 2360.

Thank you.



**House Education Committee
Representative Gordon, Chair**

H.B. 2360 – uniform accounting

*Presented by: Diane Gjerstad
Wichita Public Schools*

March 3, 2011

Madam Chair and members of the Committee:

Wichita Public Schools has a long history of adapting the information from the district's voluminous budget into user friendly, informative presentations. Wichita pioneered the Budget at a Glance now used by KSDE for all districts. We have worked to summarize pertinent information into meaningful categories and have used graphs to illustrate trends in staffing and spending. In January the district posted the monthly checkbook on the web.

The purpose of this bill would appear to require schools use a uniform reporting system and uniform chart of accounts – which they do – in accordance to general accepted accounting principles (which conflicts with the cash basis law); and the system would allow searches of all expenditures or revenue funds “at all times”. The bill would require real time access to all 294 districts, all funds, at all times and would require a system where the information could be uploaded to a common state site (which does not exist). What would be the cost of the site?

We would suggest several modifications to the bill:

- Delete the reference to GAAP (generally accepted accounting principles) found on page 1, lines 15 and 16. By state law state law school districts follow the cash basis law not GAAP.
- Delete activity funds, page 1 line 31: these funds are collected from parents and students at the building level and spent at the building level. Compiling these centrally adds administrative costs.
- Delete (e) page 2: “showing at all times” references a real time system showing balances immediately after transactions have been posted. We believe this would require a significant upgrade in KSDE software and require a link to all 294 school districts transactions. The system would have to handle literally millions of transactions monthly. For several past LPA projects Wichita been asked to provide budget files which have been difficult to upload, usually requiring our staff to spend time to break up into multiple files. Real time would require staff to up load after each transaction. Real time transactions can be misleading – for example districts make payroll on different dates so comparing a line item mid-month may be after payroll in one district but before payroll in another. For those reasons we believe an end of the year comparison is more beneficial and accurate. An option to a costly real time data system would be asking districts to post their checkbook monthly which lists the vendor/recipient, the fund and amount.

Finally, Madame Chair, we would suggest the current budget forms could be adjusted to resolve some of the common areas of confusion regarding school budgets at little cost to districts or KSDE. I have attached a sample of an adjusted expenditure summary for your review.

House Education Budget Committee
Date: March 3, 2011
Attachment #: 7

USD# 259

Summary of Total Expenditures By Function
(All Funds)

| | 2008-2009 Actual | % of Tot | 2009-2010 Actual | % of Tot | 2009-2010 Budget | % of Tot | 2010-2011 Budget | % of Tot | Comments |
|---|---------------------|----------------|---------------------|----------------|---------------------|----------------|---------------------|----------------|--|
| Instruction 1000 | 291,403,339 | 51% | 290,456,167 | 50% | 305,178,508 | 49% | 303,966,874 | 48% | 10-11 Eliminated driver ed. |
| 1100 & 2200 Student & Instr. Support | 79,141,027 | 14% | 77,233,910 | 13% | 82,389,998 | 13% | 78,182,726 | 12% | Program cuts. |
| 2400 School Admin. (Building) | 33,670,038 | 6% | 33,825,120 | 6% | 35,831,400 | 6% | 33,659,669 | 5% | Closed alt. high school |
| 411 & 620 Utilities | 9,912,267 | 2% | 10,427,847 | 2% | 13,199,962 | 2% | 12,902,563 | 2% | Closure of school. |
| 2700 Student Transportation | 20,647,427 | 4% | 24,474,922 | 4% | 22,681,918 | 4% | 24,199,159 | 4% | Transportation contract incr. |
| 3100 Food Service (student) | 18,332,725 | 3% | 19,476,881 | 3% | 21,750,071 | 4% | 22,333,470 | 4% | Increase cost of food. |
| 2600 Operations & Maintenance | 37,716,033 | 7% | 36,300,220 | 6% | 33,436,956 | 5% | 32,724,318 | 5% | cuts to security and custodial |
| 2300 General Administration | 12,080,452 | 2% | 13,256,263 | 2% | 14,950,511 | 2% | 12,779,407 | 2% | Significant cut in central office administration |
| 2500 Other Costs | 26,090,164 | 5% | 24,112,402 | 4% | 26,083,954 | 4% | 25,554,810 | 4% | Central office cuts. |
| Total Operating Expenditures | 528,993,472 | | 529,563,732 | | 555,503,278 | | 546,302,996 | | Enrollment increased by 950 students in 09-10 |
| 4000 Capital Improvements | 22,664,494 | 4% | 23,474,083 | 4% | 32,753,905 | 5% | 41,151,407 | 7% | Increased bond related costs. |
| 5100 Debt Services | 22,280,163 | 4% | 32,449,037 | 6% | 32,284,989 | 5% | 44,531,088 | 7% | Sold \$320 million in bonds since 5/09 |
| Total Expenditures | 573,938,129 | 100% | 585,486,852 | 100% | 620,542,172 | 100% | 631,985,491 | 100% | Bond & capital costs significantly increased total spent |
| Total Amount per Pupil | \$ 12,332 | | \$ 12,329 | | \$ 13,067 | | \$ 13,069 | | |
| Total Operating Amount per Pupil | \$ 11,367 | | \$ 11,151 | | \$ 11,698 | | \$ 11,297 | | |

The funds that are included in the categories above are: General, Supplemental General, Bilingual Education, At Risk(4yr Old), At Risk(K-12), Virtual Education, Capital Outlay, Driver Education, Extraordinary School Program, Summer School, Special Education, Vocational Education, Professional Development, Bond & Interest #1, Bond & Interest #2, No-Fund Warrant, Special Assessment, Parent Education, School Retirement, Student Materials Revolving & Textbook Rental, Tuition Reimbursement, Gifts/Grants, KPERS Special Retirement Contribution, Contingency, Special Liability Expense, Federal Funds, Adult Education, and Adult Supplemental Education.

Note: Percentages on charts are within +-1% due to rounding used. Pie graph percentages may differ from charts for this reason also.

Further definition of what goes into each category:

| | |
|--|---|
| 1000--Instruction, i.e. classroom teachers and paras | 2700--School buses, bus drivers, fuel, etc. |
| 2100 & 2200--Nurses, counselors, psy., librarians, etc. | 3100--School breakfast and lunch programs. |
| 2300 District-wide Leadership and communication | 2500--Business office, human resources, MIS, accounting, etc. |
| 2400--Principals, athletic directors, school secretaries, etc. | 4000--Site & Capital Improvements |
| 2600--custodial, security, bldg. maint. | 5100 Debt Service payments |
| 411 & 620--Heating, electricity, water, sewer, etc. | |

Testimony to House Education Budget Committee in Opposition to HB 2360
Robert J. Vancrum, Government Affairs Specialist
Blue Valley USD 229

March 3, 2011

Chairwoman Gordon and Other Honorable Representatives:

We have the following comments in opposition to House Bill #2360:

- Section (b) (1) says the system must follow generally accepted accounting principles (GAAP). Very few districts actually report in accordance with GAAP so this could be problematic. It also may actually confuse the readers. For instance, GAAP reporting requires accrual of revenues not yet received which would overstate our fund balances at year end. Since the fund balances will include accrued revenues that are not received, it may also make it difficult to apply any remaining fund balance to the subsequent year. At least the bill should make clearer what is meant by generally accepted accounting.
- Section (c) – Kansas already has the uniform accounting and reporting system for the receipts and expenditures of school districts. We follow the Kansas Accounting Handbook which tells us how to code revenues and expenditures.
- Section (e) – We also aren't sure what is meant by "the amounts appropriated". A local Board of Education doesn't "appropriate funds" as this is done by the legislature. We would need to know what their definition is on this phrase. This section also requires estimated revenues and expenditures. Would this mean they would expect periodic projections of revenues and expenditures or only the annual estimates?
- Section (f) – We are assuming that this means that our data would be turned in to KSDE and then anyone can use their online tool to search district's information. However, if this section means that each district would have their data online so that patrons can search on demand, this would be problematic because we would need software that would allow this to take place.

Having said all the above, we certainly want legislators to get all the information they feel they are not getting. May we suggest that school business officials, Kansas Department of Education officials and some or all of you meet to discuss what you aren't getting and how can we best get it for you in a way that does not have unintended results. This may also allow districts to respond in such a way as to not incur unnecessary costs.

House Education Budget Committee
Date: March 3, 2011
Attachment #: 8



MEMORANDUM

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TO: Members, House Education Budget Committee
FROM: Scott Frank, Legislative Post Auditor
DATE: March 3, 2011
SUBJECT: Background Testimony on HB 2360

All states we have looked at require uniform reporting of expenditures, and most require uniform recording as well. Recording refers to how districts record the individual transactions in their accounting ledgers. Reporting refers to the type of information that is extracted from the accounting systems and reported to the state.

In a 2007 audit looking at centralized accounting practices for school districts, we surveyed 20 states to find out what kind of accounting systems they use. These states were similar to Kansas in terms of the number of school districts each had. Our results are summarized in **Attachment A**. We found that:

- All 20 states (including Kansas) had uniform systems for how school districts report their expenditures to the state.
- 14 of the 20 states also required school districts to record their transactions uniformly. Kansas is not one of these states.

HB 2360 would require school districts to follow a uniform chart of accounts for both recording and reporting their accounting information.

Districts have more detailed information in their underlying accounting systems than they currently report to the Department of Education. Districts currently report expenditure information to the Department of Education along with their budgets. The attached printout from the Department's website for the Sabetha school district provides an example of what they report (see **Attachment B**).

Districts have far more detailed expenditure records in their underlying accounting systems. To illustrate the level of detail that is available at the district, I have attached printouts from the detailed records we obtained from Sabetha for a couple of expenditure categories (see **Attachment B**). However, because each district uses its own accounting system, comparisons across districts at this level are extremely difficult.

HB 2360 does not appear to require school districts to report more detailed, transaction-level information to the State.

House Education Budget Committee
Date: March 3, 2011
Attachment #: 9

Even with a uniform chart of accounts, districts do not always categorize their expenditures the same way. One consistent problem we have found over the years is with how school districts report their expenditures to the Department of Education. When reporting to the State, districts are supposed to categorize their expenditures in accordance with the State chart of accounts in Department's accounting handbook. In general, we think that most expenditures are properly categorized. However, in the cases where there is a significant miscategorization, it can significantly distort comparisons between school districts.

I have attached an excerpt from our 2009 audit looking at school district efficiency, which summarizes some of the data issues we found (see **Attachment C**). In that audit, we recommended that Legislature consider requiring school districts to have their expenditure reports audited as part of their annual financial audits.

Other than requiring school districts to record and report their accounting information in accordance with a uniform chart of accounts, HB 2360 does not include any mechanisms to ensure consistent categorization.

Some states require districts to report their expenditures at the building level. Districts currently report their expenditure data to the Department at the district level. In other words, there's no way to break out expenditures by school building. I have attached a figure that summarizes information from the 20 states we surveyed in our 2007 audit regarding building-level accounting (see **Attachment D**). As the figure shows, half of the states required school districts to report building level expenditures to the state; the other half did not.

HB 2360 does not require districts to record or report their accounting information at the building level.

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9-8

Types of Accounting Systems
Used in a Sample of 20 States and Kansas

| Description of Different Types of Accounting Systems | Does the Accounting System Have... | | | States We Identified That Have This Type of Accounting System |
|--|------------------------------------|--|---|---|
| | ...a Single Computer System? | ...a Single Set of Rules for Recording Transactions? | ...a Single Set of Rules for Reporting? | |
| Centralized system for recording transactions and reporting accounting information —All school districts in a state record their financial transactions in a single, centrally managed computer and accounting system. Under a centralized accounting system, districts are required to follow the business rules and numbering schemes (called a uniform "chart of accounts") established by the state. The chart of accounts specifies the level of detail that needs to be recorded—such as by fund, category of expenditure, building, program, or grade level. | YES | YES | YES | <u>No States</u> |
| Standardized system for recording transactions and reporting accounting information —This system is similar to the centralized accounting system described above, except school districts record their financial transactions in their own accounting systems, and report that information to the state's department of education—usually electronically or over an Internet-based reporting system. | no (a) | YES | YES | 14 States Arizona, Arkansas, Colorado, Iowa, Kentucky, Massachusetts, Minnesota, Missouri, New Hampshire, North Dakota, Oklahoma, Oregon, Pennsylvania, Wisconsin |
| Standardized system for reporting accounting information, but a non-standardized system for recording transactions —Under this structure, the state adopts a uniform chart of accounts for districts to use in <u>reporting</u> their accounting transactions, but districts aren't required to <u>record</u> their financial information in these same categories. If districts record revenues or expenditures using different accounting codes, they must be able to "cross-walk" that information into an existing code when they report their accounting information up to the state. <i>This is the type of system used in Kansas.</i> | no | no | YES | 6 States Georgia, Indiana, KANSAS , Maine, Nebraska, Vermont, Washington |
| Non-standardized system for recording transactions and reporting accounting information —Under this system, districts would be allowed to record and report their accounting information however they like, and the state department of education would categorize that information in a way that meets federal reporting requirements. | no | no | no | <u>No States</u> |

(a) Although their computer systems aren't maintained centrally, Arkansas and Kentucky do require all school districts to use the same accounting software.

Source: Legislative Post Audit analysis in *K-12 Education: Comparing the Centralization of School District Accounting in Different States (07PA14)*.

2007-08 General Fund Instruction Expenditures (USD 441 - Sabetha)
As Reported to KSDE

| 2007-2008 School Year Selected USD's | |
|--|------------------|
| Data Items | 441 |
| USD Name | Sabetha |
| 06-1000-110 General - INSTRUCTION- Regular Certified Salaries | 3,002,155.00 |
| 06-1000-120 General - INSTRUCTION- Non-Certified | 0 |
| 06-1000-210 General - INSTRUCTION- Group Insurance | 120,500.00 |
| 06-1000-220 General - INSTRUCTION- Social Security | 214,550.00 |
| 06-1000-290 General - INSTRUCTION- Other | 1,777.00 |
| 06-1000-300 General - INSTRUCTION- Prof-Tech-Services | 48,233.00 |
| 06-1000-400 General - INSTRUCTION- Purchase Property Services | 0 |
| 06-1000-561 General - INSTRUCTION- Tuition-Oth-St-Lea's | 0 |
| 06-1000-562 General - INSTRUCTION- Tuition/Lea-Out-State | 0 |
| 06-1000-563 General - INSTRUCTION- Tuition-Priv-Sources | 1,721.00 |
| 06-1000-590 General - INSTRUCTION- Other Purchased Services | 0 |
| 06-1000-610 General - INSTRUCTION- General-Supp-(Teaching) | 148,169.00 |
| 06-1000-644 General - INSTRUCTION- Textbooks | 0 |
| 06-1000-650 General - INSTRUCTION- Supplies-Technology Related | 0 |
| 06-1000-680 General - INSTRUCTION- Misc. Supplies | 19,430.00 |
| 06-1000-700 General - INSTRUCTION- Property(Equip _ Furn) | 221 |
| 06-1000-800 General - INSTRUCTION- Other | 728 |

Source: Comparative Performance & Fiscal System (<http://cpfs.ksde.org/cpfs/>)

06-1000-300 General - INSTRUCTION- Prof-Tech-Services

| YEAR | DISTRICT_NUM | DISTRICT_NAME | FUND_NUM | FUND_NAME | FUNCT_NUM | FUNCTION | OBJ_NUM | OBJECT | DATE | VENDOR | DESCRIPTION | AMOUNT |
|------|--------------|---------------|----------|--------------|-----------|-------------|---------|--------------------|-----------|----------------|-------------------|--------------|
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 10/1/2007 | DEB HARSHAW | MILEAGE-NCA VISIT | \$ 31.96 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 10/1/2007 | DENISE LOHNESS | MILEAGE - NCA VIS | \$ 28.20 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 11/5/2007 | NE KANSAS ED S | 1ST 1/2ASSESSMNT- | \$ 6,600.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 11/5/2007 | S.E. KS. EDUCA | ITBS ANSWER SHEET | \$ 296.70 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 12/3/2007 | S.E. KS. EDUCA | IDL CLASS FEE-SPA | \$ 1,625.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 12/3/2007 | S.E. KS. EDUCA | IDL CLSS FEE-SPAN | \$ 3,250.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 1/7/2008 | CT PLAN | ACT PLAN SUPPLIES | \$ 469.20 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 1/7/2008 | S.E. KS. EDUCA | ACHIEVE.TEST SCOR | \$ 940.50 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 2/4/2008 | CT PLAN | ACT PLAN SUPPLS-W | \$ 128.80 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 2/4/2008 | NE KANSAS ED S | PAT UNITS-2ND HAL | \$ 6,600.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 2/4/2008 | S.E. KS. EDUCA | ACHIEVMNT TEST SC | \$ 4.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 3/3/2008 | CT PLAN | WORKKEYS PRACTCE | \$ 1.50 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 6/30/2008 | NCA CASI | ACCREDITATION DUE | \$ 625.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 6/30/2008 | NE KANSAS ED S | PARENTS AS TEACHE | \$ 14,300.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 6/30/2008 | S.E. KS. EDUCA | PDP TOOLBOX CONSO | \$ 2,316.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 6/30/2008 | S.E. KS. EDUCA | TECHNLGY MEDIA CE | \$ 5,515.65 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 300 | PROF-TECH SERVICES | 6/30/2008 | S.E. KS. EDUCA | IDL NETWORK DUES | \$ 5,500.00 |
| | | | | | | | | | | | | \$ 48,232.51 |

Source: Detailed accounting records obtained from USD 441 - Sabetha by Legislative Post Audit.

06-1000-680 General - INSTRUCTION- Misc. Supplies

| YEAR | DISTRICT_NUM | DISTRICT_NAME | FUND_NUM | FUND_NAME | FUNCT_NUM | FUNCTION | OBJ_NUM | OBJECT | DATE | VENDOR | DESCRIPTION | AMOUNT |
|------|--------------|---------------|----------|--------------|-----------|-------------|---------|---------------|------------|----------------|-------------------|-------------|
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 8/6/2007 | XPEDX | SES COPY PAPER-MU | \$ 25.45 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 9/4/2007 | PLANK ROAD PUB | MAGAZINES & CD'S | \$ 99.75 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | HUME MUSIC COM | WAC BND INSTRMNT | \$ 40.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | HUME MUSIC, IN | RED CHORAL FOLDER | \$ 38.50 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 5/5/2008 | SENSENEY MUSIC | WAC MUSIC SUPPLIE | \$ 415.94 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/2/2008 | HUME MUSIC, IN | SEA SONG TRILOGY | \$ 17.25 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/2/2008 | HUME MUSIC, IN | FLIP FOLDERS | \$ 51.97 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/2/2008 | SENSENEY MUSIC | WAC MUSIC SUPPLIE | \$ 24.95 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/30/2008 | HUME MUSIC, IN | MAPEX DRUM SET | \$ 800.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 9/4/2007 | PAXTONS | SHS LUMBER ORDER | \$ 3,687.81 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 9/4/2007 | EDELMANS INC. | SHS LUMBER DELIVE | \$ 4.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 10/1/2007 | TRUE VALUE HAR | T SHIRTS-SHS BAND | \$ 128.16 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | MANNING MUSIC | SHS BAND SUPP-REI | \$ 27.50 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/14/2008 | | BAND SHOPPE - BAN | \$ 373.80 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/14/2008 | | BAND SHOPPE - BAN | \$ 59.80 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/14/2008 | | BAND SHOPPE - BAN | \$ 11.95 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 9/4/2007 | PLANK ROAD PUB | PROCESSING FEE | \$ 2.50 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 10/1/2007 | PLANK ROAD PUB | SES MUSIC SUPPLIE | \$ 343.24 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 10/1/2007 | SCHOOL SPECIAL | SES MUSIC SUPPLIE | \$ 98.35 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | MANNING MUSIC | SES BAND MUSIC-DI | \$ 16.85 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | MANNING MUSIC | SES BAND SUPP.-DI | \$ 37.85 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/17/2007 | CARDMEMBER SER | SES MUSIC SUPPLIE | \$ 101.25 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | MANNING MUSIC | SES MUSIC SUPPLIE | \$ 212.68 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | EDUCATIONAL RE | SES MUSIC SUPPLIE | \$ 245.73 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | MUSIC IN MOTIO | SES MUSIC SUPPLIE | \$ 325.30 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 5/14/2008 | CARDMEMBER SER | SES MUSIC SUPPLIE | \$ 120.30 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/30/2008 | FRIENDSHIP HOU | SES MUSIC SUPPLIE | \$ 373.40 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 9/4/2007 | MARCHING SHOW | MARCHING BAND SHO | \$ 450.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 9/4/2007 | MARCHING SHOW | SHIPPING & HANDLI | \$ 22.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 10/1/2007 | AND SHOPPE | SHS BAND SUPPLIES | \$ 373.80 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 10/1/2007 | MANNING MUSIC | SMS BAND SUPPLIES | \$ 192.60 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | AND SHOPPE | BLACK SPEEDSTER S | \$ 59.80 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | AND SHOPPE | SHIPPING & HANDLI | \$ 11.95 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | J. W. PEPPER | CAROLER'S HANDBOO | \$ 130.90 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | J. W. PEPPER | ONE NIGHT ONLY | \$ 19.80 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | J. W. PEPPER | SHIPPING & HANDLI | \$ 12.99 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | MANNING MUSIC | SHS BAND SUPPLIES | \$ 228.20 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | SENSENEY MUSIC | SHS VOCAL MUSIC S | \$ 579.85 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | MANNING MUSIC | SHS BND INSTRMNT | \$ 686.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | MANNING MUSIC | SHS INSTRMT REP-D | \$ 235.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/7/2008 | HODA COX | CHOREOGRPHY-SHS M | \$ 90.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/14/2008 | | BAND SHOPPE - BAN | \$ (373.80) |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/14/2008 | | BAND SHOPPE - BAN | \$ (59.80) |

0-5-6

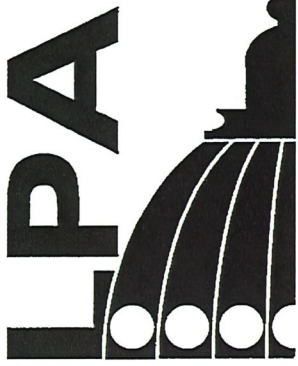
| YEAR | DISTRICT_NUM | DISTRICT_NAME | FUND_NUM | FUND_NAME | FUNCT_NUM | FUNCTION | OBJ_NUM | OBJECT | DATE | VENDOR | DESCRIPTION | AMOUNT |
|------|--------------|---------------|----------|--------------|-----------|-------------|---------|---------------|-----------|----------------|-------------------|------------|
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/14/2008 | | BAND SHOPPE - BAN | \$ (11.95) |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 7/11/2007 | H. P. FABER & | SMS TECH SUPPLIES | \$ 154.44 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 7/11/2007 | NASCO | ECONOMY WHITE STU | \$ 52.65 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 7/11/2007 | NASCO | SHIPPING & HANDLI | \$ 25.71 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 10/1/2007 | MANNING MUSIC | SMS STDNT BAND SU | \$ 779.40 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 10/1/2007 | TRUE VALUE HAR | T SHIRTS-SMS BAND | \$ 333.22 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | LAMA | SERGER KITS - SMS | \$ 37.50 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | LINDA WHITE | TSHIRT TRANSFERS- | \$ 26.71 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | MANNING MUSIC | SMS MUSIC BKS-REI | \$ 277.30 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | PINEAPPLE APPE | SMS SERGER KITS | \$ 146.38 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | PITSCO/SYNERGI | BRASS WASHERS | \$ 32.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | MANNING MUSIC | SMS MUSIC BOOKS-R | \$ 55.60 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | MANNING MUSIC | SMS BAND SUPP.-RE | \$ 29.90 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | MANNING MUSIC | SMS BAND SUPP.-RE | \$ 39.25 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/7/2008 | MANNING MUSIC | RICO ALTO SAX 3 | \$ 58.75 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 2/4/2008 | ICKIE ANGELL | SHS VOCAL MUSIC S | \$ 10.62 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | HODA COX | CHOREOGRAPHY-SHS | \$ 60.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | SENSENEY MUSIC | SHS MUSIC SUPPLIE | \$ 43.08 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | J. W. PEPPER | SHS BAND SUPPLIES | \$ 295.24 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | SENSENEY MUSIC | SHS MUSIC SUPPLIE | \$ 186.41 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | GREG ZIELKE | CLINICIAN FEE-SHS | \$ 200.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/14/2008 | CARDMEMBER SER | MUSIC PURCHASED K | \$ 205.59 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 5/5/2008 | KNAAK PIANO SE | PIANO TUNING | \$ 70.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 5/5/2008 | MANNING MUSIC | SHS BAND SUPPLIES | \$ 26.75 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/2/2008 | J. W. PEPPER | SHS BAND SUPPLIES | \$ 332.99 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/2/2008 | J. W. PEPPER | SHS VOCAL MUSIC S | \$ 223.34 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/2/2008 | J. W. PEPPER | POMP & CIRCUMSTAN | \$ 42.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/2/2008 | US AWARDS INC. | SHS VOCAL MUSIC A | \$ 251.93 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/2/2008 | MANNING MUSIC | SHS CLARINET REPA | \$ 30.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/7/2008 | MANNING MUSIC | LESHER OBOE REED | \$ 30.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/7/2008 | NASCO | VISIBLE HORSE MOD | \$ 91.50 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/7/2008 | NASCO | SHIPPING & HANDLI | \$ 26.34 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/7/2008 | EDELMANS INC. | SMS REIMB.SUPPLIE | \$ 14.68 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 2/4/2008 | PITSCO/SYNERGI | SILVER SNAKE KEY | \$ 20.50 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 2/4/2008 | PITSCO/SYNERGI | SHRINK ART PLASTI | \$ 6.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 2/4/2008 | PITSCO/SYNERGI | SHIPPING & HANDLI | \$ 7.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | LAMA | SERGR KITS-SMS MO | \$ 47.50 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | PINEAPPLE APPE | SERGR KITS-SMS MO | \$ 87.44 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/15/2008 | | TRANS TECH TO REI | \$ 309.96 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 5/5/2008 | LAMA | SERGER KITS-SMS | \$ 20.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 5/5/2008 | PINEAPPLE APPE | SERGER KITS-SMS | \$ 30.48 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 9/4/2007 | MANNING MUSIC | SMS MUSIC SUPPLIE | \$ 113.36 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 10/1/2007 | KNAAK PIANO SE | SMS PIANO TUNING | \$ 70.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | MANNING MUSIC | SMS BND INSTRMNT | \$ 426.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | ICKIE ANGELL | SS VOCAL MUSIC SU | \$ 11.29 |

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| YEAR | DISTRICT_NUM | DISTRICT_NAME | FUND_NUM | FUND_NAME | FUNCT_NUM | FUNCTION | OBJ_NUM | OBJECT | DATE | VENDOR | DESCRIPTION | AMOUNT |
|------|--------------|---------------|----------|--------------|-----------|-------------|---------|---------------|------------|----------------|-------------------|--------------|
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | MANNING MUSIC | SMS MUSIC BOOKS-D | \$ 6.95 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 12/3/2007 | MANNING MUSIC | SMS INSTRMT REP-D | \$ 185.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 1/7/2008 | KNAAK PIANO SE | PIANO TUNING-SMS | \$ 70.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | MANNING MUSIC | VITO CLARINET REP | \$ 60.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | MANNING MUSIC | TENOR SAX REPAIR | \$ 40.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | J. W. PEPPER | SMS BAND SUPPLIES | \$ 434.99 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | ROW-LOFF PRODU | LIDS | \$ 25.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | ROW-LOFF PRODU | STINKIN GARBAGE | \$ 20.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | ROW-LOFF PRODU | SHIPPING & HANDLI | \$ 7.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/7/2008 | SENSENEY MUSIC | SMS VOCAL MUSIC S | \$ 225.40 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 4/14/2008 | CARDMEMBER SER | MUSIC PURCHASED K | \$ 320.42 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 5/5/2008 | MANNING MUSIC | BASS DRUM REPAIR- | \$ 20.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 6/30/2008 | MANNING MUSIC | SMS BAND SUPPLIES | \$ 477.75 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 9/4/2007 | SENSENEY MUSIC | WAC MUSIC CLASS S | \$ 364.89 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 9/4/2007 | MAKE MUSIC INC | SMART MUSIC SUB.- | \$ 100.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | SENSENEY MUSIC | WAC MUSIC SUPPLIE | \$ 399.90 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | TAMS-WITMARK M | ROYALTY/RENT - WA | \$ 410.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/5/2007 | TAMS-WITMARK M | SHIPPING/HANDLNG/ | \$ 78.75 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 11/12/2007 | WETMORE SCHOOL | MUSICAL SUPPLIES | \$ 44.64 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 2/4/2008 | HUME MUSIC, IN | SNARE SIDE DRUM H | \$ 14.96 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 2/4/2008 | HUME MUSIC, IN | TENOR SAXOPHONE | \$ 40.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 2/4/2008 | SENSENEY MUSIC | SANTA BABY SHOW T | \$ 26.59 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 2/4/2008 | HUME MUSIC COM | LABOR-WAC BAND IN | \$ 40.00 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | SENSENEY MUSIC | WAC MUSIC SUPPLIE | \$ 226.76 |
| 2008 | D0441 | SABETHA | 06 | GENERAL FUND | 1000 | INSTRUCTION | 680 | MISC SUPPLIES | 3/3/2008 | SENSENEY MUSIC | WAC MUSIC SUPPLIE | \$ 120.45 |
| | | | | | | | | | | | | \$ 19,429.88 |

Source: Detailed accounting records obtained from USD 441 - Sabetha by Legislative Post Audit.

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PERFORMANCE AUDIT REPORT

K-12 Education: School District Efficiency Audits

A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
July 2009

spending on compensation, we noted some other trends among districts that spent more than their peers:

- districts that contracted for bus services tended to spend more per rider on transportation
- districts that operated more school buildings tended to spend more per student on school-level administration
- districts that spent more on district-level administration tended to spend more on property and liability insurance

It's important to keep in mind that there's a limit to what can be concluded about a district's efficiency just from analyzing the data. The data can help identify where a district spends more (e.g., salaries for district administration), but not why it spends more. Understanding that requires a deeper look at the processes and procedures of the district and its peers.

School districts didn't always report certain types of data consistently, making meaningful comparisons difficult. As noted earlier, school districts need comparable expenditure and staffing data for themselves and their peers to make meaningful comparisons regarding how efficiently they are operating. One of the problems we encountered during this audit was with the reliability of the data school districts provided to the Department. Some of the issues we found included:

- **Districts sometimes mis-categorize expenditures, especially between student support and instruction support**—While the State accounting handbook provided by the Department provides good guidance to districts on how to categorize spending, districts don't always follow it. For example, the Goessel school district reported spending an average of \$4 per student on student support services for the 2006-07 and 2007-08 school years (on average, the 121 districts we looked at spend \$242 per student). When we followed up with the district, officials told us they contract with a service center for a variety of support services, including psychological services. While these services clearly are defined as student support in the state handbook, the district categorizes these and other expenditures with the service center as instruction. We found similar problems in a 2002 audit looking at school district budget formats.
- **The staffing data districts report aren't always reliable**—We identified a number of situations where a district's staffing data weren't consistent with their expenditure data, such as districts that reported spending for salaries in a functional area but no staff. For example, in 2007, the Eureka school district reported just more than \$135,000 in salaries for non-certified school-level administrative staff, yet the district's staffing data showed no such employees. In other cases we saw the opposite, such as the Kingman-Norwich school district, which reported having almost five non-certified school-level administrative staff in 2007 and 2008, but didn't report any salary expenditures for these employees.

In general, most districts probably categorized their expenditure and staffing data correctly. However, this kind of misreporting, even if it's relatively rare, causes problems when trying to compare districts to identify areas where they could become more efficient. For example, it would be impossible for the Goessel school district to make meaningful comparisons of its per-student spending on either student support or instruction support.

Conclusion:

As directed by the 2010 Commission, this audit was limited to looking only at high-level school district data maintained by the Department of Education to try to identify patterns or trends that might shed more light on districts' operational efficiency. Although we realize that on-site audits can take district officials' time and resources, and that district officials have been scouring their budgets looking for ways to reduce costs without harming their educational programs if possible, we think the efficiency audits envisioned in the enabling legislation that created the Commission can serve a vital role in helping districts identify additional efficiencies that may exist.

We strongly believe that the current fiscal situation—which may linger for some time—makes it all the more important that school districts find ways to make their operations more efficient. That's true not only from districts' perspective, but also from the State's perspective, which currently spends more than \$3.3 billion a year on educating K-12 students.

Recommendations for Executive Action:

1. To help ensure that the expenditure and staffing data school districts report to the Department of Education are complete and categorized accurately, and to provide districts, school boards, Department officials, and the Legislature with more meaningful information for comparison purposes, the Department should provide additional guidance to district staff on how to report their expenditures according to the Kansas Accounting Notebook. In developing that guidance, the Department should place particular emphasis on the areas of student support, instruction support, district-level administration, and school-level administration. Those are areas school districts frequently report their expenditure or staffing data inaccurately. The Department also should provide additional guidance to district staff on how to properly categorize staffing counts in their annual personnel reports.

***Recommendations for
Legislative Action:***

1. To help ensure that the expenditure and staffing data that school districts report to the Department of Education are complete and categorized accurately, and to provide districts, school boards, Department officials, and the Legislature with more meaningful information for comparison purposes, the House Education Committee or Senate Education Committee should introduce legislation requiring school districts to have those reports audited as part of their annual financial audits.
2. To help identify ways districts can make their operations more efficient without harming their educational programs, the Legislative Post Audit Committee or the 2010 Commission should consider approving an in-depth efficiency audit looking at whether school districts are managing their personnel, facilities, and other resources in an efficient and economical manner.

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Summary of Policies on Building-Based Accounting for
K-12 Education Expenditures in a Sample of States

| State | Does the state require school districts to... | | Additional Notes |
|---------------|--|--|---|
| | ...account for expenditures at the building level? | ...report expenditures to the state at the building level? | |
| Arizona | YES | No | Arizona officials indicated that they planned to begin requiring building-level reporting after 2006-07 school year. [NOTE: This did end up happening.] |
| Arkansas | YES | YES | Building-level accounting and reporting is required for instructional, student support, and school administration function expenses. |
| Colorado | No | No | |
| Florida | YES | YES | |
| Georgia | YES | YES | |
| Indiana | YES | YES | |
| Iowa | No | No | |
| Kansas | No | No | |
| Kentucky | YES | YES | |
| Maine | YES | YES | Building-level accounting and reporting is required for certain program areas. |
| Massachusetts | YES | YES | Building-level accounting and reporting is required for instructional expenditures. |
| Minnesota | YES | YES | |
| Missouri | No | No | |
| Nebraska | No | No | |
| New Hampshire | No | No | |
| North Dakota | No | No | |
| Oklahoma | No | No | |
| Oregon | YES | YES | |
| Pennsylvania | No | No | |
| Vermont | No | No | |
| Washington | No | No | |
| Wisconsin | No | No | |

Source: January 2007 Legislative Post Audit survey of state departments of education.



Testimony before the
House Education Budget Committee
on
HB 2360

by
Jim Edwards, Assistant Executive Director for Operations
Kansas Association of School Boards

March 3, 2011

Madam Chair, Members of the Committee:

I thank you for the opportunity to appear today on **HB 2360**, a measure which would provide for a uniform accounting and reporting system for school districts in Kansas. While the proposed bill could help citizens from across Kansas better understand school budgets, we have a serious concern.

I have been the person within KASB that has directed our efforts on the issues of building based budgets and uniform accounting systems since 2003. In general, KASB's policy with regard to this issue is as follows:

I. School Budgets

To ensure that school district patrons, legislators and the general public are aware of the costs of operating public schools and how those costs are financed, KASB supports the use of common, easy-to-comprehend budget reports and also making those reports available on a district-by-district basis at the state level. KASB opposes state mandates which would require any additional budget processes where 1) the results would not be used to fund the actual costs of educating students; and 2) they become added administrative costs that remove funds from the classroom.

Our concern with **HB 2360** specifically focuses on one phrase. The use of the phrase, *at all times*, included on line 1, page 2, would mean that a district, when it writes one check or receives revenue from any source, must completely send a new file to the state. We believe that the current method established by the Legislature for the State of Kansas in the KanView – Kansas Transparency Act website would be an appropriate format to model. We could support the measure if an amendment was passed which would remove the phrase *at all times* and if we are assured that if there are additional costs that they would be covered by the state.


House Education Budget Committee
Date: March 3, 2011
Attachment #: 10


We also believe that the current reports that can be accessed on the Kansas State Department of Education's website still have value to the public and the Legislature. From a practical business view, persons generally like an easy-to-read document that can illustrate the health of an organization or business entity. In addition, they also like to have easy to access detailed reports for the same. The current information on the KSDE seems to do that.


Thank you for your consideration. I would be happy to respond to questions.


KANSAS.gov

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State Revenues


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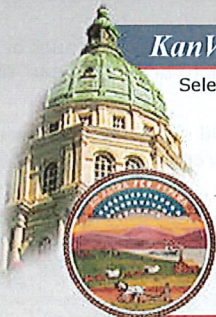
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- State Expenditures (FY 2010)
- Bond Indebtedness (FY 2010)

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* Fiscal years are from July 1st through June 30th. KanView data is reported on an accounting basis rather than a budgetary basis as explained in [Variance to the State Budget](#). The totals from the state's accounting system include transactions such as "[non-expense items](#)" that are not recorded as part of the state's budget.

Expenditures : Agency Summary

[AGENCY VIEW](#) | [LEGISLATURE](#)

| Description | 2010 | 2009 |
|-----------------------------------|-----------------|-----------------|
| Agency Funds | | |
| LEGISLATIVE SPECIAL REVENUE FUND | \$92,177.20 | \$177,488.54 |
| STATE GENERAL FUND | \$16,146,399.68 | \$16,538,541.93 |
| Agency Objects | | |
| CAPITAL OUTLAY | \$26,223.84 | \$336,357.71 |
| COMMODITIES | \$154,154.17 | \$261,079.23 |
| CONTRACTUAL SERVICES | \$7,363,779.84 | \$7,275,017.37 |
| DEBT SERVICE | \$4.31 | \$0.00 |
| GRANTS, CLAIMS AND SHARED REVENUE | \$26,283.06 | \$0.00 |
| NONEXPENSE ITEMS | \$2,087.20 | \$2,257.03 |
| SALARIES AND WAGES | \$8,666,044.46 | \$8,841,319.13 |

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Expenditures : Vendor Names

[AGENCY VIEW](#) | [LEGISLATURE](#) | [HOUSE OF REPRESENTATIVES](#)

| Description | 2010 | 2009 |
|--|----------------|----------------|
| ADJUSTMENT TRANSACTION | \$65.28 | \$35,242.73 |
| AM SOCIETY OF LEGIS CLERKS & SECRETARIES | \$130.00 | \$130.00 |
| AT&T | \$0.00 | \$142.48 |
| AUTOMATED BUSINESS SYSTEMS | \$0.00 | \$997.00 |
| Adam Gierhan | \$0.00 | \$141.00 |
| Alexandra Butterfield | \$234.00 | \$0.00 |
| Ashley Yoder | \$0.00 | \$39.00 |
| BUSINESS JOURNAL PUBLICATIONS INC | \$0.00 | \$77.95 |
| Brittney Diehm | \$0.00 | \$315.00 |
| CHRISTIE KRIEGSHOUSER | \$0.00 | \$121.42 |
| CONFIDENTIAL BY LAW OR LEGAL AUTHORITY | \$1,530,487.03 | \$1,503,591.65 |
| COUNCIL OF STATE GOVERNMENTS | \$0.00 | \$0.00 |
| CRAIG GRANT | \$0.00 | \$253.23 |
| Chevonne Towley | \$0.00 | \$180.00 |

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