

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION K-12.

The meeting was called to order by Chairperson Ralph Tanner at 9:00 a.m. on March 14, 2002 in Room 313-S of the Capitol.

Committee staff present: Ben Barrett, Legislative Research Department
Carolyn Rampey, Legislative Research Department
Jill Wolters, Revisor of Statutes
Ann Deitcher, Committee Secretary

Conferees appearing before the committee:

Bill Bunten
Diane Gjerstad, Wichita Public Schools
Mark Tallman, KASB
Dr. Robert McFrazier, USD 501, Topeka Public Schools
Kent Hurn, USD 345, Seaman-Topeka
Mike Soetaert, USD 305, Salina Public Schools
Tim Rooney, Shawnee Mission District

The Chair spoke to the Committee of a sample resolution that had been previously given to them. It had been directed by the Education Committee to the State Department of Education asking them to give specific attention to the issue of children's obesity as it might be impacted by physical education and dietary practices in the schools. He said he hoped for them to work this into a bill soon.

HB 2904 - Requiring school district to collect and report specified financial information.

Bill Bunten spoke to the Committee as a proponent to **HB 2904**. (Attachment 1).

Appearing as an opponent to **HB 2904**, was Diane Gjerstad. (Attachments 2 and 3).

Chairman Tanner asked for those interested in the creation of a task force, to file a memorandum with the Committee secretary in order to pursue the subject matter beyond the scope of the session. They would work through the course of the next several months, involving legislators, school district personnel, members of the staff of the Legislative Post Audit and others who are interested in pursuing this subject matter to a conclusion.

Mark Tallman appeared next in opposition of **HB 2904**. (Attachment 4).

The following offering comments regarding **HB 2904**:

Dr. Robert McFrazier. (No written testimony).

Kent Hurn. (Attachments 5 and 6).

Mike Soetaert. (Attachment 7).

Tim Rooney. (Attachment 8).

Speaking briefly in support of **HB 2904** was Representative Carol Beggs.

The hearing on **HB 2904** was closed.

The meeting was adjourned at 11:00 a.m. The next meeting is scheduled for Friday, March 15, 2002.

Testimony
on
HB 2904
House Education Committee
Bill Bunten
March 14, 2002

Mr. Chairman and members of the Committee. Thank you for this opportunity to testify in support of HB 2904.

Over two years ago I noticed in the Topeka paper that the local school board had approved a budget for the fiscal year that increased spending while the school population continued to fall as it had during recent years. As a former House Appropriations Committee Chairman, I decided to take a look at the district budget to see what was happening. The next morning I drove to the central administration office to purchase the document. I was surprised when I was told that there was no printed budget, and that none would be available until late October or early November. It escaped me that the 501 school district would operate without a detailed budget appropriating revenues to the schools, programs and administration of the district until the fiscal year was one-third completed.

The reason no budget was available that August morning, and wasn't available until early November, fully four months into the fiscal year, is that the district budget is built from the top down, rather than the bottom up. By that I mean the district determines what revenues are available from state aid, the 20 mill property tax, the Local Option Budget, interest income, federal funds, etc. The district then allocates all of it for spending.

I received a call in early November that the budget document was available and picked one up, paying \$5.00 for it. The document was nearly 300 pages thick and had hundreds of accounts so that reviewing it, I knew, would be a daunting task, and indeed it was. I spent many, many hours reviewing it and trying to understand it, and although I have a degree in business administration from the University of Kansas and had, with my brother, operated a small business for over thirty years, this budget didn't make sense to me.

House Education Committee

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Attachment # 1-1

For example, in the summary sheet which shows the anticipated expenditures from the various district funds, the Supplemental General Fund expenditures were shown as a total, although all of that money had been transferred to other funds and were included in their totals. That meant that \$14.5 million generated by that add on property tax were in the budget twice. Additionally, the entire Kaw Area Vocational Technical School budget of \$9.3 million was included as part of the USD 501 budget summary although the only financial contribution by the district to that program was a transfer of \$537,000. More importantly to me was that a summary of district revenues from all sources was not disclosed. The result is that the document overstates the anticipated expenditures of the district, and unless one is willing to dig it out, doesn't indicate the amount of revenues from such sources as federal entitlement funds, interest income, fees, state transportation funds, etc.

As I looked into the budget further, I became aware that all appropriations necessary to operate, maintain and repair schools in the district were not allocated to those schools. For example, if you look at the budget for Topeka High School you will find that salaries are allocated for teachers and staff, but not the funds for fringe benefits such as Social Security, life insurance, health insurance unemployment compensation and workers compensation. Also, there is no funding of the cost of maintenance and repair of the buildings, no funds for substitute teachers or security, and other costs one would expect to find in their budget. To me, it was clear those costs must be in the budget somewhere, and I had to discover where.

I did find several of them, and along with that I found some alarming appropriations which I will note later in my testimony.

In August of 2000, I attended the public hearing on the proposed budget required by law. I had registered in advance as wanting to address the board, and needed about fifteen minutes to tell them what I had found and to urge them to change the budget process and format to a more simplified document, so that lay people like myself could understand it. I was told that board policy allowed only five minutes per speaker. I told them I couldn't say what I had to say in that time period, so they gave me ten minutes, although I was the only district patron appearing at that hearing. Also, only four of the seven board members were present at a meeting that most would consider the board's most important meeting

of the year.

I couldn't complete my presentation, but they thanked me for my time and said I had a point.

No changes were made during the year, and by August 2001 I was more convinced more than ever that changes needed to be made. I knew that if I appeared again before the Board and restated my concerns without presenting some justification for my position, my concerns would again go unheeded. So, I began to build a general fund budget for the district by myself. That budget would include individual budgets for each of the 30 elementary and secondary schools in the district, plus Central Administration, Data Processing, Central Services, Topeka Education Center, Security and transfers to KAVTS and the Transportation fund. It took me three months to do, working evenings and weekends, and it was clearly not a perfect job. But it was the best I could do not having the benefit of having a close relationship with the district staff.

In August of 2001, I again appeared at the public hearing of the budget. Since there was no budget to approve, I offered and explained my sample budget to them for their consideration. It used their staffing levels and included an 11% wage increase for teachers, added 24% to wage and salary cost for fiscal services, provided \$5.00 per square foot for maintenance and operation cost, provided \$50,000 for substitute teachers, \$30,000 for addendums, overtime and extra duty pay, \$60,000 for contingencies, etc. All of that was done from General Fund revenues and didn't include other sources of funding such as federal Title I money. I will readily admit it was not a professional budget, but after funding all schools, departments, and transfers, I was \$6.6 million lower in General Fund expenditures than was available to USD 501, and later appropriated into the official budget. The Board thanked me and raised the LOB by 4.776 mills, the maximum allowed.

I didn't believe the Board would respond to my concerns, and again sought to bring this situation to the attention of the citizens of Topeka. I spoke at civic clubs, talked to the Governor about it, albeit at a social occasion, to legislators, officers of the Topeka NEA, representatives of the Kansas Association of School Boards, Mr. Mike Ryan, who I believe is the editorial page editor of our local paper, with various reporters and the Chairman of the Governors Task Force on Education. I wasn't making much headway, and I knew why. Budgets are not the

most thrilling subject to talk about, and few, if any of those I contacted had the interest, understanding or inclination to look into a 286 page document filled with numbers.

To my surprise and pleasure, I was informed in late October of 2001 that a committee was being formed at the direction of the school board to change the format and process used in constructing a budget. I was to be a member, and could appoint an additional member, which I did, and we began to meet in late November. Good progress was being made at meetings in December and January, but the meetings were terminated in February and our work was not completed. I believe the termination was due to the Dick Snider columns in *The Capital Journal* which noted some troubling appropriations.

I know that the 501 Board and staff are upset about the disclosure of several examples of questionable budgeting being brought to the public's attention, but by now it was clear that similar problems existed in other Kansas school districts across this state, and that a statewide solution would be required.

You cannot affect change unless you identify problems, so I began to let others know what I found in my district budget document, not the real mysteries, but some smaller examples that would clearly illustrate the need for change. Some of those were in the 2000-01, some in the 2001-02 budget, but all are real and come directly from district budget documents. Among those I have used are:

(1) \$1,720,000 appropriated for Administration building utilities when actual expenditures were about \$130,000. (2001 budget)

(2) \$544,000 is appropriated for supplies for Central Administration. That's \$2,412 per day for each of 255 working days. (2001 budget)

(3) \$517,000 is appropriated for equipment for Central Administration. That's \$2,008 per day for each of 255 working days. (2001 budget)

(4) \$11.1 million is appropriated for teachers' salaries from the Special Education Fund. The State Board of Education says there are 217 Special Education teachers, so that appropriates \$50,919 for each teacher, but that is not what they're paid. (2001-2002 budget)

(5) The 2001-2002 budget document says the district has 951 Special Education students expected to be enrolled during this school year. Legislative Post Audit says 501 has 1,113 Special Education students, and the school district, according to 501 Board member Doug Glenn, says 501 has 2,800, fully 20% of the entire student population. This is a good example of unclear budgeting.

(6) USD 501 has appropriated \$38,000 to a school that is closed. Those funds are to be paid to the President of NEA-Topeka, as documented in the recent Post Audit report.

(7) Federal entitlement funds are not to be found in this budget, although the district receives an estimated \$13 million from the federal government, much of which is to pay teachers. According to the Legislative Post Audit, all four surrounding states include these funds in their district budgets. (Page 82, Post Audit study)

(8) Two years ago the Board raised the Capital Outlay fund mill levy from 4 to 6 mills, then spent some of it to put sprinkler irrigation units on six Middle School football fields, fields that were already irrigated by irrigation guns.

(9) \$10.6 million is transferred from various accounts throughout the budget to an account called "Business Management." \$1.7 million of which came from the Special Education fund. This appropriation was noted in the Post Audit report presented to the Legislative Post Audit Committee last Thursday. (2000-2001 budget)

(10) \$4.5 million is appropriated to maintain and repair the USD 501 districts 38 buildings. That's nearly \$18,000 per day, \$90,000 per week, and \$360,000 per month. (2000-2001 budget)

(11) The budget shows percentage increases or decreases from the previous year's budget and the proposed new budget, rather than the difference in actual expenditures and the proposed new budget.

(12) At Topeka High School which has four Guidance Counselors, the

appropriation for their salaries is \$248,078 which would provide a salary of \$62,019 for each teacher which clearly they are not receiving. (Page 24, 2000-2001 budget)

(13) Appropriations for bank charges totaled \$80,991 in fiscal year 2001, although no charges were incurred the previous year and the district had bank balances of close to \$30 million on July 2, 2001.

The USD 501 district will vigorously contend these examples are incorrect or misunderstood, but they come from their documents, and I am prepared to confirm them to this Committee.

The list of questionable of appropriations was not mentioned to cause problems for the School Board or their staff, but to call vigorously to the public's attention, that changes need to and must be made so that we can understand where our tax dollars are being spent, and so legislators can determine if there actually is a shortage of funds for elementary and secondary education, or if the problem is poor budgeting.

Let me speak generally about Substitute for HB 2904. The Post Auditor has recommended a change of budget format for school districts in their audit to determine "Ways to Restructure the Budget Document To Make It More Understandable and Allow for Meaningful Comparisons." They have done an excellent job, and I agree with them in most of their recommendations.

They do not recommend budgeting by individual schools, and on Page 21 of the audit, give their reasons why. I disagree with that conclusion. Perhaps Post Audit was thinking that their document would be understandable to educators and the State Board of Education, rather than common people concerned about their schools, their teachers and their children.

Unless a budget document is broken down into easily understood units, in this instance individual schools and programs, lay people will find it difficult to comprehend. In their sample budget format, for example, USD 501 proposes spending \$13.9 million on "Student Support", but who will know what is included in that category, and how can we tell where and on what those dollars are spent. What is included in "Fringe Benefits", and on what are \$3.8 million for

“Purchased Services” spent?

What citizens of this state really need to know is what’s going on in their neighborhood schools. We can look at a budget of that size and understand it. We want to know what we’re spending on each school, what salaries are being paid, what the pupil-teacher ratio is, and how many children are in Special Education classes. We want to know what it cost to operate and maintain the building, and how many custodians, librarians, counselors, security officers, and nurses are in each school. We want to know what we pay for Substitute teachers, for extra duty pay and addendums. We want to know what the utility costs are, what capital expenditures are anticipated, how many children are bused each day, and most of all how the children are doing.

All this bill does is to let us know what is going on, and that will be accomplished by requiring school districts to prepare a budget common people can read and understand.

These are our schools. They are our children. Who else could care more than us?

Bill Buntten



House Education Committee Representative Ralph Tanner, Chairman

March 13, 2002

*Submitted by: Diane Gjerstad
Wichita Public Schools*

Mr. Chairman, members of the committee:

The Wichita Public Schools participated in the recent Legislative Post Audit concerning school district budgeting. The audit was an opportunity for the district to discuss practices which have hindered our ability to present a clear and concise budget document to our public.

Wichita has worked diligently, with the aid and urging of the Wichita Area Chamber of Commerce, to create a budget synopsis which makes sense to our public. The Wichita Chamber has endorsed our district budget, even when the LOB was increased, for about the past five years.

Wichita applauds this attempt to clarify school district budgeting. However, we rise in opposition to H.B. 2904 *at this time*. We believe this bill is premature in light of the recommendations of Legislative Post Audit.

School District Budgets: Determining Ways to Structure the Budget Document to Make it Understandable and Allow for Meaningful Comparisons, March 2002:

Recommendations to the Legislature, page 31

2. To ensure that any standardized budget format adopted for school districts' local budget documents is as workable and meaningful as possible, and that the information reported in those documents is uniform and comparable across the State, the House or Senate Education Committees, or other appropriate legislative committees, should consider creating a task force to study school budget formats – or requesting an interim study on this topic – before any decisions to adopt a standardized format...The study should result in a recommendation for the 2003 Legislature about the standardized format that should be adopted for school districts' local budget documents,..."

There are several structural problems with H.B. 2904, such as requiring buildings to budget by May 1, when we seldom know the legislature's decisions or district's budgets be prepared by July 1, prior to knowing the assessed valuations which determine the tax rate.

The people missing from a thorough discussion of this topic are the business managers and chief financial officers. Creating a task force of legislators and business officers will set the stage for your concerns and goals to be addressed, along with ours.

Thank you, Mr. Chairman, I would stand for questions.

House Education Committee

Date: 3/14/02

Attachment # 2



Adopted Budget at a Glance



2001-2002

Wichita Public Schools

House Education Committee
Date: 3/14/02
Attachment # 3-1



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Introduction

The Wichita Public Schools are proud to be a part of a community that values education, its children and its future. We encourage all of our customers— you, the members of our community—to take an active role in the education of our young people. This starts by better understanding the many aspects of our community schools.

Because we know you value responsible financial management, we want to help all community members better understand the Wichita Public Schools' budget. To help put all the facts and figures into perspective, we've created this easy-to-read Budget-at-a-Glance booklet. This summary will help you understand where your schools get their funding, how those funds are spent and how we stack up to our neighboring districts and peer districts around the state.

The Wichita Public Schools want to continue to honor our community's values and priorities as demonstrated through sound financial practices. That's why we involve members of our community in our budget creation process every year. With your advice and counsel, we build a budget that reflects your input so we can meet your expectations.

If you would like additional copies of this booklet, or if you have questions, please contact the Financial Services Division at 973-4529 or swilson@usd259.net.



Wichita Board of Education

DISTRICT 1

Michael Kinard
1015 North Market, No. B
Wichita, KS 67214
Term 2001-2005



DISTRICT 5

Lanora Nolan
1664 Melrose Lane
Wichita, KS 67212-6503
Term 2001-2005



DISTRICT 2

Connie Dietz
8310 Greenbriar Lane
Wichita, KS 67226-1810
Term 2001-2005



DISTRICT 6

Lynn Rogers
935 Porter Avenue
Wichita, KS 67203-3147
Term 2001-2005



DISTRICT 3

Jim Ward
2150 S. Rutan
Wichita, KS 67218-4850
Term 1999-2003



AT-LARGE

Fran Crowley
5706 E. 20th N.
Wichita, KS 67208-1718
Term 1999-2003



DISTRICT 4

Chip Gramke
3351 S. All Hallows
Wichita, KS 67217-1207
Term 1999-2003



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Pride of the Community

The Wichita Public Schools, its staff and students have been honored to receive numerous local, state and national awards for excellence during the past school year, 2000-2001. The Wichita district is also proud to have earned a number of major individual and school recognitions over the past year, including:

- Six consecutive years of increased student achievement
- National Award for Model Professional Development by the U.S. Department of Education—one of three districts nationwide
- Wilbur Middle School finished second in the National Academic League Championship Competition
- Kansas Teacher of the Year finalist for 2002
- 16 National Merit Scholarship semi-finalists for 2001-2002
- Washington Elementary student won the National Continental Math League Competition, Pythagorean Division
- OK Elementary competed in the world finals of the Odyssey of the Mind Competition
- Two schools named by *Family PC Magazine* as the nation's Top 100 Wired Schools
- Horace Mann Foreign Language Magnet named Hispanic Magazine "School of Excellence"—one of five nationwide
- Northwest High School's student newspaper, *Northwest Explorer*, inducted into the National Scholastic Press Association's Hall of Fame
- Coordinator for the Wichita eSchool named technology leader in education in *Technology Magazine*—one of twelve administrators nationwide
- The Mueller Meisterringers was the only bell choir selected to perform at the Kansas Music Educators' Association
- Southeast High School hearing-impaired students took fourth place in the U.S. Regional Hearing Impaired Academic Bowl in Columbus, Ohio

These are just a few of the many outstanding achievements your Wichita Public Schools have received with the help and support of the community it serves.

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Mission of the Wichita Public Schools



The mission of Wichita Public Schools—a source of educational excellence where diversity is valued—is to ensure that all students learn the skills and acquire the knowledge necessary for success at continuing stages of their lives by providing:

- a safe, supportive, nurturing environment;
- an innovative curriculum taught by highly qualified teachers who respect and teach the worth and dignity of individuals;
- the equitable distribution of services and resources; and
- the creation of partnerships that encompass the total community.

3-6



2001-2002 Budget Highlights

Here's a summary of issues impacting the 2001-2002 budget:

- The general fund budget was divided into 20 program areas. Committees of over 100 community members and district staff developed budget priorities for each program area.
- The 2001 Kansas Legislature increased the statewide allocation per student by \$50 to \$3,870, resulting in an additional \$2.6 million. The legislature also increased intervention funding by 11 percent, which resulted in approximately \$790,000 additional.
- This budget has been built on the basis of 557 additional four-year olds and a 12 percent increase in bilingual instruction, resulting in approximately \$1.1 million and \$250,000 additional, respectively.
- The local option budget (also known as the supplemental general fund) was increased to the state average (22 percent of the general fund) in order to fund employee salary and benefit increases. By state statute the local option budget is limited to 25 percent of the general fund.
- In April 2000, the community approved a 20-year, \$284.5 million bond issue to air condition all schools, eliminate most portables, replace five schools, build two new schools, add 19 multipurpose rooms, nine libraries and upgrade science labs and building infrastructure throughout the district. As of July 2001, two-thirds of the bonds have been issued. Twenty-two percent of the principle and interest payments will be funded by the state while 78 percent will be funded by a local tax levy.
- The nontraditional program fund (formerly night school fund) increased by approximately \$500,000 to fund five new learning centers. This program will now be offered in all seven comprehensive high schools in addition to the Boys and Girls Club, Towne East Mall and Urban League centers. This program offers individual-paced, evening instruction in a computer lab environment to adults and high school students seeking a diploma. The Towne East Mall and Urban League centers specifically target adults who have been out of school for more than a year. State aid of approximately \$1.4 million will fund the centers.
- To provide services to parents of home-school students, last year the budget included a new electronic school, or eSchool program, for elementary home-school students. For the 2001-2002 year, this program will expand to middle and high home-school students. The \$600,000 budget for this program is funded by the state.
- The capital outlay fund includes \$3 million, awarded from the Federal Emergency Management Agency (FEMA), continues the FEMA program to construct safe rooms to protect students in the event of serious weather conditions.
- The special education fund was increased by \$7.1 million to provide services to the district's growing special needs student population.



3-7



Awards for Financial Excellence

The Wichita Public Schools Financial Services Division has a history of earning recognition for the quality of its work. Here is a sampling of the division's distinctions.

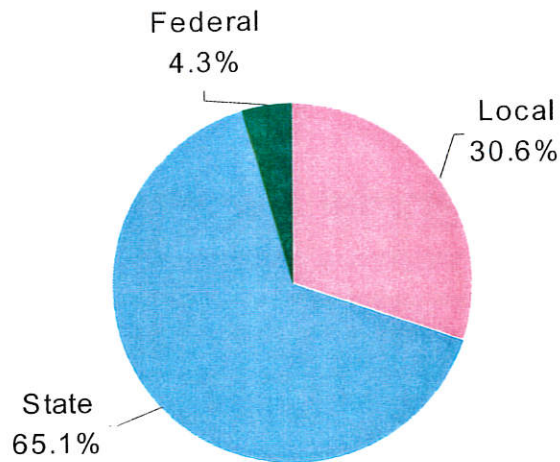
- Government Finance Officers Association, Distinguished Budget Presentation Award, eight consecutive years
- Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting, Comprehensive Annual Financial Reports, eight consecutive years
- Association of School Business Officials Certificate of Excellence in Financial Reporting, Comprehensive Annual Financial Reports, eight consecutive years
- Kansas Association of School Boards Publications Competition, Award of Merit, 1999-2000 Budget at a Glance
- The District's Chief Financial Officer was named one of the community's top leaders as a part of the *Wichita Business Journal's* "40 Under 40" awards program, 1999
- Kansas Association of School Boards Publications Competition, Award of Excellence, 1996-1997 Adopted Budget

3-8



Summaries of the Wichita Budget

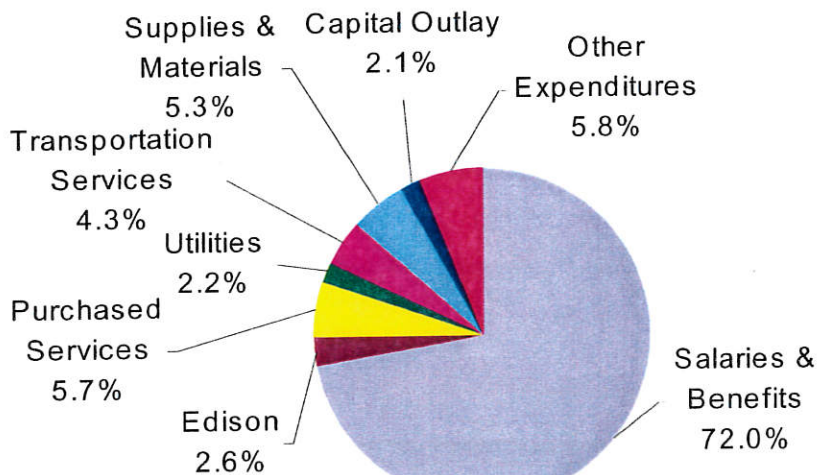
Revenue Sources 2001-2002



Where We Get Our Money

Kansas schools are funded with a mixture of federal, state and local taxes. The State of Kansas funds about 65 percent of the Wichita Public Schools' budget, while local taxes account for about 31 percent of the schools' budget. A little more than four percent of the district's money comes from the federal level.

Budgeted Expenditures 2001-2002



How We Spend Our Money

The largest expenditure the district makes is on salaries and benefits, which accounts for nearly 72 percent of budgeted expenses. The district also contracts with the Edison Partnership, Inc. to manage four of its schools, and included in its contract expenses are funds for Edison staff salaries. Combining district salaries and Edison salaries, the district spends about 75 percent of its total budget on salaries and benefits.

3.9



Instruction Takes Top Priority

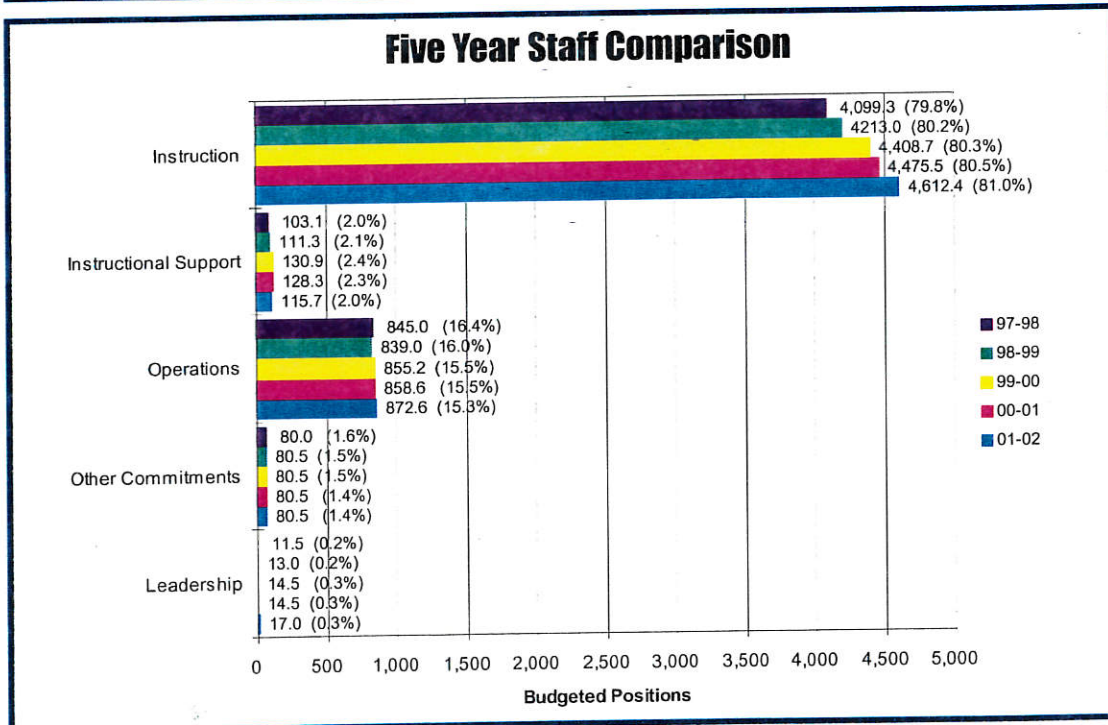
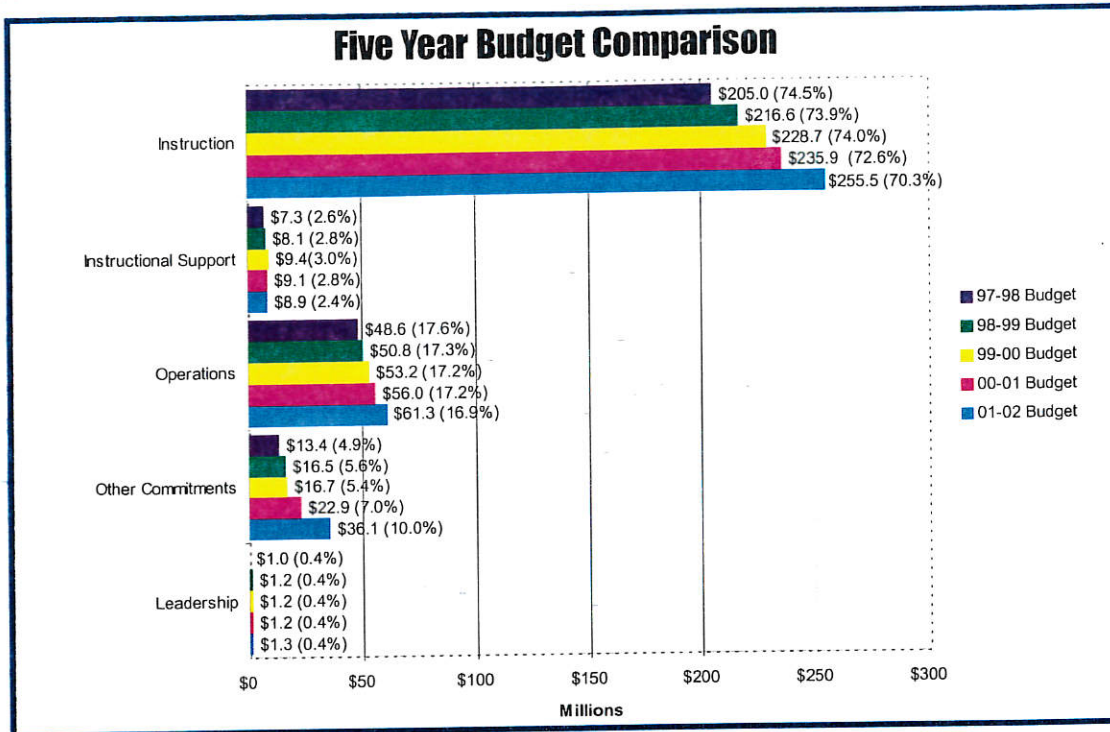
2001-2002 TOTAL SPENDING		
FUNCTIONS	DETAIL FUNCTIONS	BUDGET
Instruction \$255,541,598 70.3%	Elementary Instruction	\$61,299,724
	Elementary Support	15,463,080
	Middle School Instruction	29,358,169
	Middle School Support	5,759,697
	High School Instruction	29,459,550
	High School Support	9,888,570
	Employee Benefits	8,702,286
	Adult Education Fund	872,385
	Adult Supplemental Education Fund	140,140
	Bilingual Education Fund	4,508,114
	Driver Education Fund	1,022,707
	Nontraditional Schools Fund	1,423,673
	Special Education Fund	69,821,321
	Summer School Fund	833,096
	Technology Education Fund	2,298
Vocational Education Fund	1,524,658	
Wichita Area Technical College Fund	15,462,130	
Instructional Support \$8,884,844 2.4%	Curriculum & Assessment Services	\$4,175,549
	Quality Improvement Services	1,606,562
	Student Support Services	722,600
	Employee Benefits	216,974
	Inservice Fund	1,210,000
	Parents as Teachers Fund	953,159
Operations \$61,343,999 16.9%	Business & Operational Services	\$2,793,694
	Custodial Services	9,487,650
	Energy Management & Utilities	6,377,531
	Facilities Services	8,283,415
	Management Information Services	5,706,089
	Human Resources	1,065,257
	Risk Management/Insurance	931,167
	Safety & Security Services	1,327,188
	Employee Benefits	1,183,219
	Food Service Fund	15,115,803
	Communication/Government Liaison	808,134
	Transportation Fund	8,264,852
	Other Commitments \$36,154,122 10.0%	Lease Purchase
Bond & Interest Fund		20,674,903
Capital Outlay Fund		12,479,219
Leadership \$1,337,957 0.4%	District Leadership	\$1,301,457
	Employee Benefits	36,500
Total		\$363,262,520

The district has five broad categories that summarize how the district spends its money. About three-quarters of the district's total budget is spent on instruction. As the chart shows, the Wichita Public Schools keep instruction as its top priority while providing the funds necessary to the areas that support instruction. Even in the operations category, there are significant expenditures that directly support classroom instruction such as transportation, food service and custodial services.

3-10



Wichita Budget Built with Focus on Instruction



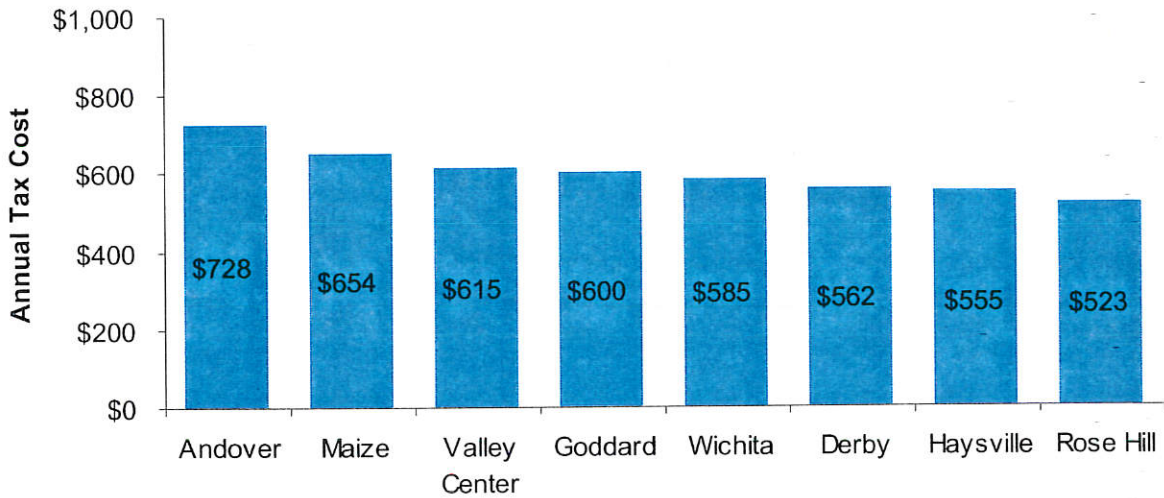
These charts show where the district's money is budgeted and how the staff positions are allocated. As the district's chief focus, instruction accounts for about 70 percent of the total budget as well as about 81 percent of the district's staff. Increases in the "Other Commitments" area are a direct result of the issuance of the first two phases of the bond issue in September 2000 and July 2001, respectively.

3-11



Wichita Schools Homeowner Property Tax Comparison

2001 Annual Property Tax on a \$100,000 House

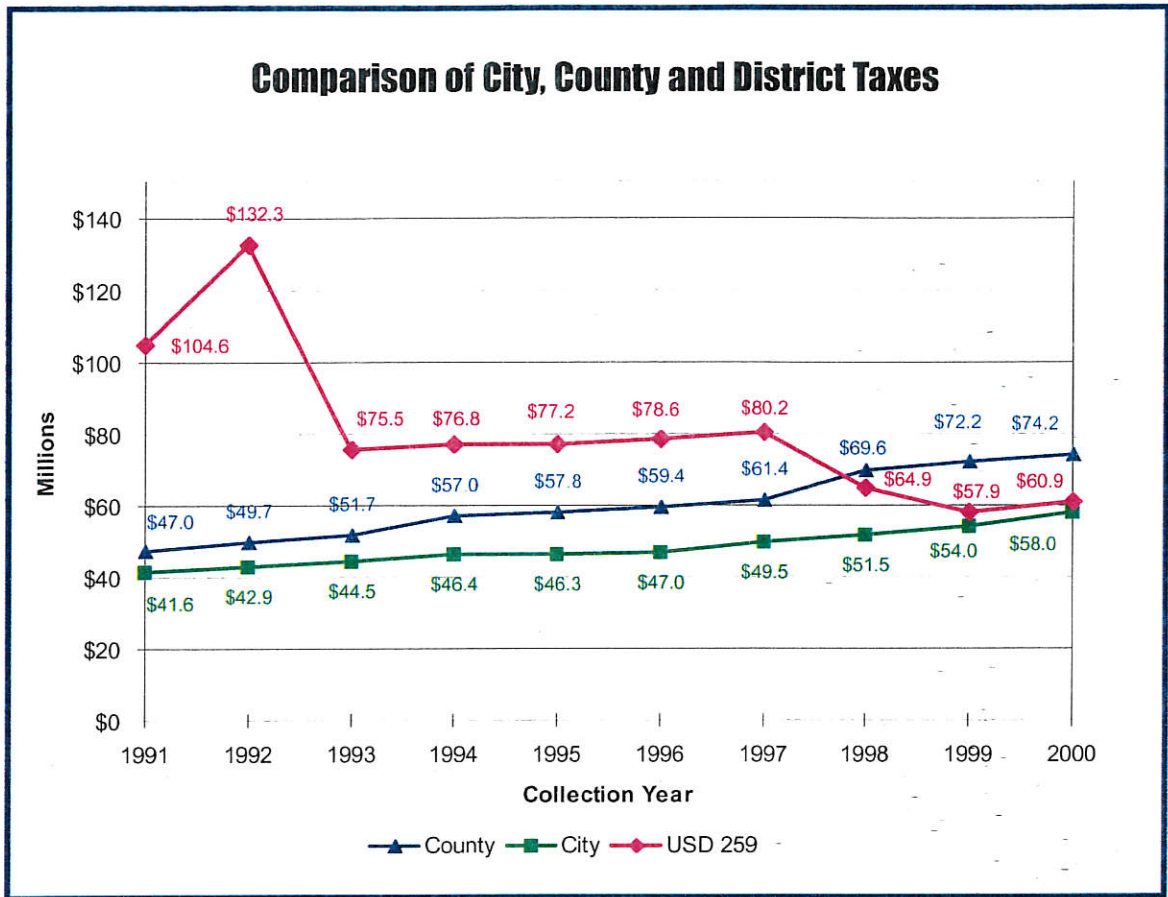


Wichita property taxes are comparable when stacked up to neighboring districts. Wichita homeowners pay lower property taxes compared to some of the smaller communities in the area.

3-12



School Taxes Decrease

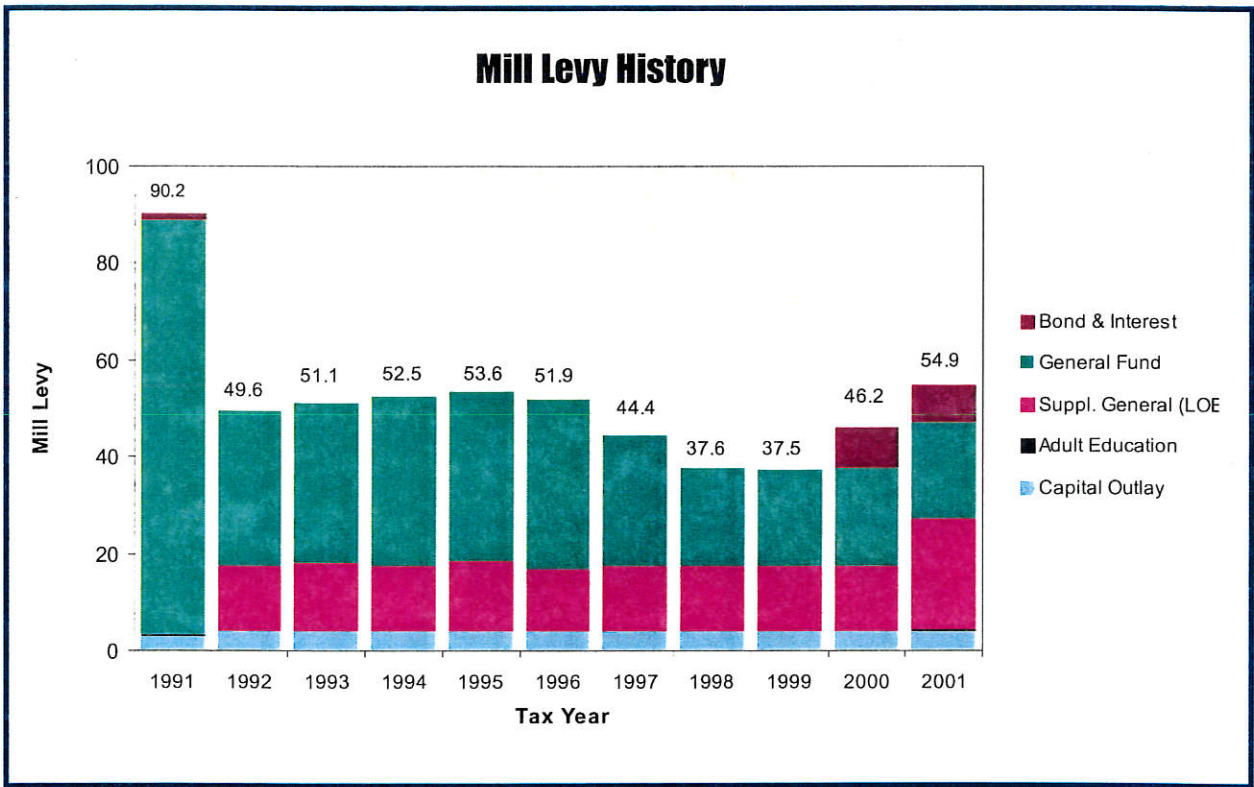
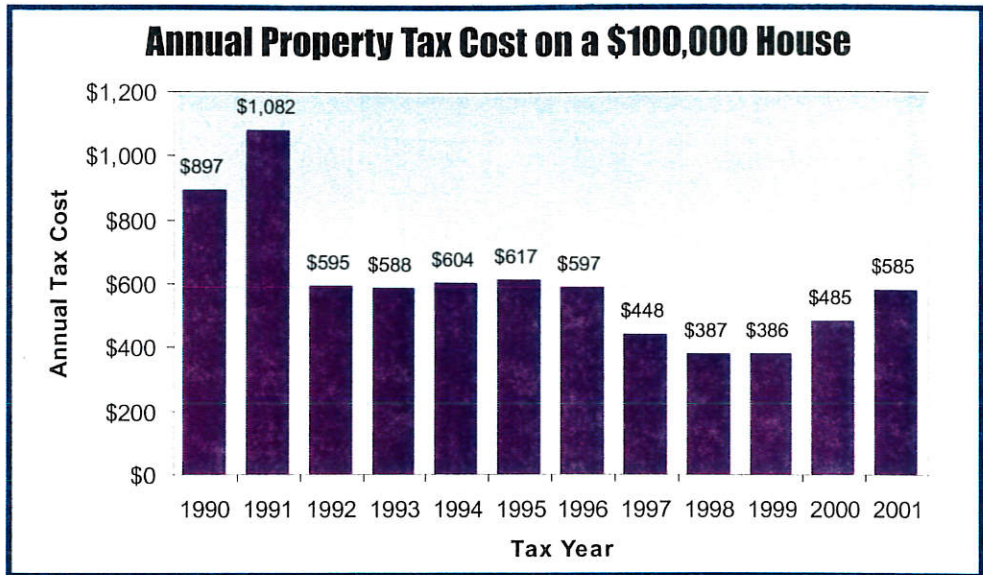


For years, the school district taxed more than the city and county. However, since the 1992 legislative change to the school finance formula, that trend has changed. While the city and county taxes have consistently increased over time, the Wichita Public Schools' taxes have decreased. Over the last 10 years, school district tax revenues decreased 42 percent; city tax revenues have increased 28 percent, and county tax revenues have increased 37 percent.

3-13



Wichita District Tax History

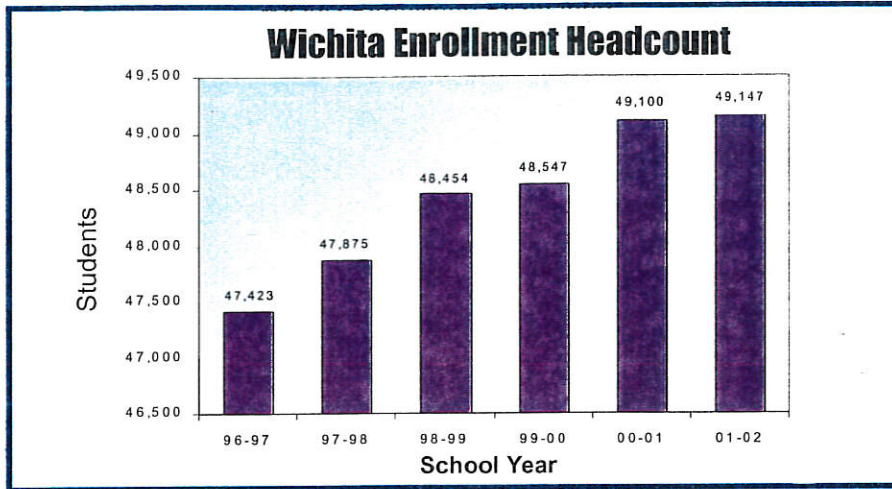


The amount of school taxes billed on a \$100,000 Wichita home went from a high of \$1,082 in 1991 to the 2001 rate of \$585—a drop of 54 percent. Taxes increased \$99 in 2000 due to overwhelming voter approval of a 20-year, \$284.5 million bond issue to construct and renovate school buildings. The 2001 increase of \$100 is due to Board of Education approval to increase the local option budget (LOB) to the state average. The 2001 increase in revenues has been targeted by the board to fund negotiated salary and benefit increases for all staff.

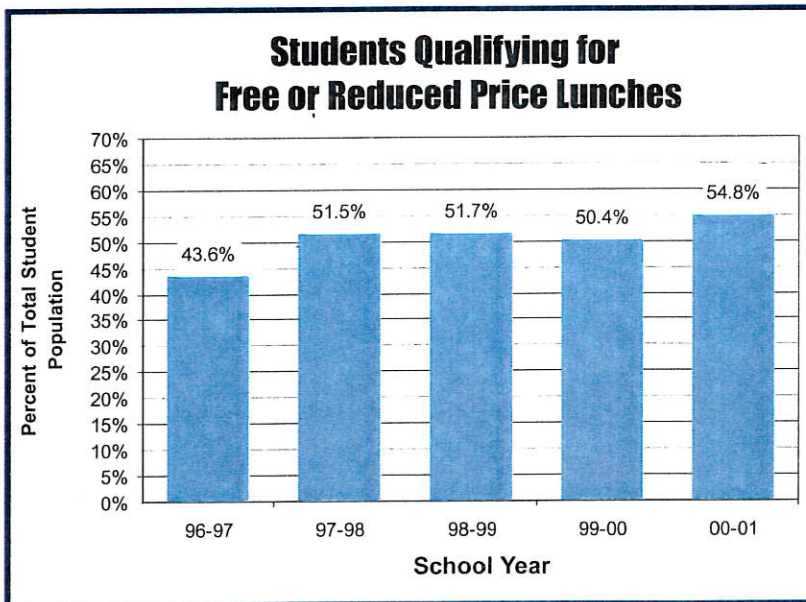
3-14



District Grows on Many Fronts



Wichita Public Schools enrollment increased for the sixth straight year, to the second highest level in 20 years. Our district is the largest public school district between the Mississippi River and the Rockies, and between Dallas and the Canadian border.

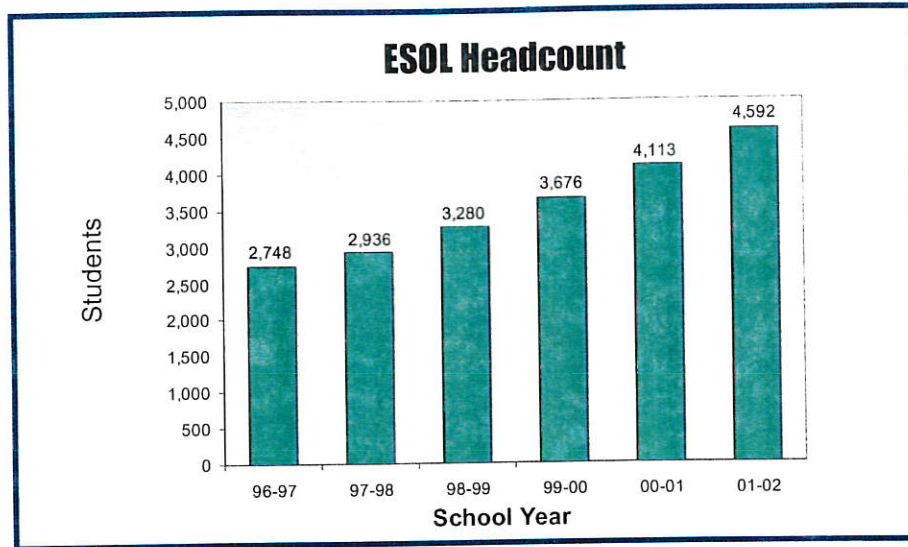


Students qualifying for free and reduced-priced lunches has increased by 11 percent over the past five years. Studies show that the income level is the greatest predictor of student success. Narrowing the achievement gap between low and high-income students is a top priority for the Wichita Public Schools. This focus has helped test scores increase overall.

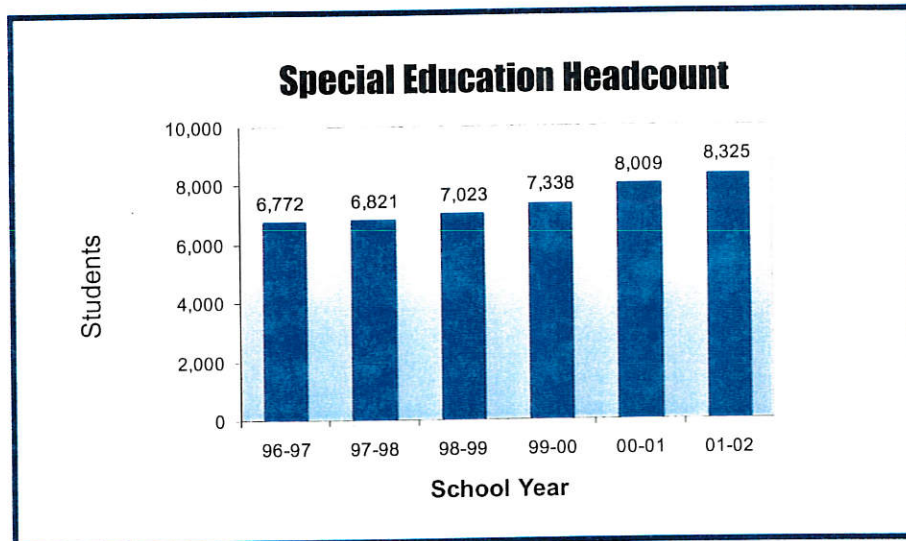
3-15



Special Populations Growing at Even Faster Rates



English for Speakers of Other Languages (ESOL) students are our fastest growing population, increasing 67 percent since 1996. This rapid increase in a more diverse student body mirrors the same growth occurring in minority communities throughout the district.

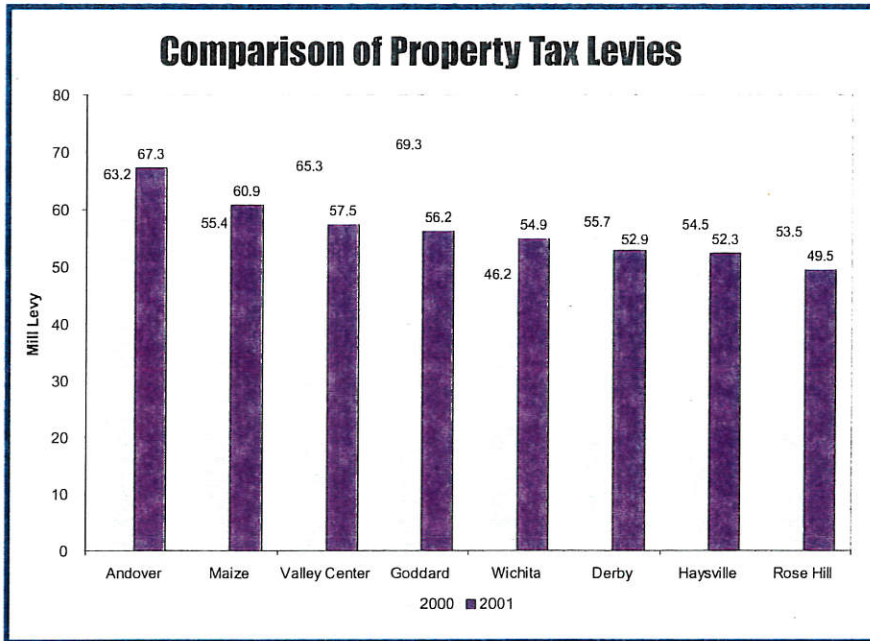


As the number of special education students in our district grows, so does the implication on the district's budget. Special education students cost on average more than three times as much as regular education students. Nearly \$70 million, or 19 percent, of the district's budget supports special education. This student population has grown by 23 percent since 1996-97.

3-16

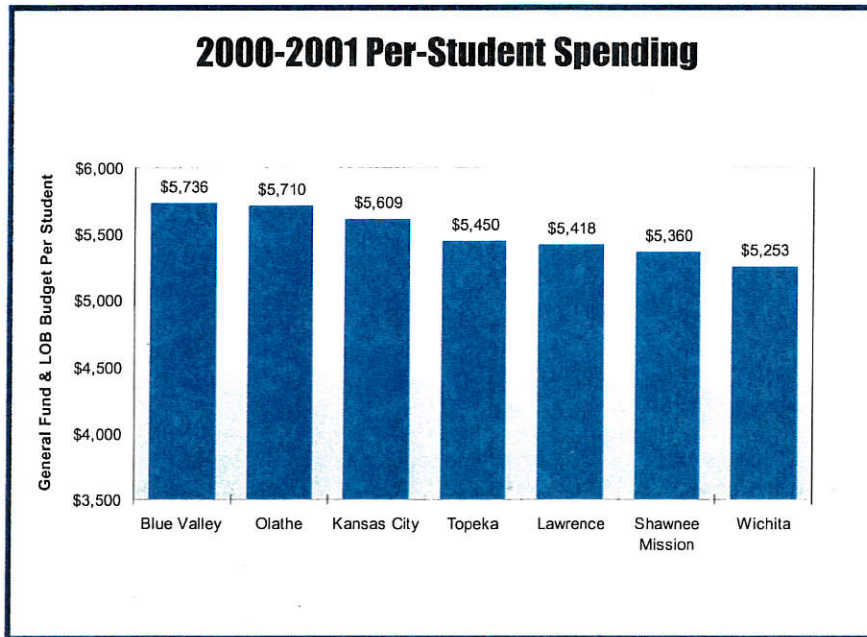


Wichita Taxes Among the Lowest in the Area



Wichita Taxes Among the Lowest in the Area

Wichita Public Schools' property taxes have consistently been among the lowest of its neighboring districts. In 2001, the Wichita Board of Education voted to increase the local option budget (LOB) to the state average of 22 percent of the general fund in order to pay for salary increases for teachers and staff. With the tax increase, the Wichita district still has among the lowest property tax levies in the area.



Wichita Spends Less per Student than its Counterparts

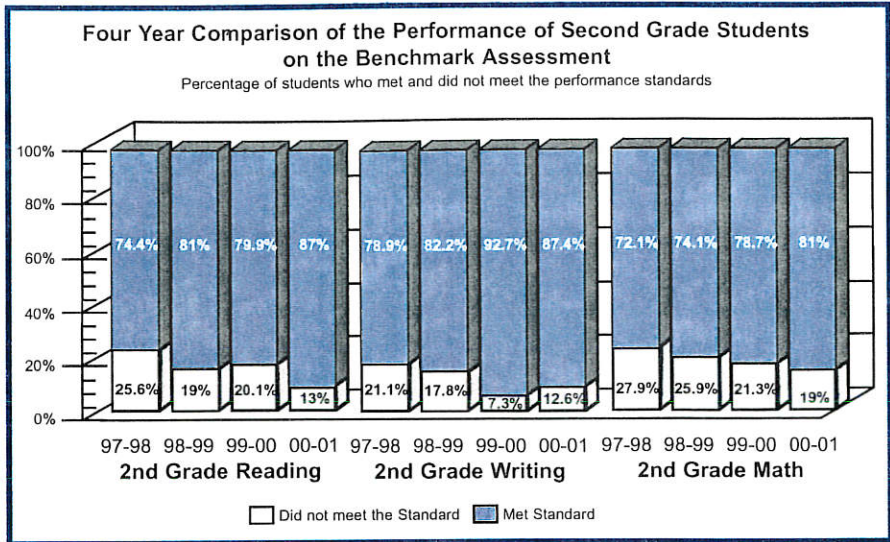
Last year, the Wichita Public Schools' spending was the lowest per student when compared to Kansas districts with more than 10,000 students.

3-17

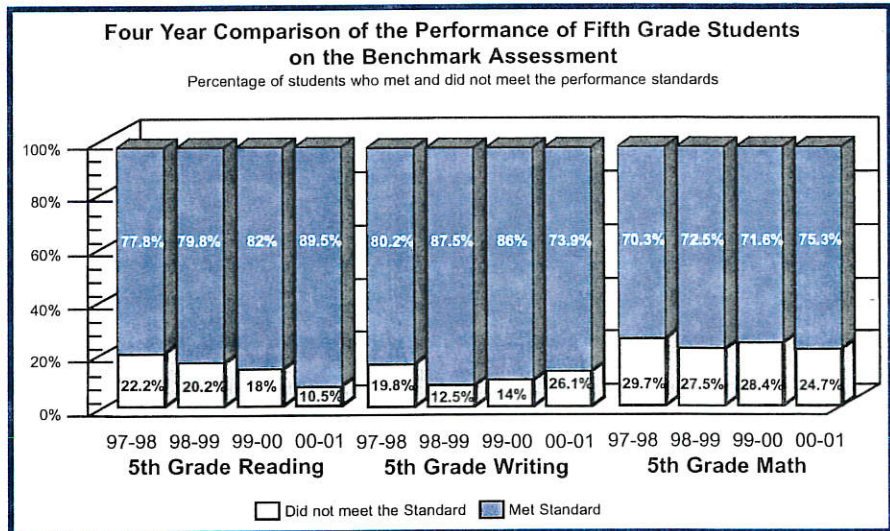


Wichita Students Continue to Improve on District Tests

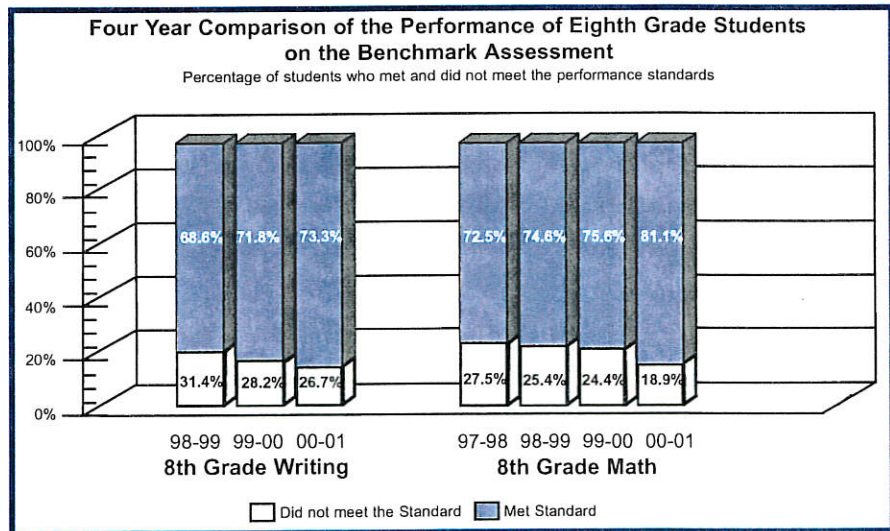
The Wichita Public Schools take academic student performance seriously. To get the most accurate gauge of how well students are learning what is taught in the classrooms, the district developed its own set of rigorous standardized tests called Benchmark Assessments. These tests measure student performance against the district's curriculum standards. Since 1997 - 1998, second and fifth grade students continue to show improvement in the subjects of reading, writing and math.



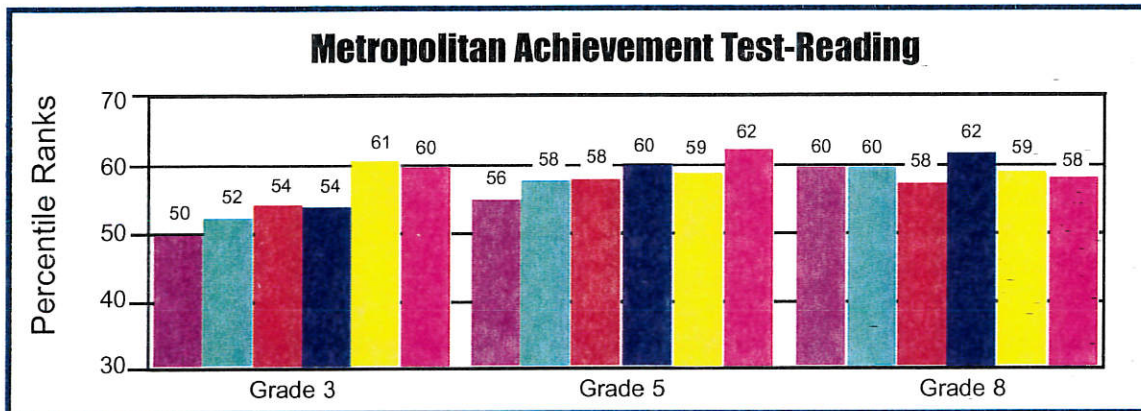
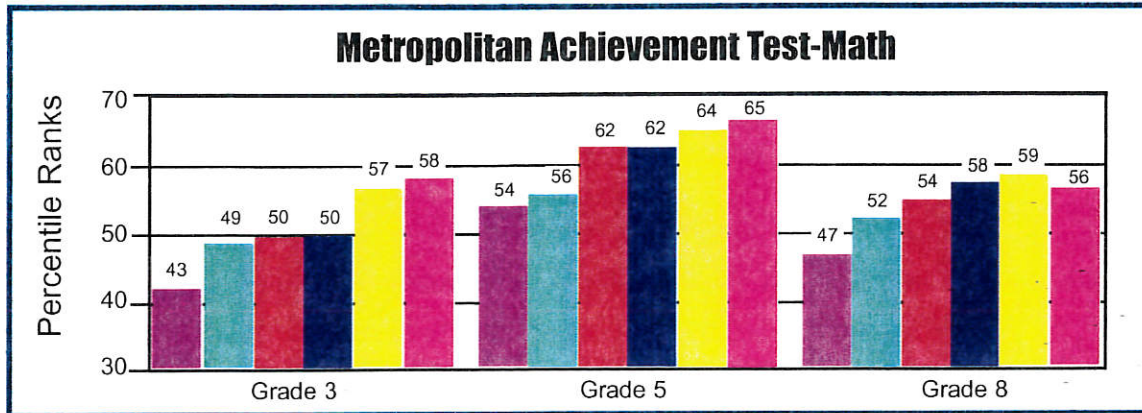
The Wichita Public Schools are among the very few districts nationwide to undertake such a rigorous local testing program. As Wichita teachers learn more specific information about student performance through these difficult tests, they develop targeted teaching strategies to address areas of weakness. Wichita teachers have created unique programs to support student academic achievement. The Wichita Public Schools offers summer school and tutoring, which help all students reach higher academic levels of performance.



The most recent test results show more eighth grade students are meeting the performance standard.



Wichita Students Top National Average on Tests



Overall, Wichita Public Schools student performance is increasing as measured by the Metropolitan Achievement Test. Improvement has happened despite an increase in enrollment, a higher percentage of students who qualify for free or reduced price lunches (page 14) and an increase of students for whom English is a second language (page 15). As the district increased attention on student math skills, test scores in general have risen at each grade level tested. As specific teaching strategies are implemented at the lower grade levels in reading, test scores are improving. In all areas, Wichita currently scores above the national average according to survey publisher Harcourt Brace.

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Acknowledgement

This booklet was prepared by the Wichita Public Schools Financial Services Division in cooperation with the Marketing and Communications Division for the benefit of our customers. It presents an overview of the budget process for the 2001-2002 school year with comparisons to budgets in previous years. The purpose of this booklet is to show a condensed picture of how the district has allocated the budget in five categories including instruction and instructional support.

Special assistance in publishing this booklet was given by the Wichita Public School's Print Services Department.

If you would like additional copies of this booklet, or if you have questions, please contact the Financial Services Division at 973-4529 or swilson@usd259.net.

3-20



Notes



KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

1420 SW Arrowhead Road • Topeka, Kansas 66604-4024
785-273-3600

Testimony on
HB 2904 (School District Budgets and Financial Information)

Before the
House Committee on Education

By
Mark Tallman, Assistant Executive Director/Advocacy
Kansas Association of School Boards

March 14, 2002

Mr. Chairman, Members of the Committee:

We appreciate the opportunity to testify on HB 2904. We appear in opposition to this bill, primarily because we believe passage at this time would be premature.

KASB has begun reviewing the recommendations of the Legislative Post Audit Report on School District Budgets. We think the most important recommendation is that a task force or interim study should be authorized on this subject before any decision is made on a standardized budget format for school districts. We believe the issues raised in HB 2904 should be part of such a study. To take just one example, HB 2904 would require that budget information be presented at the building level, while the Post Audit staff raised a number of problems with trying to do that.

Perhaps the most important issue to be studied is a cost/benefit analysis of proposed changes. The fiscal note on this bill suggested that the cost of implementing HB 2904 could be millions of dollars to local school districts. This bill should not be passed until the Legislature has a clear understanding of what it would cost and whether the results of this bill would truly justify that cost.

KASB does not necessarily object to a more standardized budget reporting process, but we think the Legislature must determine whether a statewide mandate is the answer. While the budget form and process have created controversy in some districts, it may not be a problem in many others. You have probably heard about the actions taken by the Wichita district to respond to their community. The Legislature needs to make sure that these issues would not be better addressed at the district level.

We would also suggest that no matter how "standardized" the reporting form becomes, differences in school districts will continue to make statewide comparisons difficult. For example, the state assessment program now allows newspapers to print school-by-school comparisons. But test scores alone do not explain the characteristics of the student or the circumstances of the community that have an impact on the community. The same is true of budget information. For these reasons, we oppose the passage of HB 2904 and recommend you seek a thorough study of these issues

Thank you for your consideration.

House Education Committee

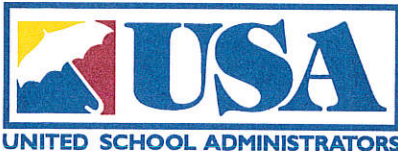
Date: 3/14/02

Attachment # 4

Brilliant Highfill Scott
Executive Director
bscott@usa-ks.org

M. Katharine Weickert
Director of
Administrator Services
kweickert@usa-ks.org

Don Knowles
Professional Development
Coordinator
knowlesfarms@umacs.net



Kansas Association of
Elementary
School Principals
(KAESP)

Kansas Association of
Middle School
Administrators
(KAMSA)

Kansas Association of
School Administrators
(KASA)

Kansas Association of
School Business
Officials
(KASBO)

Kansas Association for
Supervision and
Curriculum Development
(KASCD)

Kansas Association of
Special Education
Administrators
(KASEA)

Kansas Association of
Secondary School
Principals
(KASSP)

Kansas Council of
Vocational
Administrators
(KCVA)

Kansas School
Public Relations
Association
(KanSPRA)

HB 2904: School District Budgets

Testimony presented before the House Education Committee

by
Kent Hurn, Superintendent of Seaman-Topeka USD 345
on behalf of
United School Administrators of Kansas

March 14, 2002

Mister Chairman and Members of the House Education Committee:

I am Kent Hurn, superintendent of Seaman School District in north Topeka. I represent United School Administrators of Kansas in reviewing HB 2904.

HB 2904 requires that school districts, beginning July 1, 2002, collect statistics and financial data that are reported by individual schools for the current school year, preceding school year, and the increase or decrease between the two years.

Information that must be reported includes income and the source of income, expenditures for teachers' salaries and other employees, maintenance and repair, operations, and travel. The bill also requires that schools report the number of students in each grade, including special education and limited English-speaking students.

The fiscal note for HB 2904 is estimated by the Department of Education to be \$75,000. The primary concern of school administrators rests with the statement contained in the fiscal note that, "The majority of costs ... would fall on the school districts, which the Department estimates could be in the millions of dollars." We question that the resulting data will warrant this large expenditure of dollars for non-instructional use.

The purpose of the Legislative Post Audit Study was to make school budgets more easily read and understood. We believe the primary issue of the audit centered around the basic definition of "instruction." As an example, self-funded programs were not included in benefits which affected average salaries and amounts included in instructional costs.

There also seemed to be confusion between actual expenses and budgeted expenses. We believe this can be directly attributed to the cash basis law.

House Education Committee

Date: 3/14/02

Attachment # 5-1

Some of the audit report recommendations/comments included the:

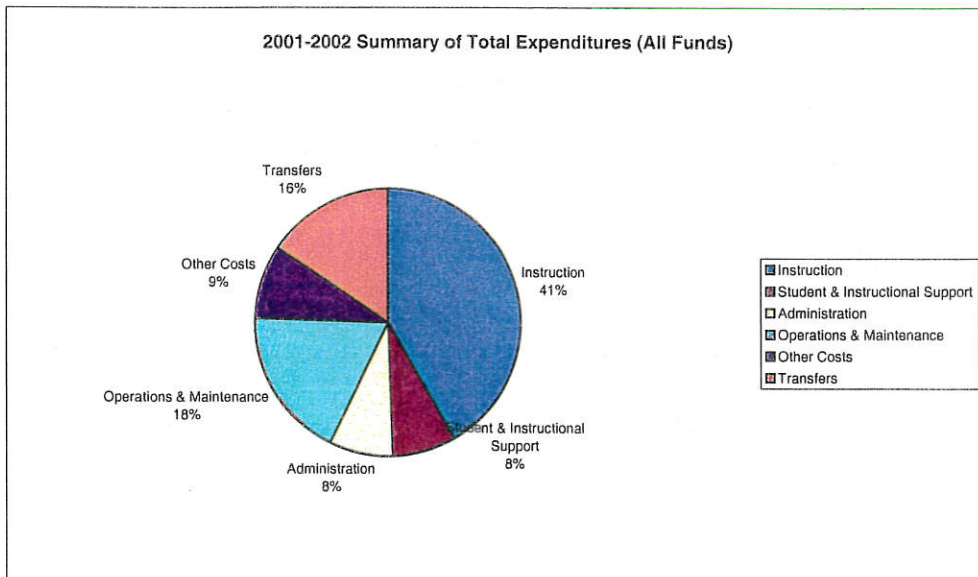
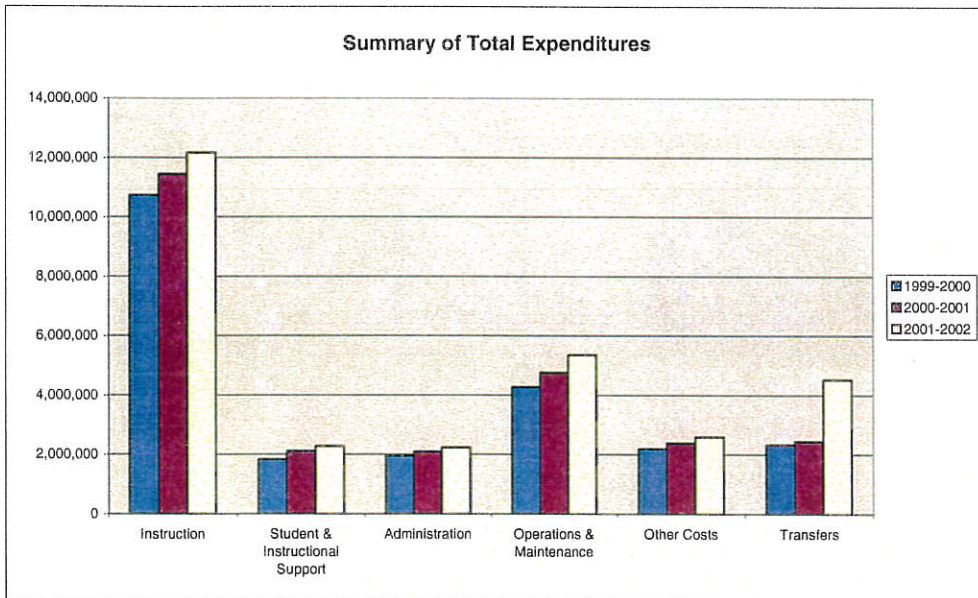
- Addition of federal funds to the budget document . (It should be noted that the fiscal year is different for state and federal budgets.)
- Notation by researchers that “no one size fits all.”
- Difference in coding not referenced by researchers, according to participating districts.
- Notation by researchers that building comparisons would be difficult.

The report recommended that a task force of educators and representatives of organizations be convened to develop a new budget format. Members of United School Administrators of Kansas are willing to assist with this process.

Thank you for your attention to our acknowledgement of the contents of the report and our willingness to assist in making school district budgets more understandable. I will be glad to stand for questions.

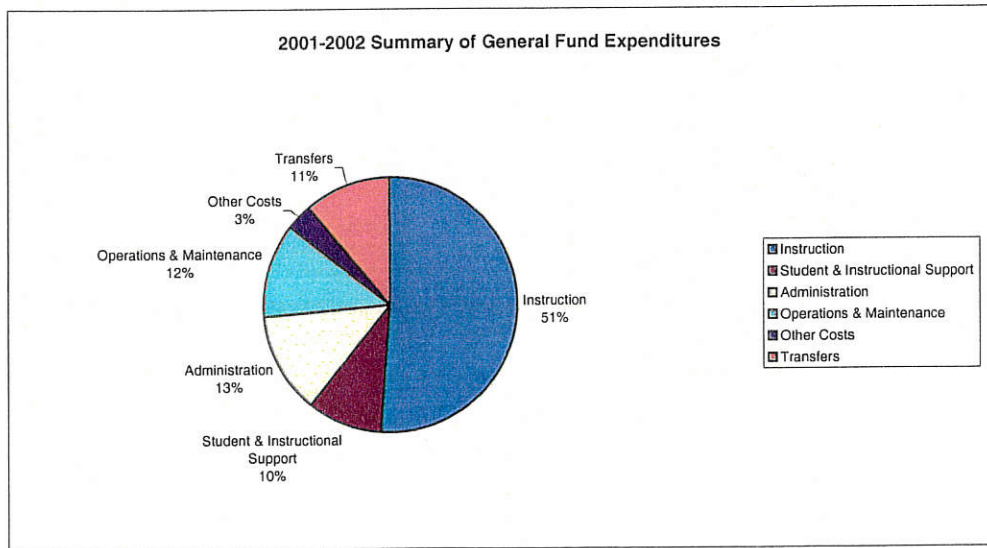
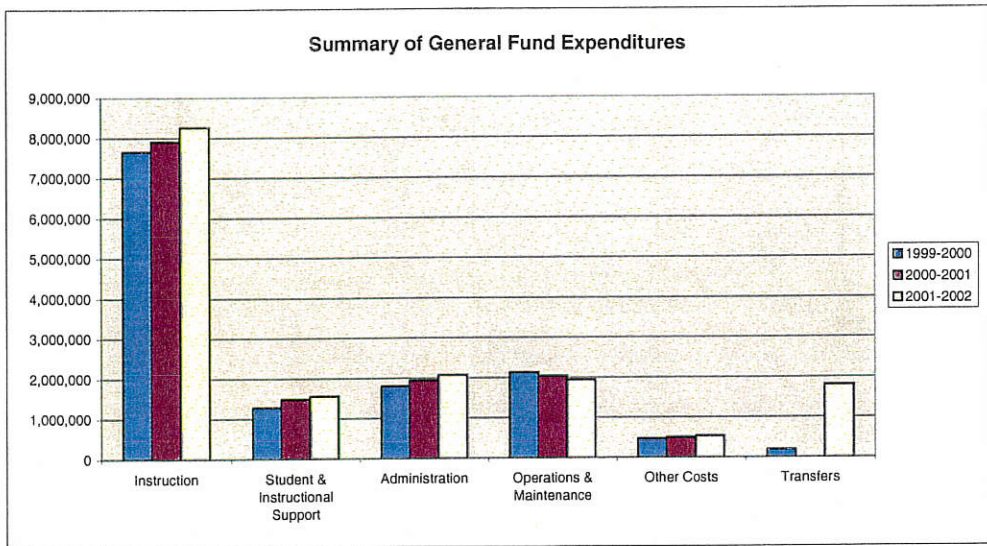
**Summary of Total Expenditures
(All Funds)**

Code Line	1999-2000 Actual	% of Tot	2000-2001 Actual	% of Tot	% inc/dec	2001-2002 Budget	% of Tot	% inc/dec
Instruction	10,723,467	46%	11,444,002	45%	7%	12,158,490	42%	6%
Student & Instructional Support	1,830,894	8%	2,113,937	8%	15%	2,278,494	8%	8%
Administration	1,949,645	8%	2,094,654	8%	7%	2,235,614	8%	7%
Operations & Maintenance	4,265,138	18%	4,756,822	19%	12%	5,350,957	18%	12%
Other Costs	2,191,738	9%	2,382,605	9%	9%	2,584,706	9%	8%
Transfers	2,324,694	10%	2,434,493	10%	5%	4,516,960	16%	86%
Total Expenditures	23,285,576	100%	25,226,513	100%	8%	29,125,221	100%	15%
Amount per Pupil	\$6,659		\$7,055		6%	\$7,525		7%



Summary of General Fund Expenditures

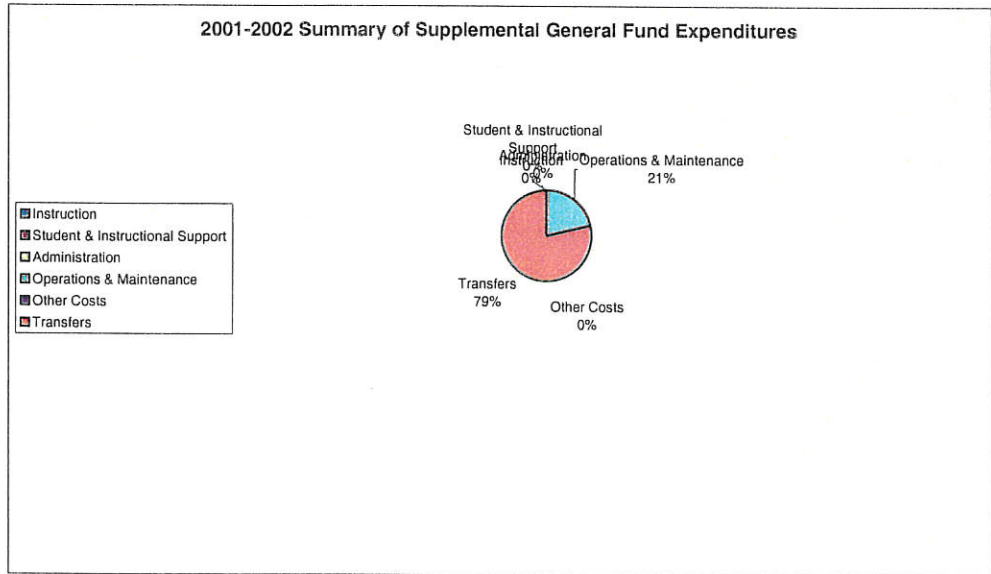
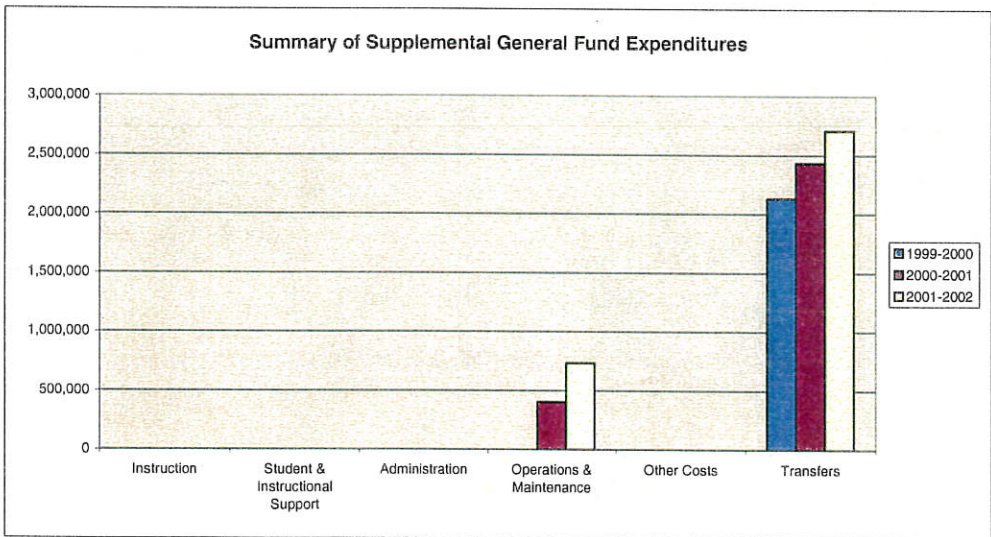
Code Line	1999-2000 Actual	% of Tot	2000-2001 Actual	% of Tot	% inc/dec	2001-2002 Budget	% of Tot	% inc/dec
Instruction	7,654,414	57%	7,910,548	57%	3%	8,261,830	51%	4%
Student & Instructional Support	1,281,083	9%	1,491,755	11%	16%	1,557,570	10%	4%
Administration	1,803,796	13%	1,941,986	14%	8%	2,073,531	13%	7%
Operations & Maintenance	2,129,702	16%	2,042,225	15%	-4%	1,942,052	12%	-5%
Other Costs	470,954	3%	505,298	4%	7%	530,563	3%	5%
Transfers	193,220	1%	0	0%	-100%	1,809,893	11%	0%
Total Expenditures	13,533,169	100%	13,891,812	100%	3%	16,175,439	100%	16%
Amount per Pupil	\$4,299		\$4,300		0%	\$4,947		15%



6-2

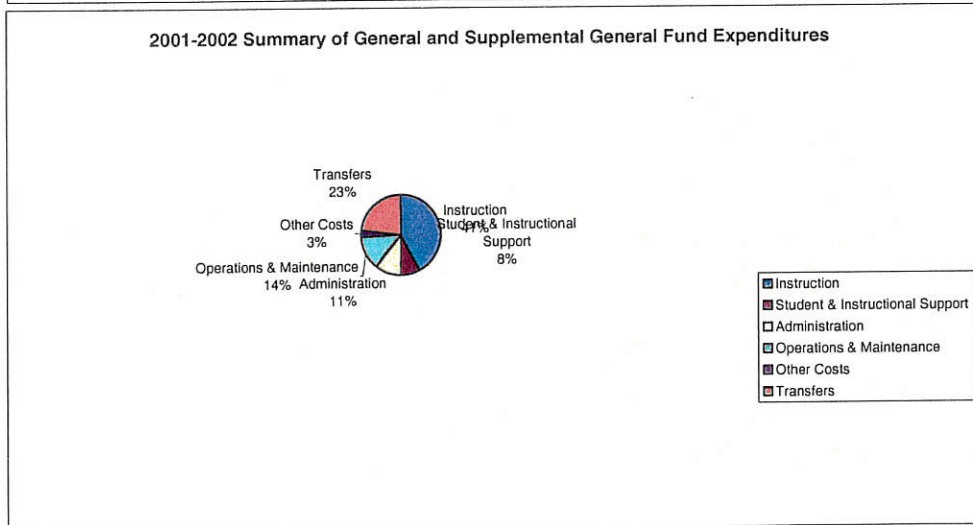
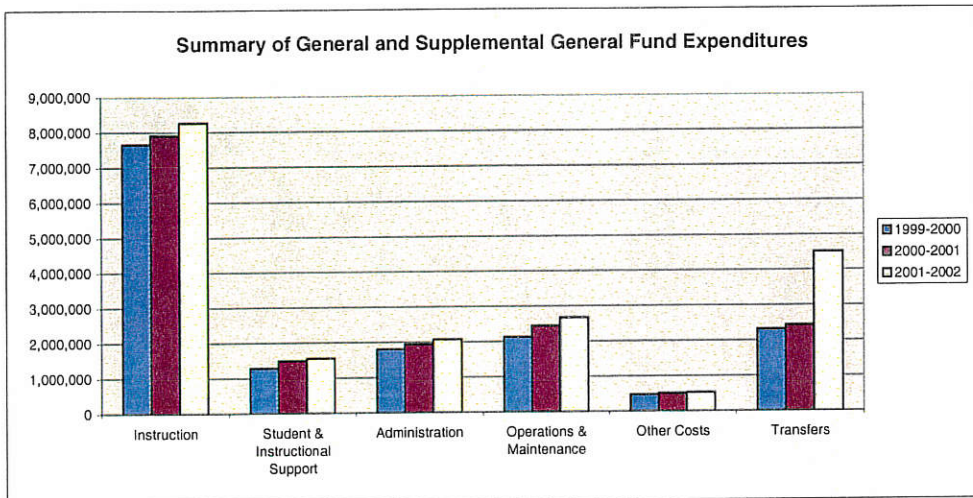
**Summary of
Supplemental General Fund Expenditures**

Code Line	1999-2000 Actual	% of Tot	2000-2001 Actual	% of Tot	% inc/dec	2001-2002 Budget	% of Tot	% inc/dec
Instruction	0	0%	0	0%	0%	0	0%	0%
Student & Instructional Support	0	0%	0	0%	0%	0	0%	0%
Administration	0	0%	0	0%	0%	0	0%	0%
Operations & Maintenance	0	0%	402,067	14%	0%	733,449	21%	82%
Other Costs	0	0%	0	0%	0%	0	0%	0%
Transfers	2,131,474	100%	2,434,493	86%	14%	2,707,067	79%	11%
Total Expenditures	2,131,474	100%	2,836,560	100%	33%	3,440,516	100%	21%
Amount per Pupil	\$677		\$878		30%	\$1,052		20%



**Summary of
General and Supplemental General Fund Expenditures**

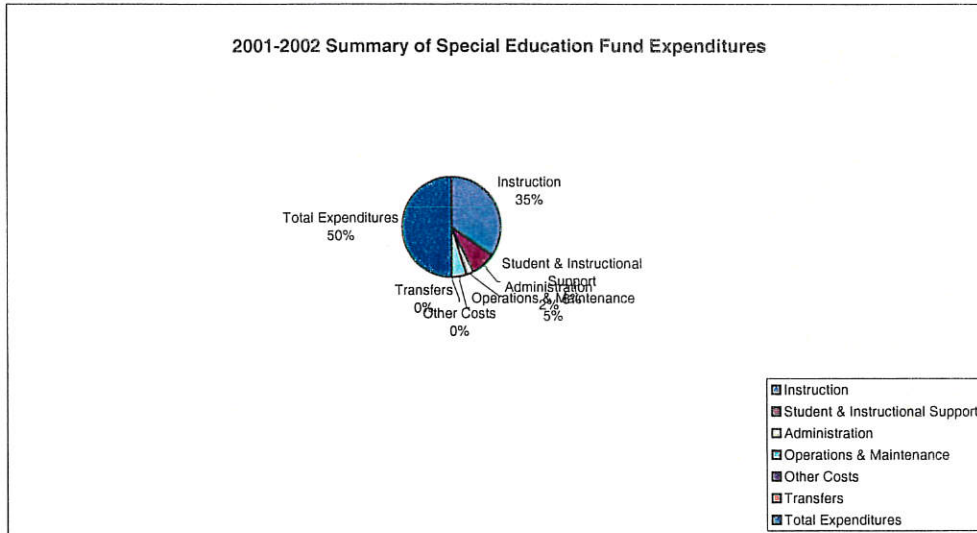
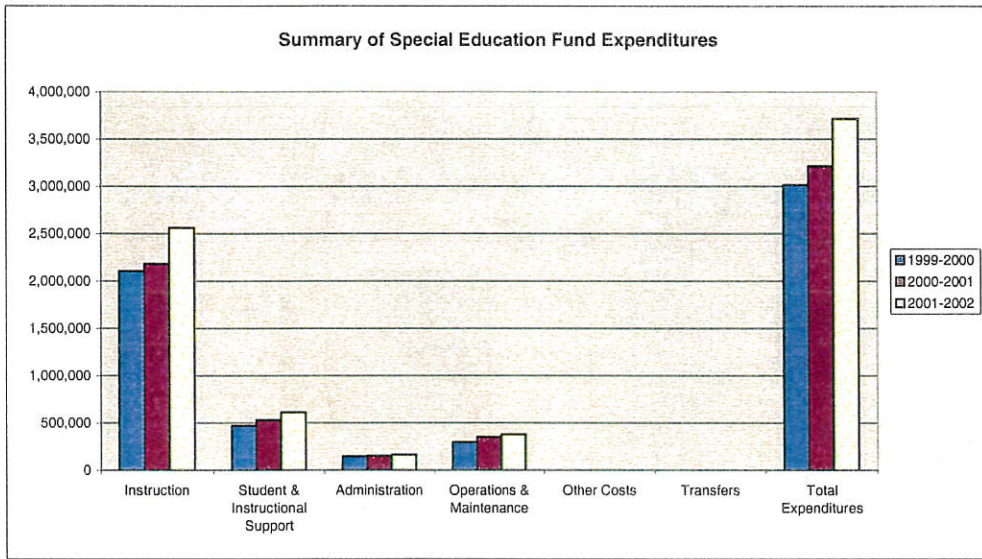
Code Line	1999-2000 Actual	% of Tot	2000-2001 Actual	% of Tot	% inc/dec	2001-2002 Budget	% of Tot	% inc/dec
Instruction	7,654,414	49%	7,910,548	47%	3%	8,261,830	42%	4%
Student & Instructional Support	1,281,083	8%	1,491,755	9%	16%	1,557,570	8%	4%
Administration	1,803,796	12%	1,941,986	12%	8%	2,073,531	11%	7%
Operations & Maintenance	2,129,702	14%	2,444,292	15%	15%	2,675,501	14%	9%
Other Costs	470,954	3%	505,298	3%	7%	530,563	3%	5%
Transfers	2,324,694	15%	2,434,493	15%	5%	4,516,960	23%	86%
Total Expenditures	15,664,643	100%	16,728,372	100%	7%	19,615,955	100%	17%
Amount per Pupil	\$4,977		\$5,178		4%	\$5,999		16%



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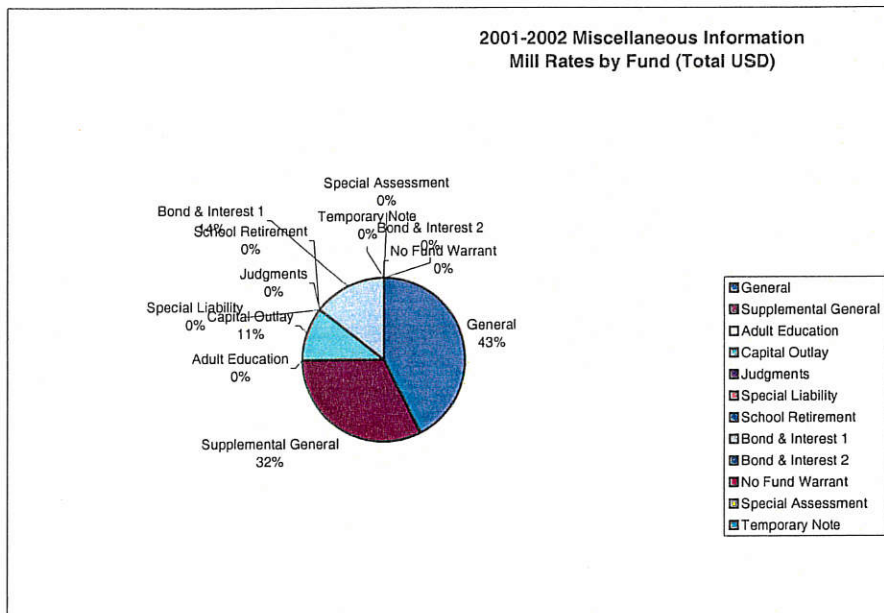
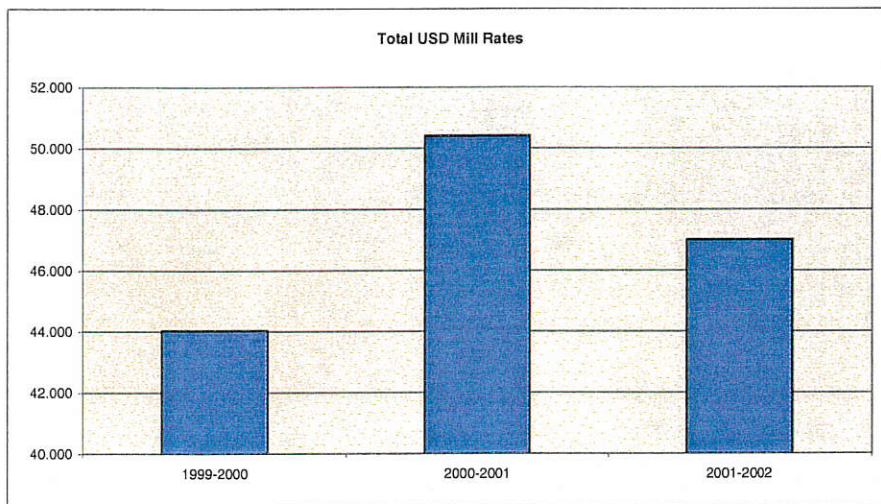
**Summary of
Special Education Fund Expenditures**

Code Line	1999-2000 Actual	% of Tot	2000-2001 Actual	% of Tot	% inc/dec	2001-2002 Budget	% of Tot	% inc/dec
Instruction	2,102,817	70%	2,180,618	68%	4%	2,563,939	69%	18%
Student & Instructional Support	467,462	16%	531,110	17%	14%	610,924	16%	15%
Administration	145,849	5%	152,668	5%	5%	162,083	4%	6%
Operations & Maintenance	296,797	10%	350,948	11%	18%	377,843	10%	8%
Other Costs								
Transfers	0	0%	0	0%	0%	0	0%	0%
Total Expenditures	3,012,925	100%	3,215,344	100%	7%	3,714,789	100%	16%
Amount per Pupil	\$957		\$995		4%	\$1,136		14%



Miscellaneous Information
Mill Rates by Fund

	Code Line	1999-2000 Actual	2000-2001 Actual	2001-2002 Budget
General		20.000	20.000	20.000
Supplemental General		12.861	18.990	15.194
Adult Education		0.000	0.000	0.000
Capital Outlay		4.000	4.000	5.000
Judgments		0.000	0.000	0.000
Special Liability		0.000	0.000	0.000
School Retirement		0.000	0.000	0.000
Bond & Interest 1		7.173	7.419	6.802
Bond & Interest 2		0.000	0.000	0.000
No Fund Warrant		0.000	0.000	0.000
Special Assessment		0.000	0.000	0.000
Temporary Note		0.000	0.000	0.000
TOTAL USD		44.034	50.409	46.996
Historical Museum		0.000	0.000	0.000
Public Library Board		0.000	0.000	0.000
Public Library Brd & Emp Benf		0.000	0.000	0.000
Recreation Commission		0.000	0.000	0.000
Recreation Commission Employee Benefit		0.000	0.000	0.000
TOTAL OTHER		0.000	0.000	0.000



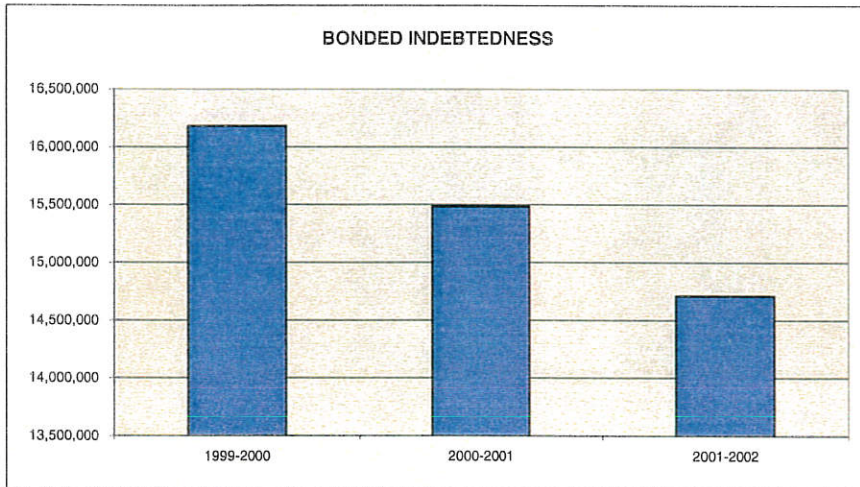
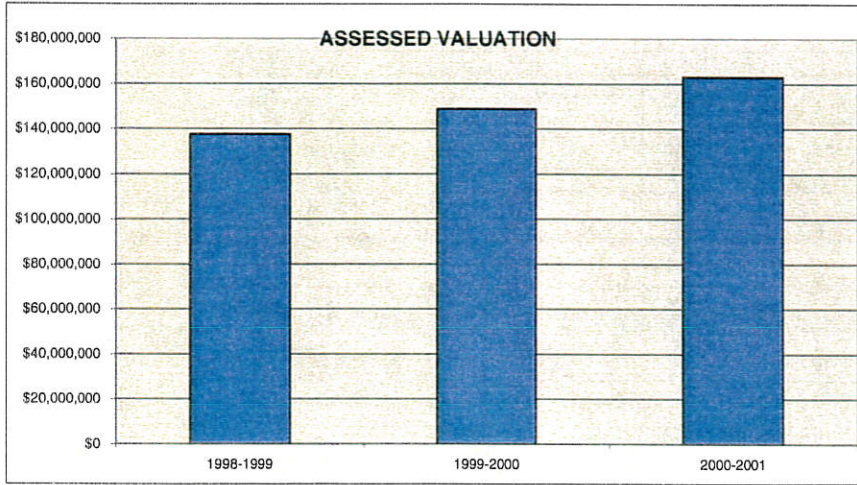
6-6

Other Information

USD#

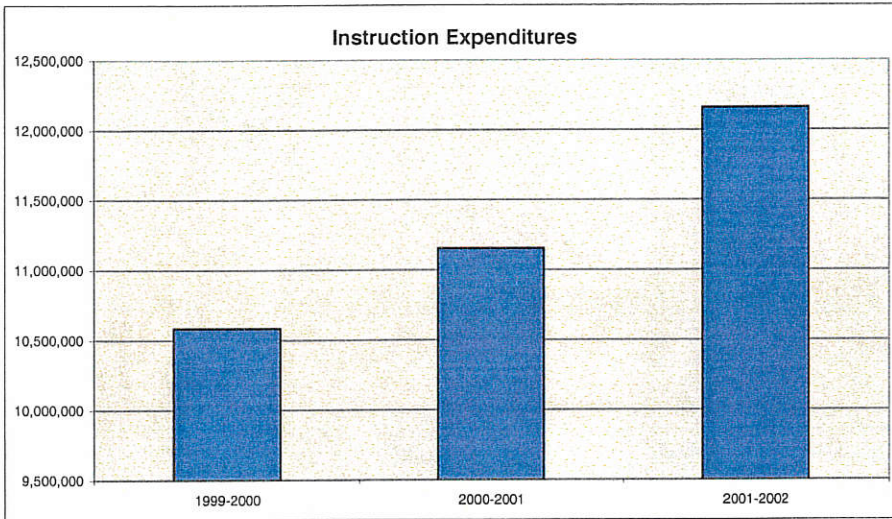
345

	Code Line	1999-2000 Actual	2000-2001 Actual	2001-2002 Budget
Assessed Valuation		\$137,567,313	\$148,784,241	#####
Bonded Indebtedness		16,180,000	15,485,000	14,710,000



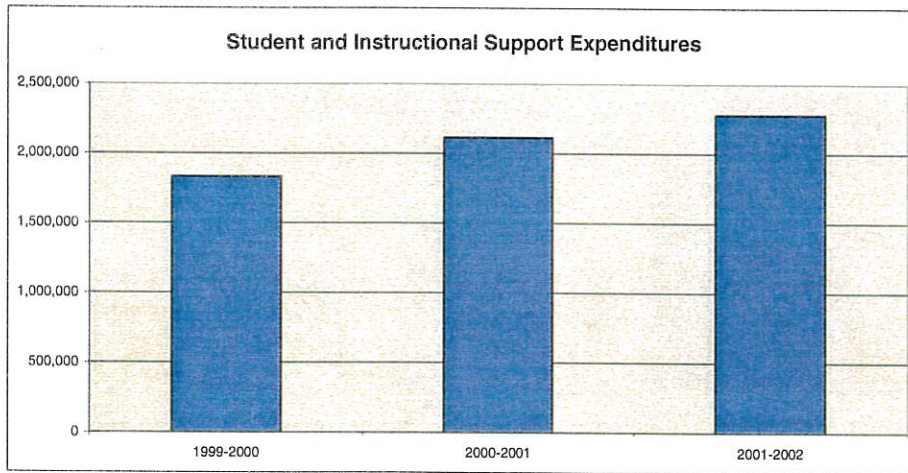
Instruction Expenditures

Code Line	1999-2000 Actual	2000-2001 Actual	% inc/dec	2001-2002 Budget	% inc/dec
General	7,654,414	7,910,548	3%	8,261,830	4%
Supplemental General	0	0	0%	0	0%
Adult Education	0	0	0%	0	0%
Adult Supplemental Education	0	0	0%	5,221	0%
Bilingual Education	0	0	0%	5,000	0%
Capital Outlay	285,705	564,955	98%	650,000	15%
Driver Education	63,044	37,057	-41%	99,000	167%
Educ. excellence Grant Prog	1,020	1,972	93%	0	###
Extraordinary School Program	0	0	0%	10,000	0%
Summer School	49,447	32,397	-34%	67,000	107%
Special Education	2,102,817	2,180,618	4%	2,563,939	18%
Technology Education	0	0	0%	0	0%
Vocational Education	428,311	425,054	-1%	496,500	17%
Area Vocational School	0	0	0%	0	0%
School Retirement	0	0	0%	0	0%
Bilingual Education Coop	0	0	0%	0	0%
Special Education Coop	0	0	0%	0	0%
TOTAL	10,584,758	11,152,601	5%	12,158,490	9%
Amount per Pupil	\$3,363	\$3,452	3%	\$3,718	8%



Student and Instructional Support Expenditures

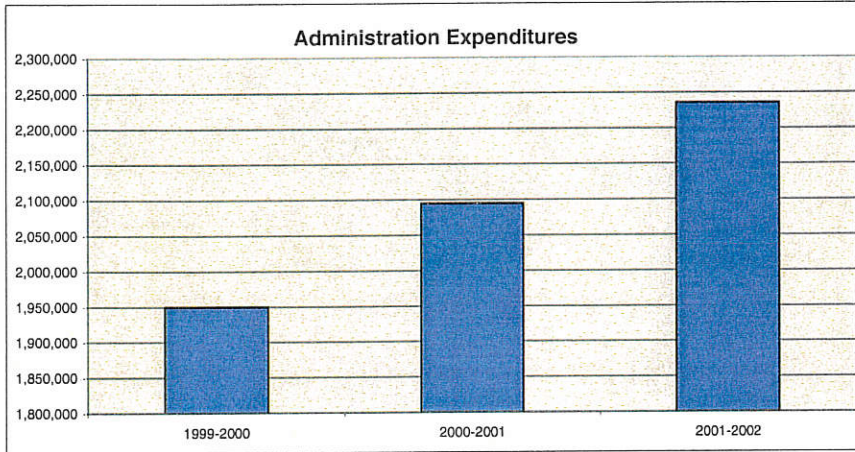
Code	1999-2000	2000-2001	%	2001-2002	%
Line	Actual	Actual	inc/ dec	Budget	inc/ dec
General	1,281,083	1,491,755	16%	1,557,570	4%
Supplemental General	0	0	0%	0	0%
Adult Education	0	0	0%	0	0%
Adult Supplemental Education	0	0	0%	0	0%
Bilingual Education	0	0	0%	0	0%
Capital Outlay	0	0	0%	0	0%
Driver Training	0	0	0%	0	0%
Educ Excellence Grant Prog	0	0	0%	0	0%
Extraordinary School Program	0	0	0%	0	0%
Inservice Education	82,039	91,072	11%	110,000	21%
Parent Education Program	0	0	0%	0	0%
Summer School	0	0	0%	0	0%
Special Education	467,462	531,110	14%	610,924	15%
Technology Education	0	0	0%	0	0%
Vocational Education	310	0	-100%	0	0%
Area Vocational School	0	0	0%	0	0%
Bilingual Education Coop	0	0	0%	0	0%
Elementary Guidance Coop	0	0	0%	0	0%
Special Education Coop	0	0	0%	0	0%
TOTAL	1,830,894	2,113,937	15%	2,278,494	8%
Amount per Pupil	\$582	\$654	12%	\$697	6%



6-09

Administration Expenditures

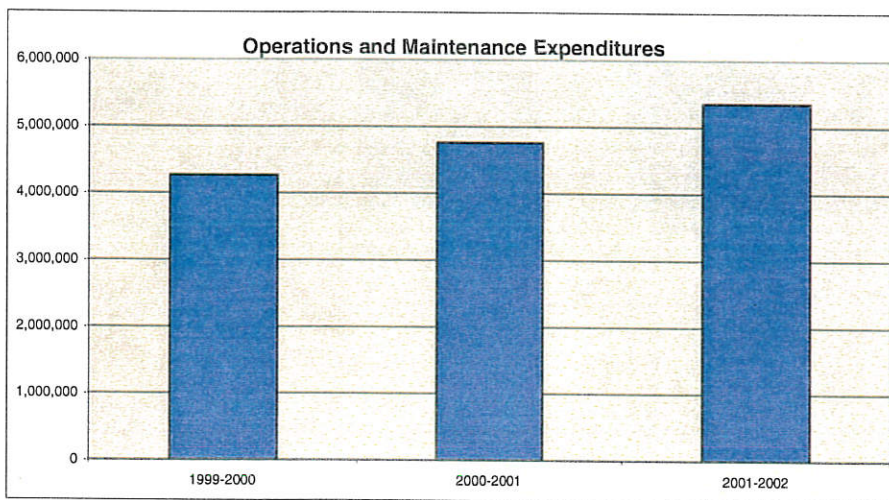
Code Line	1999-2000 Actual	2000-2001 Actual	% inc/dec	2001-2002 Budget	% inc/dec
General	1,803,796	1,941,986	8%	2,073,531	7%
Supplemental General	0	0	0%	0	0%
Adult Education	0	0	0%	0	0%
Adult Supplemental Education	0	0	0%	0	0%
Bilingual Education	0	0	0%	0	0%
Capital Outlay	0	0	0%	0	0%
Driver Training	0	0	0%	0	0%
Educ Excellence Grant Prog	0	0	0%	0	0%
Extraordinary School Program	0	0	0%	0	0%
Summer School	0	0	0%	0	0%
Special Education	145,849	152,668	5%	162,083	6%
Vocational Education	0	0	0%	0	0%
Area Vocational School	0	0	0%	0	0%
Judgments	0	0	0%	0	0%
Special Liability Expense	0	0	0%	0	0%
Bilingual Education Coop	0	0	0%	0	0%
Elementary Guidance Coop	0	0	0%	0	0%
Special Education Coop	0	0	0%	0	0%
TOTAL	1,949,645	2,094,654	7%	2,235,614	7%
Amount per Pupil	\$619	\$648	5%	\$684	5%



6/10

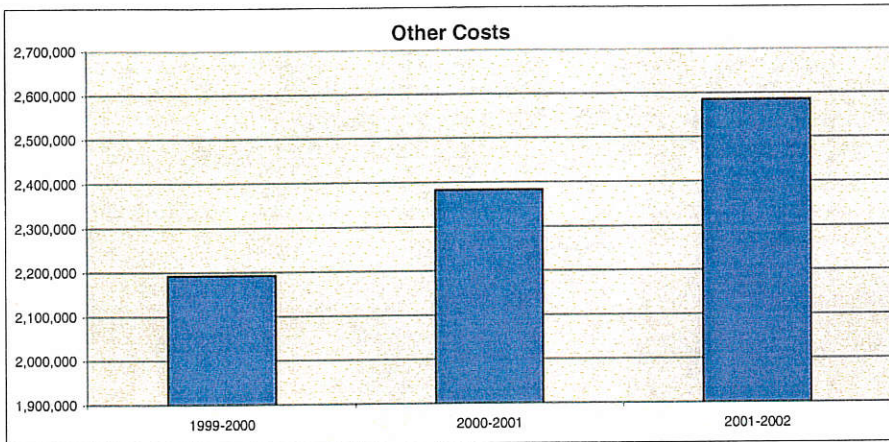
Operations and Maintenance Expenditures

Code Line	1999-2000 Actual	2000-2001 Actual	% inc/dec	2001-2002 Budget	% inc/dec
General	2,129,702	2,042,225	-4%	1,942,052	-5%
Supplemental General	0	402,067	0%	733,449	82%
Adult Education	0	0	0%	0	0%
Adult Supplemental Education	0	0	0%	0	0%
Bilingual Education	0	0	0%	0	0%
Capital Outlay	9,388	20,907	123%	50,000	139%
Driver Training	224	931	316%	1,000	7%
Educ Excellence Grant Prog	0	0	0%	0	0%
Extraordinary School Program	0	0	0%	0	0%
Food Service	1,036,839	1,115,634	8%	1,277,829	15%
Inservice Education	0	0	0%	0	0%
Parent Education Program	0	0	0%	0	0%
Summer School	0	0	0%	0	0%
Special Education	296,797	350,948	18%	377,843	8%
Transportation	792,188	824,110	4%	968,784	18%
Vocational Education	0	0	0%	0	0%
Area Vocational School	0	0	0%	0	0%
Elementary Guidance Coop	0	0	0%	0	0%
Special Education	0	0	0%	0	0%
TOTAL	4,265,138	4,756,822	12%	5,350,957	12%
Amount per Pupil	\$1,355	\$1,472	9%	\$1,636	11%



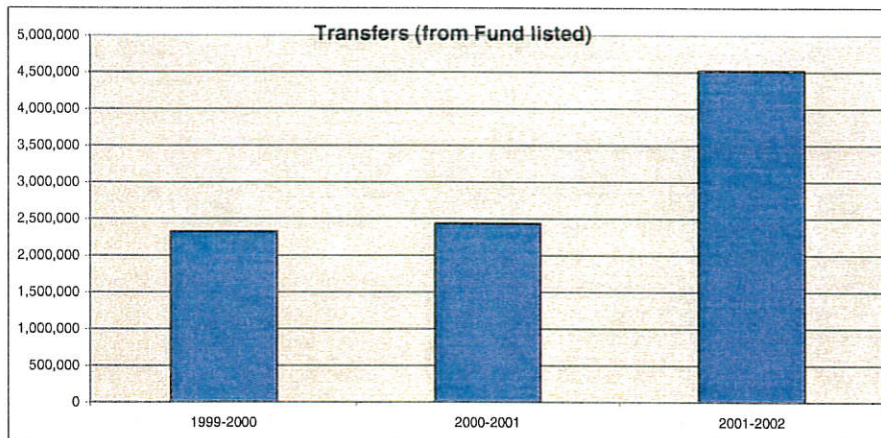
Other Costs

Code	1999-2000	2000-2001	%	2001-2002	%
Line	Actual	Actual	inc/ dec	Budget	inc/ dec
General	470,954	505,298	7%	530,563	5%
Supplemental General	0	0	0%	0	0%
Capital Outlay	220,018	344,441	57%	500,000	45%
Summer School	0	0	0%	0	0%
Technology Education	0	0	0%	0	0%
Area Vocational School	0	0	0%	0	0%
Bond & Interest #1	1,500,766	1,531,432	2%	1,543,085	1%
Bond & Interest #2	0	0	0%	0	0%
No-Fund Warrant	0	0	0%	0	0%
Special Assessment	0	1,434	0%	11,058	671%
Temporary Note	0	0	0%	0	0%
TOTAL	2,191,738	2,382,605	9%	2,584,706	8%
Amount per Pupil	\$696	\$737	6%	\$790	7%



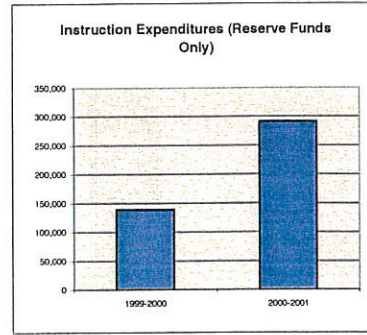
Transfers (from Fund listed)

Code	1999-2000	2000-2001	%	2001-2002	%
Line	Actual	Actual	inc/ dec	Budget	inc/ dec
General	193,220	0	-100%	1,809,893	0%
Supplemental General	2,131,474	2,434,493	14%	2,707,067	11%
Adult Education	0	0	0%	0	0%
Adult Supplemental Education	0	0	0%	0	0%
Bilingual Education	0	0	0%	0	0%
Capital Outlay	0	0	0%	0	0%
Driver Training	0	0	0%	0	0%
Educ Excellence Grant Prog	0	0	0%	0	0%
Extraordinary School Program	0	0	0%	0	0%
Food Service	0	0	0%	0	0%
Inservice Education	0	0	0%	0	0%
Parent Education Program	0	0	0%	0	0%
Summer School	0	0	0%	0	0%
Special Education	0	0	0%	0	0%
Technology Education	0	0	0%	0	0%
Transportation	0	0	0%	0	0%
Vocational Education	0	0	0%	0	0%
Area Vocational School	0	0	0%	0	0%
Special Liability Expense	0	0	0%	0	0%
TOTAL	2,324,694	2,434,493	5%	4,516,960	86%
Amount per Pupil	\$739	\$754	2%	\$1,381	83%



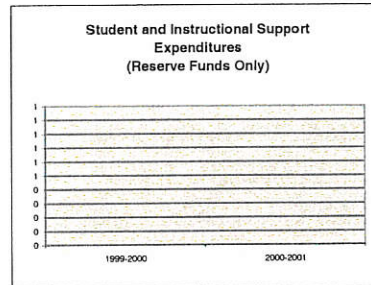
Instruction Expenditures - Reserve Funds Only

Code Line	1999-2000 Actual	2000-2001 Actual	% inc/ dec
Disability Income Ben Res	0	0	0%
Health Care Services Reserve	0	0	0%
Group Life Insurance Reserve	0	0	0%
School Workers' Comp Reserve	0	0	0%
Contingency Reserve	0	0	0%
Textbook Rental	138,709	291,401	110%
TOTAL	138,709	291,401	110%
Amount per Pupil	\$44	\$90	105%



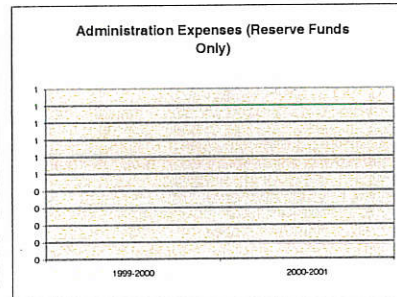
Student and Instructional Support Expenditures - Reserve Funds Only

Code Line	1999-2000 Actual	2000-2001 Actual	% inc/ dec
Disability Income Ben Reserve	0	0	0%
Health Care Services Reserve	0	0	0%
Group Life Insurance Reserve	0	0	0%
School Workers' Comp Reserve	0	0	0%
Contingency Reserve	0	0	0%
Student Material Revolving	0	0	0%
TOTAL	0	0	0%
Amount per Pupil	\$0	\$0	0%



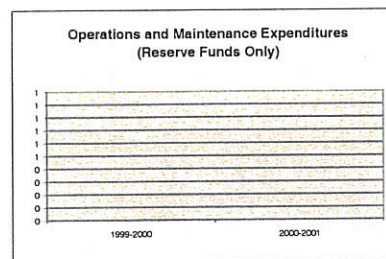
Administration Expenditures - Reserve Funds Only

Code Line	1999-2000 Actual	2000-2001 Actual	% inc/ dec
Disability Income Ben Reserve	0	0	0%
Health Care Services Reserve	0	0	0%
Group Life Insurance Reserve	0	0	0%
Risk Management Reserve	0	0	0%
School Workers' Comp Reserve	0	0	0%
Contingency Reserve	0	0	0%
TOTAL	0	0	0%
Amount per Pupil	\$0	\$0	0%



Operations and Maintenance Expenditures - Reserve Funds Only

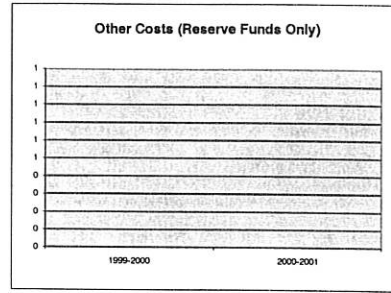
Code Line	1999-2000 Actual	2000-2001 Actual	% inc/ dec
Disability Income Ben Reserve	0	0	0%
Health Care Services Reserve	0	0	0%
Group Life Insurance Reserve	0	0	0%
School Workers' Comp Reserve	0	0	0%
Contingency Reserve	0	0	0%
TOTAL	0	0	0%
Amount per Pupil	\$0	\$0	0%



6-14

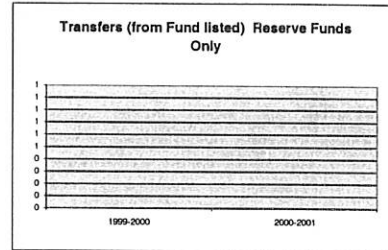
Other Costs - Reserve Funds Only

Code	1999-2000	2000-2001	%
Line	Actual	Actual	inc/ dec
Contingency Reserve	0	0	0%
TOTAL	0	0	0%
Amount per Pupil	\$0	\$0	0%



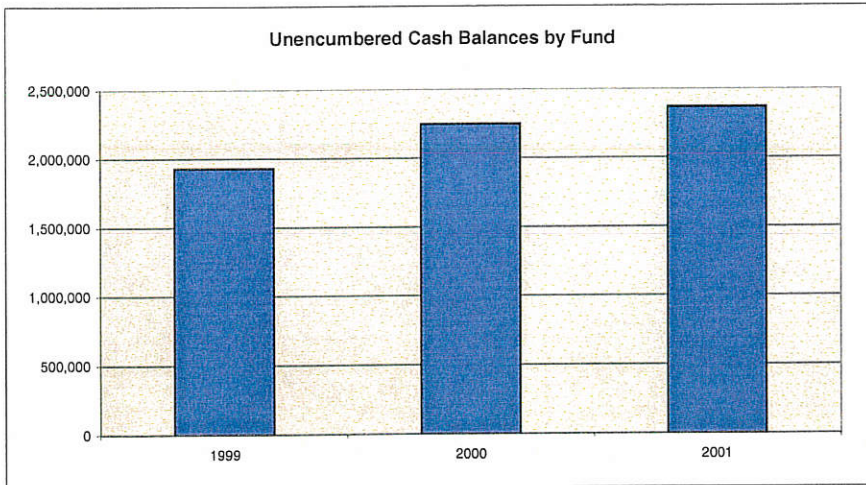
Transfers (from Fund listed) - Reserve Funds Only

Code	1999-2000	2000-2001	%
Line	Actual	Actual	inc/ dec
Contingency Reserve	0	0	0%
TOTAL	0	0	0%
Amount per Pupil	\$0	\$0	0%



Miscellaneous Information
Unencumbered Cash Balance by Fund

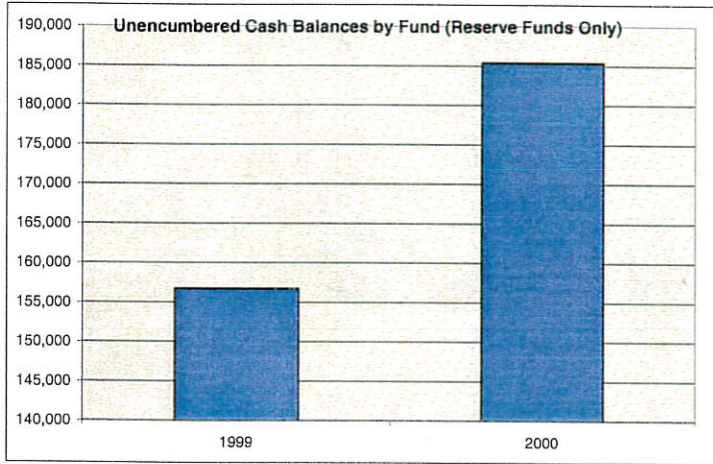
	Code Line	July 1, 1999	July 1, 2000	July 1, 2001
General	06	11,950	32	0
Supplemental General	08	40,105	76,172	159,730
Adult Education	10	0	0	0
Adult Supplemental Education	12	221	221	221
Bilingual Education	14	0	0	0
Capital Outlay	16	603,467	838,038	730,328
Driver Training	18	20,973	25,037	35,909
Educational Excellence Program	20	2,992	1,972	0
Extraordinary School Program	22	6	6	6
Food Service	24	72,857	104,847	94,724
Inservice Education	26	5,238	5,167	15,120
Parent Education Program	28	0	0	0
Summer School	29	3,928	6,344	7,235
Special Education	30	229,922	233,862	350,758
Technology Education	31	0	0	0
Transportation	32	0	0	0
Vocational Education	34	0	0	0
Area Vocational School	36	0	0	0
Judgments	40	0	0	0
Special Liability	42	0	0	0
School Retirement	44	0	0	0
Extraordinary Growth Facilities	45	0	0	0
Bond & Interest 1	62	934,517	945,300	961,560
Bond & Interest 2	63	0	0	0
No Fund Warrant	66	0	0	0
Special Assessment	67	711	9,692	11,058
Temporary Note	68	0	0	0
Bilingual Education Co-op	72	0	0	0
Elementary Guidance	76	0	0	0
Special Education	78	0	0	0
TOTAL OTHER		1,926,887	2,246,690	2,366,649
Amount per Pupil		\$612	\$695	\$724



6-16

**Miscellaneous Information
Unencumbered Cash Balance by Fund
(Reserve Funds Only)**

	Code Line	July 1, 1999	July 1, 2000
Disability Income Ben Reserve	46	0	0
Health Care Services Reserve	48	0	0
Group Life Insurance Reserve	49	0	0
Risk Management Reserve	50	0	0
School Workers' Comp Reserve	52	0	0
Contingency Reserve	53	0	0
Student Material Revolving	54	0	0
Textbook Rental	56	156,688	185,345
TOTAL OTHER		156,688	185,345
Amount per Pupil		\$50	\$57

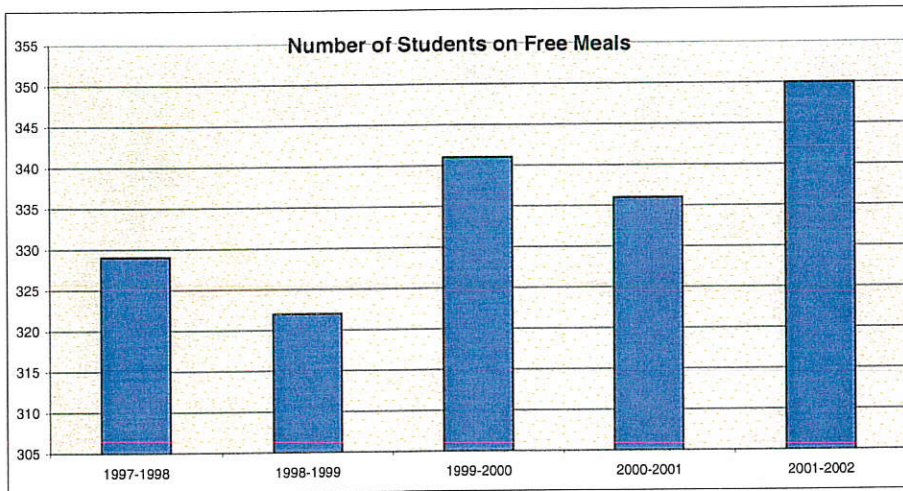
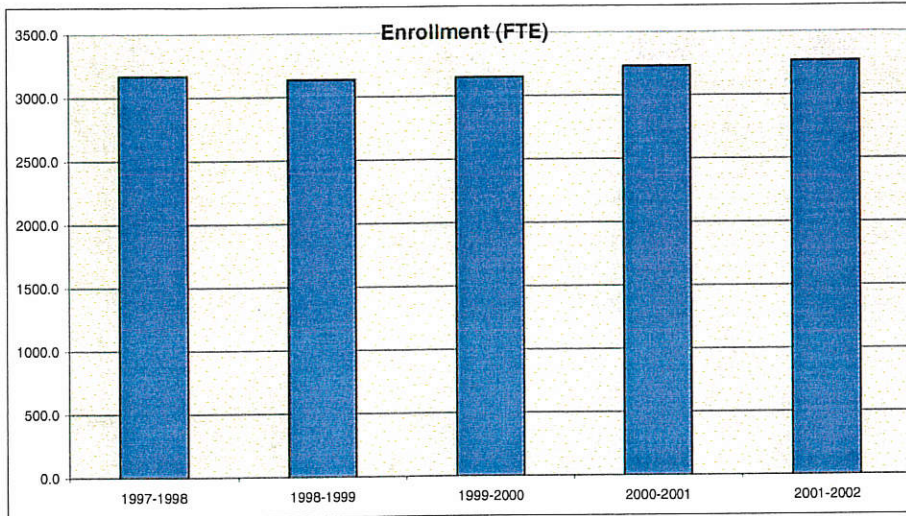


Other Information

USD#

345

	Code Line	1997-1998 Actual	1998-1999 Actual	% inc/ dec	1999-2000 Actual	% inc/ dec	2000-2001 Actual	% inc/ dec	2001-2002 Budget	% inc/ dec
Enrollment (FTE)		3,167.7	3,134.7	-1%	3,147.7	0%	3,230.8	3%	3,270.0	1%
Number of Students - Free Meals		329	322	-2%	341	6%	336	-1%	350	4%



6-18



March 14, 2002

House Committee on K-12 Education
Statehouse, Room 313-S
Topeka, Kansas 66612

RE: House Bill 2904

School districts follow a state budget format that reflects requirements for compliance with statutes, rules, and regulations. In addition, districts maintain additional accounting systems that define more fully the financial operation and provide a management tool fashioned to provide information specific to the district. The design of our internal budget document is geared to provide building principals, teachers, department chairs, program directors, board of education members, and administrators with the data needed to complete our mission.

The budget process at the local level varies by district. Salina begins the budget process in December and includes discussion throughout the spring and summer in board meetings and workshops all of which are open to the public. We have radio, newspaper, and community access television coverage. Whatever we do, school budgeting is still a complex issue that can't be explained with a colorful chart and a sound bite on the local news.

Financial and compliance audits for all school districts are required. Within the audit, information on all funds, budgeted and unbudgeted, is reviewed and presented in the proscribed format.

Salina was one of the four districts that worked with the Legislative Division of Post Audit. Our response is included (page 62) in the report to the Legislative Post Audit Committee and a copy is attached to this document for your perusal. The suggestions presented in that response would be valid for any reporting changes that are developed including House Bill 2904 and House Bill 2779.

Salina Public Schools

Unified School District 305
www.usd305.com

PO
(785)

House Education Committee

Date: 3/14/02

Attachment # 7-1

Components that should be considered in developing any budget format:

- Well-defined outcome
- Time needed to develop and implement changes.
- Time/money for additional staff if necessary.
- Representation through a broad-based coalition.
- Training needs.
- Process to accommodate changes from year to year.
- Common definitions.
- Efficient system for data collection.
- Provision for explanation of differences between districts.

House Bill 2904, House Bill 2779, and the Legislative Post Audit proposed budget format share common components. Proceeding with any of these proposed changes require a great investment of time by all affected parties. The “who, what, where, when, why, and how” questions all need to be answered. Any wholesale change will require time for explanation, training, modification of existing software or purchase of new programs, new procedures, and who knows what else as a new format is developed.

Please consider the impact of your decisions on the 304 school district staff. At a time when we are reducing the number of staff to do any of the additional work these proposals will require, I believe it prudent to take some time in developing the product.

Thank you for the opportunity to appear today.



Michael Soetaert
Director of Business

785 309-4712

FYI

February 28, 2002

To: Legislature of Kansas
Legislative Division of Post Audit

From: Mike Soetaert, Director of Business
Salina Unified School District #305

Subject: Response to Performance Audit
School District Budgets: Determining Ways to Structure the Budget Document to Make it Understandable and Allow for Meaningful Comparisons

School districts prepare and submit a state prescribed budget document designed to reflect requirements of statutes, rules, and regulations. In addition, districts provide locally developed budget information and include discussions on school funding and budgeting through the year to supplement the mandated budget form. We appreciate the opportunity to work with the state to develop a framework for budget reporting that serves as an informative overview.

While we agree with the recommendation that a broad-based group is necessary for the development of a new budget format, we commend the audit team for analyzing, organizing, and laying a foundation from which to begin. We appreciate the professionalism the staff exhibited in drawing a tremendous volume of information together and arranging it in the draft format.

We are providing comments we feel may benefit the development of a new budget format:

Development

We agree that a broad-based group should participate in the development of the format. Inclusion of representatives from the public accounting field and software vendors could broaden the perspective, provide overviews of internal controls, policies, compliance with audit requirements, and various accounting software packages being used by districts throughout the state. It should also be pointed out that the four districts involved reflect only a small percentage of the districts and may not be a broad enough representation of the population on which to base decisions.

Comparisons

Differences between school district operations will need to be considered. Salina has an enrollment of over 7,000 K-12 students and is the sponsoring district of a 12-district special education cooperative, operates an area technical school, a multi-county Head Start program, juvenile detention programs, and an adult education facility. Differences such as this need to be addressed in the comparative data especially as cost comparisons are developed, computed, and reported. K-12 enrollment is but one of the measures involved in comparisons.

Another area of concern is that communities and boards of education must retain the flexibility to make budget decisions that reflect local priorities in spending.

Reporting

Districts report to several local, state, and federal entities. A process for integrating and streamlining reports needs to be developed. Common definitions will be necessary. Design of required reporting formats should lend themselves to gathering information necessary for any new budget document that is developed. This would provide consistent, reliable data in an efficient manner.

Time

Any change in the format will require additional time at the state and local levels for development, training, and reporting. In many districts, there will be fewer people next year than this year to do these tasks. A reasonable timeline for implementation should be included in any format. District staff will need time to become familiar with any new requirements, time to modify internal reporting procedures to ensure alignment of data, and time to produce the report.

Technology

Software to assist in the gathering and reporting of data should be incorporated into any plan.

We hope the hours invested by the staff of the four school districts in this audit process provide a basis for the development of a budget structure that serves the many audiences that we all have. We agree that "... all this makes it difficult to design a one-size-fits-all budget format". However, we believe a more user-friendly and comparative budget document could be developed by working in a broad-based collaborative effort.

FYI



Shawnee Mission Public Schools
Howard D. McEachen Administrative Center
7235 Antioch
Shawnee Mission, Kansas 66204-1798
Telephone 913-993-6421 FAX 913-993-6231

Business Office
Manager Budget and Finance

Educating for Life

Testimony Regarding Reporting Requirements
Tim Rooney, Shawnee Mission School District

March 14, 2002

My name is Tim Rooney and I am the Manager of Budget and Finance for the Shawnee Mission School District. I am pleased the committee is looking at new ways to report budgetary information and commend the legislative post audit for their work. Comparative data has been an issue that districts in our area have discussed at length. The legislative post audit report refers to our work through the Kansas Association of School Business Officials (KASBO) and I would welcome an invitation to work with a task force to address the remaining issues identified by the legislative post audit report.

To give you some sense of KASBO's work with comparative reporting, I included a summary showing the data we compiled for seven districts. There are several things in this report that I'd like to draw your attention to.

Kansas law requires many different funds. It is difficult for a lay person to understand the relationship between these funds. It also provides a challenge because money can be transferred from one fund as an expenditure and received in another fund as a revenue. This results in a double-counting of some money, which we have adjusted for in our example.

In our example, the funds were grouped into seven categories. These categories were selected because they represent areas where districts have significant cost differentials. As an example, the cost per pupil devoted to debt service is higher for a growing district because some of the costs of the bond payments are paid before all the new students have arrived. By showing the costs in categories, readers of the budget document can easily identify this additional cost factor.

The legislative post audit report recommends a change in the law to remedy the reporting problem with anticipated ending fund balances. Without getting into much detail at this time, there are other issues with estimated enrollment, student activities at the board and student level and cooperatives that need to be adjusted also. As a member of the task force, I can effectively help the group deal with these issues.

House Education Committee

Date: 3/14/02

Attachment # 8-1

Notice on the comparative report that some of the cells are colored. If a value fell below one standard deviation of the mean, the cell was colored yellow. If the value was more than one standard deviation of the mean, the cell was colored green. If only one district had a value for a given row, the cell was colored red. This coloring scheme allowed the business managers from the represented districts to quickly identify the major coding issues.

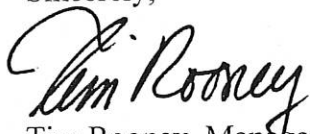
With regard to coding, we would like to have representatives work with KSDE to review NCES reporting classifications and requirements and update the state accounting handbook to be in compliance.

I'd like to make two observations about the reports recommended by the legislative post audit report. First, much of this information is reported in other documents. I agree that consolidating this information in one report supports better analysis. Hopefully, this can be done in a way that would avoid duplicate reporting. Secondly, it would be extremely helpful if the state would commit some resources to develop a database with a web-enabled interface that would collect the data required to prepare the budget document. This is important for several reasons:

1. It avoids the need to have district officials prepare reports and then have the information re-entered to the state database. If the web site also allowed the uploading of data from a common file format, more efficiencies would be gained.
2. It allows a quicker turnaround of the data so other districts might be able to use the information in their comparative reports.
3. It allows the core data to be reported in a raw format. Edits can be used to prevent some recording errors. As an example, if an expense is reported for salaries, but no FTE is shown, the district must rectify the situation before the data can be submitted. Development of the report formats can be done at the state level and applied to the core data so each district is not responsible for preparing all of the charts and tables presented in the report. These could be prepared using the raw data.
4. Data for selected districts could be downloaded to spreadsheets allowing analysis similar to what KASBO has done on the seven districts referred to earlier. This analysis would then lead to better reporting as other coding differences are identified.

As the legislative post audit indicates, the task of identifying all of the appropriate elements of a reporting model are not yet complete. We urge you not to pass House Bill 2904 at this time. The legislative post audit report identifies some existing statutes that make reporting difficult. It would be counter-productive to add additional rules that limit the development of a good reporting model. We also ask that you include representation from KASBO in a task force that would complete the work of the legislative post audit. Our work in comparative reporting and our experience with Kansas school finance can be a valuable asset to this project.

Sincerely,



Tim Rooney, Manager, Budget and Finance
Shawnee Mission School District

Testimony Regarding Reporting Requirements

March 14, 2002

8.2

	District #1	District #2	District #3	District #4	District #5	District #6	District #7
Cost Per Pupil							
Basic Education	\$ 6,362.52	\$ 6,583.75	\$ 6,479.72	\$ 6,298.19	\$ 5,877.94	\$ 6,021.11	\$ 6,104.77
Expanded Education	48.64	67.66	62.03	59.92	26.42	24.31	36.26
Adult Education	-	-	0.16	-	-	-	0.17
Auxiliary	27.56	210.80	-	10.90	-	402.21	15.60
Capital	2,612.53	1,038.66	1,788.02	1,496.55	762.40	81.90	905.57
Transportation	208.81	306.78	307.06	255.30	255.08	320.38	179.30
Food Service	314.40	340.42	340.61	328.34	345.31	370.50	292.89
Total	\$ 9,574.46	\$ 8,548.08	\$ 8,977.61	\$ 8,449.20	\$ 7,267.16	\$ 7,220.41	\$ 7,534.56

Totals - CPP vs. Functional

Functional Percentages

Basic Education							
Instruction	60.1%	60.9%	55.2%	61.4%	60.2%	59.1%	64.1%
Student Support	5.0%	3.6%	3.3%	6.1%	6.4%	2.3%	5.6%
Instructional Support	7.8%	4.5%	5.7%	6.7%	4.9%	4.5%	3.8%
General Administration	2.2%	8.8%	9.8%	1.2%	3.9%	1.5%	1.0%
School Administration	6.9%	7.9%	7.6%	5.6%	7.2%	7.5%	6.2%
Operations and Maintenance	10.2%	11.5%	13.8%	10.1%	12.1%	16.5%	11.5%
Student Transportation	0.0%	0.0%	0.9%	2.0%	1.9%	0.0%	1.6%
Other Supplemental	5.1%	0.0%	1.1%	4.8%	0.7%	7.5%	4.9%
Food Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Community Services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Student Activities	2.6%	2.8%	2.4%	2.1%	2.7%	0.0%	1.3%
Facilities Acquisition	0.1%	0.0%	0.2%	0.0%	0.0%	1.1%	0.0%
Debt Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expanded Education							
Instruction	50.1%	84.9%	97.7%	40.0%	83.7%	100.0%	58.0%
Student Support	46.7%	8.0%	0.0%	46.1%	15.2%	0.0%	30.6%
Instructional Support	1.0%	0.0%	1.3%	4.8%	0.0%	0.0%	1.9%
General Administration	0.0%	0.0%	0.0%	0.8%	0.0%	0.0%	0.0%
School Administration	2.0%	6.1%	0.1%	2.1%	0.0%	0.0%	7.2%
Operations and Maintenance	0.2%	1.0%	0.9%	6.2%	1.1%	0.0%	2.3%
Student Transportation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Supplemental	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Food Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Community Services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Student Activities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Facilities Acquisition	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adult Education							
Instruction	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
Student Support	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Instructional Support	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General Administration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
School Administration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operations and Maintenance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Student Transportation	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Supplemental	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Food Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Community Services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Student Activities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Facilities Acquisition	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Auxiliary							
Instruction	62.8%	65.1%	0.0%	69.4%	0.0%	55.0%	33.9%
Student Support	3.4%	0.0%	0.0%	20.0%	0.0%	9.6%	32.3%
Instructional Support	33.8%	29.1%	0.0%	4.1%	0.0%	22.0%	31.0%
General Administration	0.0%	3.1%	0.0%	2.2%	0.0%	4.3%	0.0%
School Administration	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Operations and Maintenance	0.0%	0.0%	0.0%	0.0%	0.0%	6.9%	0.0%
Student Transportation	0.0%	2.7%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Supplemental	0.0%	0.0%	0.0%	4.3%	0.0%	2.2%	0.0%
Food Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Community Services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Student Activities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Facilities Acquisition	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.8%
Debt Service	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital							
Instruction	2.2%	7.3%	0.1%	1.6%	23.0%	47.0%	15.2%
Student Support	0.0%	0.0%	0.0%	4.1%	0.0%	0.0%	0.0%