

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION K-12.

The meeting was called to order by Chairperson Kathe Decker at 9:00 a.m. on March 12, 2003 in Room 313-S of the Capitol.

All members were present.

Committee staff present: Carolyn Rampey, Legislative Research Department
Kathie Sparks, Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Ann Deitcher, Committee Secretary

Conferees appearing before the committee: Leo Hafner, Deputy Legislative Post Auditor
Representative Rocky Nichols
Dale Dennis, Deputy Commissioner Dept. of Education

HB 2408 - Enacting school budgeting best practices reform act.

The Chair introduced Leo Hafner who explained that his testimony dealt only with New Section 2 of **HB 2408**, (lines 17-27). (Attachment 1).

A question and answer session followed.

Representative Nichols testified as a proponent to **HB 2408**. (Attachment 2).

Dale Dennis spoke to the committee in explanation of **HB 2408**.

Dr. Hurn appeared in opposition to **HB 2408**. (Attachment 3).

The hearing on **HB 2408** was continued until Friday, March 14.

SB 82 - Concerning school districts; relating to the powers and duties of the board of education.

It was moved by Representative Reardon and seconded by Representative Lightner that the meeting on SB 82 be moved to Monday, March 17, 2003.

The meeting was adjourned at 10:50 a.m. The next meeting is scheduled for Friday, March 14, 2003.



LEGISLATURE OF KANSAS
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Testimony for the House Education Committee on HB 2408

Leo Hafner, Deputy Legislative Post Auditor

March 12, 2003

Mr. Chairman and members of the Committee, thank you for allowing me to appear before you to provide background information related to HB 2408. The focus of my testimony is only on New Section 2 (lines 17-27), which would implement a recommendation from our audit, *School District Budgets: Determining Ways To Structure the Budget Document To Make It Understandable and Allow for Meaningful Comparisons*. My testimony does not address other parts of the bill.

During our audit, we found that K.S.A. 79-2927 requires school districts to budget to spend all the revenues available to them in their major operating funds, whether or not they plan to spend those funds that year. This requirement forces districts to artificially inflate their projected expenditures for the budget year. It also distorts budget-year information, makes it impossible to determine what a district's actual spending plans are, and can mask the potential carry-over balance a district anticipates. Here's what we showed in the audit for the 4 districts in our sample:

**Carryover Balances as of 6-30-01 in
 All the Funds Affected by K.S.A. 79-2927**

Manhattan	\$3,886,138
Salina	\$3,686,522
Topeka	\$11,442,639
Wichita	\$19,708,285

Finally, the existing requirement makes actual-to-budget comparisons meaningless because large amounts are budgeted for line items when only small amounts are really being spent. Here are examples from our audit:

District	Fund and Object	Actual 2000-2001 expenditures	Budgeted expenditures for 2001-2002
Topeka school district	Food Service Fund-Other	\$7,304	\$2,060,132
	AVTS Fund-Other	\$0	\$2,610,182
	Special Education Fund-Other	\$0	\$1,721,491

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Manhattan school district	Special Education Fund—Other	\$1,418	\$1,202,263
	AVTS Fund—Other	\$58,386	\$866,640
	Driver Training Fund—Other	\$0	\$111,621

I've also attached pages from our audits showing the 4 sample districts' operating expenditures. Where you see really large percentage increases in the far right-hand columns of these tables (which compare 2001 actual expenditures to 2002 budgeted expenditures), you're often seeing the effect of school districts having to pad their budgets.

Having this requirement made no sense to us or to any of the school district officials we talked with during the audit. From our standpoint, the provisions in New Section 2 of HB 2408 that would eliminate the requirement for districts to budget to spend all their available revenues would address these problems and improve the readability of school district budget documents—in whatever format they are ultimately presented.

USD 501 Topeka Public Schools
Fiscal Year 2001-2002
Operating Expenditures By Functional Area and Object

OPERATING EXPENDITURES	1999-00 Actual	2000-01 Actual	2001-02 Budget	2001-02 Difference from Prior Year	
				Dollars	Percent
Instruction					
Salaries	\$36,867,057	\$37,310,198	\$40,727,645	\$3,417,447	9.2%
Employee Benefits	\$6,140,131	\$6,609,156	\$9,598,760	\$2,989,604	45.2%
Purchased Services	\$1,274,836	\$741,046	\$788,788	\$47,742	6.4%
Supplies	\$2,884,024	\$2,662,621	\$2,516,806	(\$145,815)	(5.5%)
Other	\$96,558	\$92,158	\$3,135,784	\$3,043,626	3,302.6%
Total Instruction	\$47,262,606	\$47,415,179	\$56,767,783	\$9,352,604	19.7%
Student and Instruction Support Services					
Salaries	\$11,508,734	\$11,932,226	\$12,631,160	\$698,934	5.9%
Employee Benefits	\$1,714,898	\$1,747,610	\$1,309,844	(\$437,766)	(25.0%)
Purchased Services	\$1,088,688	\$1,455,026	\$1,600,614	\$145,588	10.0%
Supplies	\$616,758	\$556,120	\$696,244	\$140,124	25.2%
Other	\$52,777	\$74,962	\$1,756,422	\$1,681,460	2,243.1%
Total Student and Instruction Support Services	\$14,981,855	\$15,765,944	\$17,994,284	\$2,228,340	14.1%
Administration and Other Support Services					
Salaries	\$8,533,877	\$8,717,466	\$8,919,765	\$202,299	2.3%
Employee Benefits	\$1,722,425	\$1,842,425	\$2,617,228	\$774,803	42.1%
Purchased Services	\$2,966,249	\$1,635,348	\$2,462,687	\$827,339	50.6%
Supplies	\$511,917	\$444,363	\$725,883	\$281,520	63.4%
Other	\$418,572	\$256,402	\$880,767	\$624,365	243.5%
Total Administration and Other Support Services	\$14,153,040	\$12,896,004	\$15,606,330	\$2,710,326	21.0%
Transportation					
Salaries	\$458,231	\$503,468	\$463,642	(\$39,826)	(7.9%)
Employee Benefits	\$68,336	\$84,043	\$60,414	(\$23,629)	(28.1%)
Purchased Services	\$2,878,277	\$2,972,517	\$3,828,533	\$856,016	28.8%
Supplies	\$12,999	\$23,922	\$24,621	\$699	2.9%
Other	\$5,507	\$5,270	\$6,400	\$1,130	21.4%
Total Transportation	\$3,423,350	\$3,589,220	\$4,383,610	\$794,390	22.1%
Food Service					
Salaries	\$1,454,881	\$1,422,420	\$1,661,474	\$239,054	16.8%
Employee Benefits	\$283,454	\$311,084	\$301,800	(\$9,284)	(3.0%)
Purchased Services	\$25,573	\$32,058	\$70,350	\$38,292	119.4%
Supplies	\$1,895,441	\$1,989,911	\$2,087,659	\$97,748	4.9%
Other	\$25,490	\$7,304	\$2,060,132	\$2,052,828	28,105.5%
Total Food Service	\$3,684,839	\$3,762,777	\$6,181,415	\$2,418,638	64.3%
Operations and Maintenance					
Salaries	\$4,586,440	\$4,712,188	\$5,128,095	\$415,907	8.8%
Employee Benefits	\$661,812	\$729,220	\$470,704	(\$258,516)	(35.5%)
Purchased Services	\$758,891	\$986,727	\$1,356,444	\$369,717	37.5%
Supplies	\$1,993,352	\$2,905,308	\$3,186,331	\$281,023	9.7%
Other	(\$19,435)	\$11	\$0	(\$11)	(100.0%)
Total Operations and Maintenance	\$7,981,060	\$9,333,454	\$10,141,574	\$808,120	8.7%
Miscellaneous Expenditures	\$0	\$54,240	\$0	(\$54,240)	(100.0%)
TOTAL OPERATING EXPENDITURES	\$91,486,750	\$92,816,818	\$111,074,996	\$18,258,178	19.7%

USD 383 Manhattan Public Schools
Fiscal Year 2001-2002
 Operating Expenditures By Functional Area and Object

OPERATING EXPENDITURES	1999-00 Actual	2000-01 Actual	2001-02 Budget	2001-02 Difference from Prior Year	
				Dollars	Percent
Instruction					
Salaries	\$17,145,107	\$17,733,008	\$18,908,404	\$1,175,396	6.6%
Employee Benefits	\$1,854,614	\$2,269,734	\$2,558,669	\$288,935	12.7%
Purchased Services	\$249,528	\$260,568	\$225,964	(\$34,604)	(13.3%)
Supplies	\$955,668	\$1,871,084	\$1,101,892	(\$769,192)	(41.1%)
Other	\$30,700	\$36,722	\$138,005	\$101,283	275.8%
Total Instruction	\$20,235,617	\$22,171,116	\$22,932,934	\$761,818	3.4%
Student and Instruction Support Services					
Salaries	\$2,779,736	\$2,834,304	\$3,297,819	\$463,515	16.4%
Employee Benefits	\$271,064	\$342,742	\$372,807	\$30,065	8.8%
Purchased Services	\$267,195	\$338,220	\$294,115	(\$44,105)	(13.0%)
Supplies	\$459,665	\$470,355	\$391,312	(\$79,043)	(16.8%)
Other	\$0	\$99	\$500	\$401	405.1%
Total Student and Instruction Support Services	\$3,777,660	\$3,985,720	\$4,356,553	\$370,833	9.3%
Administration and Other Support Services					
Salaries	\$3,939,369	\$3,924,768	\$4,216,963	\$292,195	7.4%
Employee Benefits	\$330,415	\$487,421	\$514,389	\$26,968	5.5%
Purchased Services	\$438,860	\$350,879	\$401,412	\$50,533	14.4%
Supplies	\$331,951	\$230,408	\$255,650	\$25,242	11.0%
Other	\$6,167	\$68,241	\$3,145,415	\$3,077,174	4,509.3%
Total Administration and Other Support Services	\$5,046,762	\$5,061,717	\$8,533,829	\$3,472,112	68.6%
Transportation					
Salaries	\$728,088	\$722,558	\$881,596	\$159,038	22.0%
Employee Benefits	\$79,787	\$92,926	\$118,996	\$26,070	28.1%
Purchased Services	\$238,021	\$228,715	\$303,000	\$74,285	32.5%
Supplies	\$168,790	\$193,116	\$219,000	\$25,884	13.4%
Other	\$153,572	\$85,289	\$15,206	(\$70,083)	(82.2%)
Total Transportation	\$1,368,258	\$1,322,604	\$1,537,798	\$215,194	16.3%
Food Service					
Salaries	\$739,610	\$716,354	\$769,324	\$52,970	7.4%
Employee Benefits	\$58,732	\$140,656	\$132,378	(\$8,278)	(5.9%)
Purchased Services	\$26,938	\$23,399	\$32,183	\$8,784	37.5%
Supplies	\$993,544	\$915,764	\$971,500	\$55,736	6.1%
Other	\$18,420	\$0	\$0	\$0	N/A
Total Food Service	\$1,837,244	\$1,796,173	\$1,905,385	\$109,212	6.1%
Operations and Maintenance					
Salaries	\$1,364,549	\$1,345,563	\$1,457,740	\$112,177	8.3%
Employee Benefits	\$157,978	\$203,190	\$227,061	\$23,871	11.7%
Purchased Services	\$938,324	\$985,727	\$1,168,907	\$183,180	18.6%
Supplies	\$1,197,397	\$1,338,721	\$1,425,073	\$86,352	6.5%
Other	\$0	\$0	\$0	\$0	N/A
Total Operations and Maintenance	\$3,658,248	\$3,873,201	\$4,278,781	\$405,580	10.5%
Miscellaneous Expenditures	\$799,077	\$812,442	\$245,196	(\$567,246)	(69.8%)
TOTAL OPERATING EXPENDITURES	\$36,722,866	\$39,022,973	\$43,790,476	\$4,767,503	12.2%

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USD 259 Wichita Public Schools
Fiscal Year 2001-2002
 Operating Expenditures By Functional Area and Object

OPERATING EXPENDITURES	1999-00 <i>Actual</i>	2000-01 <i>Actual</i>	2001-02 <i>Budget</i>	2001-02 Difference from Prior Year	
				<i>Dollars</i>	<i>Percent</i>
Instruction					
Salaries	\$127,021,048	\$130,149,803	\$144,388,572	\$14,238,769	10.9%
Employee Benefits	\$27,250,803	\$29,690,560	\$33,765,279	\$4,074,719	13.7%
Purchased Services	\$8,792,867	\$9,120,988	\$9,859,711	\$738,723	8.1%
Supplies	\$6,223,885	\$7,831,432	\$7,915,113	\$83,681	1.1%
Other	\$16,441	\$21,831	\$29,259	\$7,428	34.0%
Total Instruction	\$169,305,044	\$176,814,614	\$195,957,934	\$19,143,320	10.8%
Student and Instruction Support Services					
Salaries	\$23,899,878	\$25,224,012	\$25,167,518	(\$56,494)	(0.2%)
Employee Benefits	\$5,772,279	\$6,248,815	\$6,770,941	\$522,126	8.4%
Purchased Services	\$889,342	\$840,535	\$1,160,127	\$319,592	38.0%
Supplies	\$1,442,500	\$1,576,845	\$1,591,156	\$14,311	0.9%
Other	\$5,952	\$5,143	\$80	(\$5,063)	(98.4%)
Total Student and Instruction Support Services	\$32,009,951	\$33,895,350	\$34,689,822	\$794,472	2.3%
Administration and Other Support Services					
Salaries	\$21,713,482	\$22,232,980	\$25,987,380	\$3,754,400	16.9%
Employee Benefits	\$5,558,596	\$6,083,251	\$6,643,269	\$560,018	9.2%
Purchased Services	\$4,741,429	\$4,365,223	\$5,486,271	\$1,121,048	25.7%
Supplies	\$1,836,064	\$1,941,950	\$2,355,525	\$413,575	21.3%
Other	\$238,520	\$195,483	\$260,377	\$64,894	33.2%
Total Administration and Other Support Services	\$34,088,091	\$34,818,887	\$40,732,822	\$5,913,935	17.0%
Transportation					
Salaries	\$549,789	\$532,607	\$606,053	\$73,446	13.8%
Employee Benefits	\$110,251	\$111,533	\$125,607	\$14,074	12.6%
Purchased Services	\$14,085,676	\$13,669,706	\$14,977,594	\$1,307,888	9.6%
Supplies	\$814,680	\$986,053	\$1,126,047	\$139,994	14.2%
Other	\$7,428	\$11,040	\$22,947	\$11,907	107.9%
Total Transportation	\$15,567,824	\$15,310,939	\$16,858,248	\$1,547,309	10.1%
Food Service					
Salaries	\$3,451,529	\$3,504,919	\$4,165,849	\$660,930	18.9%
Employee Benefits	\$1,053,178	\$1,154,147	\$1,336,068	\$181,921	15.8%
Purchased Services	\$108,404	\$131,349	\$133,350	\$2,001	1.5%
Supplies	\$4,771,652	\$6,898,211	\$7,156,110	\$257,899	3.7%
Other	\$513,502	\$517,708	\$595,345	\$77,637	15.0%
Total Food Service	\$9,898,265	\$12,206,334	\$13,386,722	\$1,180,388	9.7%
Operations and Maintenance					
Salaries	\$16,342,739	\$16,250,037	\$17,479,179	\$1,229,142	7.6%
Employee Benefits	\$4,284,048	\$4,565,356	\$4,686,259	\$120,903	2.6%
Purchased Services	\$2,130,838	\$1,951,543	\$2,752,584	\$801,041	41.0%
Supplies	\$5,588,636	\$8,388,034	\$7,642,376	(\$745,658)	(8.9%)
Other	\$72,641	\$58,297	\$4,490	(\$53,807)	(92.3%)
Total Operations and Maintenance	\$28,418,902	\$31,213,267	\$32,564,888	\$1,351,621	4.3%
Miscellaneous Expenditures	\$0	\$345,371	\$115,097	(\$230,274)	(66.7%)
TOTAL OPERATING EXPENDITURES	\$289,288,077	\$304,604,762	\$334,305,533	\$29,700,771	9.8%

USD 305 Salina Public Schools
Fiscal Year 2001-2002
 Operating Expenditures By Functional Area and Object

OPERATING EXPENDITURES	1999-00 Actual	2000-01 Actual	2001-02 Budget	2001-02 Difference from Prior Year	
				Dollars	Percent
Instruction					
Salaries	\$26,315,472	\$27,984,497	\$31,099,883	\$3,115,386	11.1%
Employee Benefits	\$2,930,810	\$3,599,122	\$4,293,537	\$694,415	19.3%
Purchased Services	\$446,383	\$380,400	\$418,200	\$37,800	9.9%
Supplies	\$1,475,989	\$1,583,386	\$1,761,272	\$177,886	11.2%
Other	\$29,001	\$1,165	\$1,500	\$335	28.8%
Total Instruction	\$31,197,655	\$33,548,570	\$37,574,392	\$4,025,822	12.0%
Student and Instruction Support Services					
Salaries	\$5,475,152	\$5,637,489	\$5,980,000	\$342,511	6.1%
Employee Benefits	\$532,929	\$647,454	\$718,700	\$71,246	11.0%
Purchased Services	\$198,388	\$279,766	\$248,900	(\$30,866)	(11.0%)
Supplies	\$348,983	\$327,770	\$438,000	\$110,230	33.6%
Other	\$13,250	\$34,098	\$35,000	\$902	2.6%
Total Student and Instruction Support Services	\$6,568,702	\$6,926,577	\$7,420,600	\$494,023	7.1%
Administration and Other Support Services					
Salaries	\$3,401,877	\$3,771,965	\$4,133,000	\$361,035	9.6%
Employee Benefits	\$385,194	\$448,199	\$541,950	\$93,751	20.9%
Purchased Services	\$780,596	\$841,844	\$882,500	\$40,656	4.8%
Supplies	\$216,398	\$348,299	\$432,500	\$84,201	24.2%
Other	\$72,064	\$91,085	\$0	(\$91,085)	(100.0%)
Total Administration and Other Support Services	\$4,856,129	\$5,501,392	\$5,989,950	\$488,558	8.9%
Transportation					
Salaries	\$0	\$0	\$0	\$0	N/A
Employee Benefits	\$0	\$0	\$0	\$0	N/A
Purchased Services	\$1,230,634	\$1,274,012	\$1,630,000	\$355,988	27.9%
Supplies	\$0	\$0	\$0	\$0	N/A
Other	\$0	\$0	\$0	\$0	N/A
Total Transportation	\$1,230,634	\$1,274,012	\$1,630,000	\$355,988	27.9%
Food Service					
Salaries	\$1,094,902	\$1,118,070	\$1,212,500	\$94,430	8.4%
Employee Benefits	\$167,458	\$232,247	\$255,000	\$22,753	9.8%
Purchased Services	\$142,376	\$150,678	\$150,000	(\$678)	(0.4%)
Supplies	\$1,289,853	\$1,290,566	\$1,451,327	\$160,761	12.5%
Other	\$0	\$0	\$0	\$0	N/A
Total Food Service	\$2,694,589	\$2,791,561	\$3,068,827	\$277,266	9.9%
Operations and Maintenance					
Salaries	\$2,596,143	\$2,605,524	\$2,815,000	\$209,476	8.0%
Employee Benefits	\$386,159	\$416,546	\$486,748	\$70,202	16.9%
Purchased Services	\$831,108	\$656,746	\$740,350	\$83,604	12.7%
Supplies	\$802,986	\$1,064,283	\$1,185,000	\$120,717	11.3%
Other	\$0	\$3,389	\$5,550	\$2,161	63.8%
Total Operations and Maintenance	\$4,616,396	\$4,746,488	\$5,232,648	\$486,160	10.2%
Miscellaneous Expenditures	\$285,496	\$248,096	\$300,000	\$51,904	20.9%
TOTAL OPERATING EXPENDITURES	\$51,449,601	\$55,036,696	\$61,216,417	\$6,179,721	11.2%

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ROCKY NICHOLS
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HOUSE OF
REPRESENTATIVES

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Chairperson Decker and members of the Education Committee:

Thank you for the opportunity to testify in favor of a bill I introduced, HB 2408, the School Budgeting Best Practices Reform Act. For members of the committee who I have not met, I'm starting my 11th year in the House and my ninth year serving on the Appropriations Committee, where I serve as the Ranking Member of Appropriations. I am also a member of the Education Budget Committee.

In his book Budgeting Democracy, author Jonathan Kahn describes effective budget documents as creating "accountable and responsible government ... serving as a guide to the people ... providing alienated citizens with a much needed sense of connection to their government ... (and) a means to revitalize representative democracy."

The above words ring true for advocates of school budget reform, however, they were used by Kahn to describe the nationwide budget reform efforts of the late 1890s and early 1900s. This quote shows that budget reform is eternally integrated as a part of our nation's struggle for openness and transparency. In short, budget reform is as American as apple pie. Our nation led the charge for state and local budget reform in the early 1990s. Hopefully our state will lead the charge for school budget reform during this legislative session.

What HB 2408 does.

1. Requires an "At-A-Glance" Budget – This bill would require the Department of Education to develop a format for an "at-a-glance" budget, based on national best practices and standards, like those of the GFOA (Government Finance Officers Association), ASBO (Association of School Business Officials), etc. Schools would then be required to have an "at-a-glance" budget based on those best practice standards. This will help ensure that the budget at-a-glance document is effective and easy to understand. It will allow the busy soccer moms and dads to understand the basics of the school district's budget without having to hire a babysitter and an accountant in order to know how their tax dollars are being spent to educate little Rickie. Schools would benefit from a budget in this easy-to-read format. For example, the Topeka USD 501 budget is 286 pages long. Thankfully, the make it incredibly convenient by not numbering the pages and not including a table of contents. This at-a-glance budget would help raise taxpayer awareness of the budget.

2. Raises the Bar for Schools to Meet Nationally Accepted Standards on Budgeting - All school districts would be required to apply for a GFOA or ASBO budget award by

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school year 2005-2006, and they would have to receive a budget award from one of these two nationwide groups by school year 2007-2008 (giving them four years to accomplish this goal). Doing this ensures that school budget documents are transparent, effective and easy to understand. It will also ensure that school budget documents conform to nationally-accepted budgeting best practices and that school budgets receive a "stamp of approval" based on nationally-accepted standards from an impartial, third-party expert in the area of budget reform. The GFOA and ASBO literally live and breath this stuff. As a state we should aspire to have all school budget documents obtain GFOA or ASBO accreditation through obtaining a budget award. Budget documents are like a financial treaty between the school district and its taxpayers. Unfortunately for many taxpayers, that treaty might as well be written in Greek, because many school district budgets are difficult to follow. This requirement would change that, by having budget documents peer reviewed with the formats based on national standards, ensuring clarity and effectiveness.

3. Requires the Dept. of Education's profile format to be based on these standards –

In order to help school districts obtain either a GFOA or ASBO budget award, the Department of Education would be required to take their newly developed budgeting format (which is also mandated under SB83) and modify this "format" (or "profile") to ensure that it is based on the standards and criteria of the GFOA and ASBO. School districts would then follow this format in preparing their budget. This provision is a key difference from SB 83, in that it requires that this new format be based on nationwide standards and criteria in best practices budgeting. HB 2408 takes the standardized budget format idea in the Task Force recommendation to a higher level by having it conform to nationwide criteria.

4. Creates Truth in Budgeting -- This bill also stops the questionable practice of not allowing school districts to carry forward funds from one year to the next. Currently, districts must account for all dollars as "planned expenditures," even if they know they will not spend it all. This creates situations where a school may show \$4 million "budgeted" for computers, when it may only truthfully spend around \$600,000. This encourages schools to distort planned expenditures in order follow the law. This makes the dollars listed in school budget documents questionable at best. Also, the bill requires school districts report actual and budget expenditures/revenue for all funds. It requires a separate fund for budgeting revenues received for students under the custody of SRS. Also, it puts into law that "whenever feasible" that the board should work to maximize federal matching funds. Except for the maximization of federal funds, all of were included in the LEPC Task Force.

5. Public Notification and Comment – Requires that on or before August 1 of each year that the school board shall prepare both its "at-a-glance" and complete budget documents. Prior to adopting the budget the Board will hold a public hearing and give at least 14 days notice of such hearing. The budget documents will be available 14 days prior to the hearing.

Why School Budget Reform is needed:

I am an advocate for school budget reform because I am also an advocate for quality education. As a product of Topeka public schools, I am incredibly supportive of better funding for public education. If not for the dedicated teachers and educational opportunities I received from public schools, I would not have sought public office, nor would I have obtained my undergraduate degree from Washburn University or my Masters Degree from the University of Kansas.

I believe that all supporters of K-12 education should fight for school budget reform, because it ultimately instills more faith and greater support in our public schools. Taxpayers support what they understand. Referring back to the quote from the Kahn book, a clear budget document provides "citizens with a much needed sense of connection to their government," in this case schools. A greater connection means greater support.

One example of why reform is needed.

Last summer, I completed a review of Topeka USD 501's budget document for a master's class I was taking. I compared the USD 501 budget document to the budget awards standards of the Government Finance Officers Association (GFOA). The GFOA is a nationwide organization of budget officers whose sole mission is to establish standards and criteria to ensure that budget documents are effective and easy to understand. The good news is that the Topeka USD 501 budget document did not fail all 26 of the GFOA budget award standards. The bad news is that it failed 24 of the 26 criteria. The only two criteria it passed were that it had an organizational chart and that it accounted for all expenditures. That's like getting extra credit for having a cover page for your book report.

If you doubt my word that most Kansas school district budgets documents are in need of reform, listen to what an outsider has to say. Professor Kurt Thurmaier, director of the Iowa State University Masters of Public Administration program, is a published and well-respected authority in the area of public budgeting. He was also the advisor who oversaw my GFOA review of the USD 501 budget. Professor Thurmaier's analysis of the USD 501 budget document was sobering:

"The sheer incomprehensibility of this pathetic monster only leads the reader to believe USD 501 spends lots of money, but for purposes that are obscure or unclear. What do they do with all that money?"

I thank you for your thoughtful consideration of HB 2408. I would stand for any questions.

APPENDIX B
Detailed Criteria Location Guide
Distinguished Budget Presentation Awards Program
Government Finance Officers Association

Name of Entity: USD 501 - Topeka Public Schools State/Province: Ks

Participants: 1) In the first column, indicate "Y" (yes) or "N" (no) for each question under a given criterion, and 2) in the second column, cite page references where information can be found in the operating budget in response to each question.

Reviewers: In the third column, 1) indicate pages where information is found only if the locations are different from those cited by participants and 2) in box provided at top right hand corner, indicate rating for each criterion and for each overall category based on the following rating scale:

1=Information not present 2=Does not satisfy criteria 3=Proficient 4=Outstanding

The Budget as a Policy Document	For Participant Use Only Page References	For Reviewer Use Only Page References/Rating
<p>1. The document should include a coherent statement of organization-wide financial and programmatic policies and goals that address long-term concerns and issues.</p> <p>a) Are <u>goals</u> or policies stated? <u>N</u> (Not really)</p> <p>b) Are the goals organization-wide? <u>Y</u></p> <p>c) Do the policies address both financial <u>N</u> and programmatic (service delivery) concerns? <u>N</u></p> <p>d) Do the policies cover a multi-year time frame? <u>N</u></p>	<p align="center">No page numbers, "insert" more numbers</p> <p><u>1</u></p> <p><u>1</u></p>	<p align="center"><u>1</u></p> <p>Goals = Yes; Policies = No</p> <p>↳ sort-of</p>
<p>2. The document should describe the organization's short-term financial and operational policies that guide the development of the budget for the upcoming year.</p> <p>a) Are short-term policies stated? <u>N</u></p> <p>b) Are the short-term policies financial <u>N</u> and are they operational? <u>N</u></p> <p>c) Do the policies guide the development of the annual budget (i.e., annual pay increases, fee changes, new positions, equipment replacement, program enhancements, new facilities)? <u>N</u></p>		<p align="center"><u>1</u></p>
<p>3. The document should include a coherent statement of goals and objectives of organizational units (e.g., departments, divisions, offices or programs).</p> <p>a) Do most of the entity's organizational units have long-term goals (descriptions of anticipated accomplishments as opposed to descriptions of functions and activities required by Operations Guide Criterion #1, e.g., recycle 20% of community's solid waste stream)? <u>N</u></p> <p>b) Do most of the entity's organizational units have quantifiable short-term objectives listed (e.g., open two new recycling drop-off centers by December 31, xxx)? <u>N</u></p> <p>c) Are the units' goals linked to the overall goals of the organization? <u>N</u></p>	<p align="center"><u>1</u></p>	<p align="center"><u>1</u></p>
<p>4. Mandatory: The document shall include a budget message that articulates priorities and issues for the budget for the new year. The message should describe significant changes in priorities from the current year and explain the factors that led to those changes. The message may take one of several forms (e.g., transmittal letter, budget summary section).</p> <p>a) Does the message highlight the issues facing the governing body in developing the budget? <u>N</u></p> <p>b) Does the message highlight the priorities set for the budget year and explain how they differ from those in the current year? <u>N</u></p> <p>c) Is the message comprehensive enough to address all major funds and not only the general fund? <u>N</u></p> <p>d) Does the message contain headings emphasizing highlights? <u>N</u></p>		<p align="center"><u>1</u></p>
<p>OVERALL AS A POLICY DOCUMENT</p>		<p align="center"><u>1</u></p>

APPENDIX B (CONT'D)

Rating scale: 1=Information not present 2=Does not satisfy criteria 3=Proficient 4=Outstanding

The Budget as a Financial Plan For Participant Use Only	Page References	For Reviewer Use Only* Page References/Rating
<p>1. The document should include and describe all funds that are subject to appropriation.</p> <p>a) Are all funds appropriated by the organization included in the document? <u>Y</u></p> <p>b) Are all funds appropriated by the organization described in the document? <u>Y</u></p> <p>c) Is an overview of your fund structure contained in the document? <u>Y</u></p>	<p><u>2</u> (This shows the line-item appropriation)</p> <p><u>3</u> (one example → general fund)</p> <p><u>4</u></p>	<p><u>3</u> (could be a "2")</p> <p>This is one example of the line-items</p>
<p>2. Mandatory: The document shall present a summary of major revenues and expenditures, as well as other financing sources and uses, to provide an overview of the total resources budgeted by the organization.</p> <p>a) Is a single consolidated overview that presents all resources and expenditures included in the document? <u>N</u></p> <p>b) Does the overview present the major categories of revenues/sources and expenditures/uses (i.e., revenues by major type and expenditures broken down by organization, category or character of expenditure) for all funds? <u>N</u></p>	<p><u>4</u></p> <p><u>4</u></p>	<p><u>2</u></p> <p>Resources = Yes; Expenditures = No</p>
<p>3. Mandatory: The document shall include summaries of revenues and other resources, and of expenditures for the prior year actual, current year budget and/or estimated current year actual, and proposed budget year.</p> <p>a) Are both revenues and expenditures for at least a three-year period (prior year actual, current year budget and/or estimate, and budget year projected) presented? <u>Y</u></p> <p>b) If yours is a biennial budget, are revenues and expenditures for at least a four-year period (at least one prior year actual, current year budget and/or estimate, and two budget years projected) presented? <u>N/A</u></p>	<p>* Revenue does not show current year budgeted/estimate. (shows actual)</p> <p><u>2, 4, 11, 12</u></p> <p><u>N/A</u></p>	<p><u>2</u></p> <p>Revenue + Expenditures = sum-of, shows '01 Budgeted, '01 actual, '02 projected</p> <p><u>Not biennial</u></p>
<p>4. Mandatory: The document shall describe major revenue sources, explain the underlying assumptions for the revenue estimates, and discuss significant revenue trends.</p> <p>a) Are the major revenue sources for all funds (usually three to five major revenue sources account for the bulk of an entity's revenues, e.g., a local option sales tax for a locality or landing for an aviation authority) identified and described? <u>Y</u></p> <p>b) Are the assumptions underlying the revenue estimates for the budget year discussed (e.g., what is the basis for each estimate - i.e., trend analysis, state-provided estimates, changes in the local economy, fee increases, etc.; does percent change information supplement the explanation of why a change is expected)? <u>N</u></p> <p>c) Are revenue trends discussed (are they also enhanced with graphics)? <u>N</u></p>	<p><u>4, 3, 6, 13</u></p>	<p><u>2</u></p>
<p>5. Mandatory: The document shall include projected changes in fund balances, as defined by the entity in the document, for governmental funds included in the budget presentation, including all balances potentially available for appropriation.</p> <p>a) Are disclosure of changes in fund balances (to include beginning and ending fund balances) for all governmental funds, not just the general fund, provided? <u>N</u></p> <p>b) Are fund balances disclosed even if they are required to be zero? <u>N</u></p> <p>c) Is narrative discussion provided in the budget message or transmittal letter if fund balances are anticipated to decline over the upcoming budget year and are both short-term and long-term consequences addressed? If projected changes are material, the discussion should be mandatory. <u>N</u></p>	<p><u>5</u> (example)</p> <p><u>5</u> (shows "unencumbered" balances)</p>	<p><u>2</u></p>

*Reviewers should indicate in the box provided at the top right hand corner of the reviewer column their rating for each criterion and overall as a category based on the rating scale above. Where page references cited by participants are inaccurate, reviewers need to indicate the pages where the information is found.

Name of entity: USD 501 - Topeka Public Schools

APPENDIX B (CONT'D)

Rating scale: 1=Information not present 2=Does not satisfy criteria 3=Proficient 4=Outstanding
For Participant Use Only

The Budget as a Financial Plan (cont'd)

Page References

For Reviewer Use Only
Page References/Rating

<p>The document shall include budgeted capital expenditures and a list of capital projects for the budget year which are authorized in the operating budget or in a separate capital budget.</p> <p>a) Are budgeted capital expenditures fully disclosed in the document? <u>Y</u></p> <p>b) Is there a specific listing of capital projects which appropriations are made or committed for the budget year? <u>Y</u></p> <p>c) Are the amounts provided for each capital project? <u>N</u></p>	<p>6 6 (see line-items in that section)</p>	<p>2</p> <p>→ Expenditures are by line-item and department but no description or detail</p>
<p>The document shall describe if and to what extent the amount of money or other resources spending will impact the entity's current and future operating budget. The amount of resources available for additional costs and capital expenditures (e.g., maintenance and district assessments) and the amount of resources available for maintenance and district assessments (e.g., maintenance and district assessments) shall be included.</p> <p>a) Are the amounts of resources available for additional costs and capital expenditures (e.g., maintenance and district assessments) and the amount of resources available for maintenance and district assessments (e.g., maintenance and district assessments) included? <u>Y</u></p> <p>b) Are the amounts of resources available for additional costs and capital expenditures (e.g., maintenance and district assessments) and the amount of resources available for maintenance and district assessments (e.g., maintenance and district assessments) included? <u>N</u></p>		<p>1</p>
<p>8. Mandatory: The document shall include financial data on current debt obligations, describe the relationship between current debt levels and legal debt limits, and explain the effects of existing debt levels on current and future operations.</p> <p>a) Is financial data on current debt obligations included in the document? <u>Y</u></p> <p>b) Is the relationship between current debt levels and legal debt limits described (requirement that a referendum be held before debt may be incurred is a form of legal debt limit)? <u>N</u></p> <p>c) Are legal debt limits described and calculated (or if no legal debt limits exist, is that fact clearly stated)? <u>N</u></p> <p>d) Is a description of your debt policy included? <u>N</u></p>	<p>7</p>	<p>2</p>
<p>9. Mandatory: The document shall explain the basis of budgeting for all funds, whether cash, modified accrual, or some other statutory basis.</p> <p>a) Is a definition of the <i>basis of budgeting</i> for each fund type included? <u>N</u></p> <p>b) Is an explanation of the difference between the <i>basis of budgeting</i> and <i>basis of accounting</i> provided (if the <i>basis of budgeting</i> and <i>basis of accounting</i> are the same, is this fact clearly stated)? <u>N</u></p> <p>c) For budgets which essentially follow the basis of accounting are exceptions (e.g., depreciation or compensated absences) noted? <u>N</u></p>		<p>1</p>
<p>OVERALL AS A FINANCIAL PLAN</p>		<p>2</p>

*Reviewers should indicate in the box provided at the top right hand corner of the reviewer column their rating for each criterion and overall as a category based on the rating scale above. Where page references cited by participants are inaccurate, reviewers need to indicate the pages where the information is found.
NOTE: Outstanding ratings by all three reviewers on FP #6 & #7 and proficient ratings by all three reviewers on CD #2 & #3 criteria will result in special capital recognition being granted.

Name of entity: USD 501 - Topeka Public Schools

APPENDIX B (CONT'D)

Rating scale: 1=Information not present 2=Does not satisfy criteria 3=Proficient 4=Outstanding
For Participant Use Only

The Budget as an Operations Guide

Page References

For Reviewer Use Only*
Page References/Rating

1 **Mandatory:** The document shall describe activities, services or functions carried out by organizational units.

a) Does the document clearly present the organizational units? Y (shows flow chart)
b) Does the document provide descriptions of each organizational unit (i.e., descriptions for divisions, departments, programs, etc. Note: The size or complexity of the entity dictates how far down in the organizational structure this information is presented)? N

7

2
Shows flow chart only, not the relationship in detail or descriptions

2. The document should provide objective methods (quantitative and/or qualitative) of measurement of results by unit or program. Information should be included for prior year actual, current year budget and/or estimate, and budget year.

a) Are performance data (items that cannot be measured accurately should not be reported) included on a quantitative (counted) and/or qualitative (satisfaction-related) basis for the required three year period? N
b) Are demand N, workload N, efficiency (unit cost) N, and effectiveness N measures presented for the required three year period?

This is as close as it comes.
1 (post-it note)

1

3 **Mandatory:** The document shall include an organization chart(s) for the entire organization.

a) Is a chart provided which shows the entire organization and its components? Y

7

3

4 **Mandatory:** A schedule(s) or summary table(s) of personnel or position counts for prior, current and budgeted years shall be provided, including descriptions of significant changes in levels of staffing or reorganizations planned for the budget year.

a) Is a summary table of personnel/position counts provided for the entire organization? N
b) Is information presented for the three year period of prior year actual, current year estimate budget and budget year projected? N
c) Are significant changes in staffing levels or reorganizations for the budget year presented? N

1

OVERALL AS AN OPERATIONS GUIDE

2

For Participant Use Only

The Budget as a Communications Device

Page References

For Reviewer Use Only*
Page References/Rating

The document should provide summary information, including an overview of significant budgetary issues, trends, and resource choices. Summary information should be presented within the budget document either in a separate section (e.g., executive summary) or integrated within the transmittal letter or other overview sections.

a) Is summary information contained in the budget message/transmittal letter, overview section, or in a budget-in-brief document? N

b) Is summary information on significant budgetary issues provided? N

c) Is summary information on budgetary trends provided? N

d) Is an overview of your fund structure contained in the document? Y

4

4

2

Reviewers should indicate in the box provided at the top right hand corner of the reviewer column their rating for each criterion and overall as a category based on the rating above. Where page references cited by participants are inaccurate, reviewers need to indicate the pages where the information is found.

Name of entity: USD 501 - Topeka Public Schools

APPENDIX B (CONT'D)

Rating scale: 1=Information not present 2=Does not satisfy criteria 3=Proficient 4=Outstanding

For Participant Use Only	Page References	For Reviewer Use Only*
The Budget as a Communications Device (cont'd)	Page References	Page References/Rating
<p>2. The document should explain the effect, if any, of other planning processes (e.g. strategic plans, long-range financial plans, capital improvement plans) upon the budget and budget process.</p> <p>a) Are any other planning processes (i.e. multi-year, capital improvement plans, strategic plans, community "vision" statements, etc.) identified? <u>Y</u></p> <p>b) Are the effects of these planning processes on the budget and the budget process explained? <u>N</u></p>	<p><u>1</u></p>	<p><u>2</u></p> <p>Only says that the budget is "sufficient" to meet this strategic plan</p>
<p>3. Mandatory: The document shall describe the process for preparing, reviewing and adopting the budget for the coming fiscal year. It also should describe the procedures for amending the budget after adoption. If a separate capital budget process is used, a description of the process and its relationship to the operating budget should be provided.</p> <p>a) Is a description of the process used to develop, review and adopt the budget included in the document? <u>N</u></p> <p>b) Is a budget calendar provided to supplement and not be a substitute for the narrative information on the budget process? <u>N</u></p> <p>c) If a separate capital budget process is identified, is the process and its relationship to the operating budget described? <u>N</u></p> <p>d) Is a discussion of how this budget is amended provided in the budget document distributed to the public? <u>N</u></p>		<p><u>1</u></p> <p>* There is NO "proposed budget". The budget book (attached) is only published after it is approved by the governing board.</p>
<p>4. Mandatory: Charts and graphs shall be used, where appropriate, to highlight financial and statistical information. Narrative interpretation should be provided when the messages conveyed by the graphs are not self-evident.</p> <p>a) Are charts and graphs used to convey essential information (i.e. key policies, trends, choices and impacts) in the document? <u>Y</u></p> <p>b) Are graphics integrated with narratives to illustrate the information contained in the narratives? <u>N</u></p>	<p><u>4, 8, 9, 10</u></p>	<p><u>2</u></p>
<p>5. The document should provide narrative, tables, schedules, cross-walks or matrices to show the relationship between different revenue and expenditure classifications (e.g. funds, programs, organizational units).</p> <p>a) Is the entity's fund structure explained or illustrated (i.e., can the reader learn the relationship between functional units and the entity's financial structure)? <u>N (SOT)</u></p> <p>b) Is revenue and expenditure information cross-classified into other formats such as by major revenue classifications across funds, or by major objects of expenditure across departments, or by funds across departments? <u>N</u></p>	<p><u>2, 3, 4, 5, 11</u></p>	<p><u>2</u></p> <p>Lots of line-items, not enough explanation or narrative.</p>
<p>6. Mandatory: The document shall include a table of contents to make it easy to locate information in the document.</p> <p>a) Is a comprehensive table of contents provided to help the reader locate information in the document? <u>N</u></p>		<p><u>1</u></p>
<p>7. A glossary should be included for any terminology (including abbreviations and acronyms) that is not readily understood by a reasonably informed reader.</p> <p>a) Is a glossary included which defines technical terms related to finance and accounting as well as terms related to organizations? <u>N</u></p> <p>b) Are any acronyms used in the document defined in the glossary? <u>N</u></p> <p>c) Is the glossary written in simple language for the non-technical reader to understand? <u>N</u></p>		<p><u>1</u></p>

*Reviewers should indicate in the box provided at the top right hand corner of the reviewer column their rating for each criterion and overall as a category based on the rating scale above. Where page references cited by participants are inaccurate, reviewers need to indicate the pages where the information is found. Outstanding ratings by all three reviewers on FP #6 & #7 and proficient ratings by all three reviewers on CD #2 & #3 criteria will result in special capital recognition being granted.

Name of entity: USD 501 - Topeka Public Schools

APPENDIX B (CONT'D)

Rating scale: 1=Information not present 2=Does not satisfy criteria 3=Proficient 4=Outstanding

For Participant Use Only The Budget as a Communications Device (cont'd)	Page References	For Reviewer Use Only* Page References/Rating
<p>8. The document should include statistical and supplemental data that describe the organization and the community or population it serves, and provide other pertinent background information related to the services provided.</p> <p>a) Is statistical information that defines the community such as demographics (e.g., population, composition of population, land area, and average household income) included in the document? <u>N</u></p> <p>b) Is supplemental information such as information on the local economy (e.g., major industries, agricultural products, transportation methods, employment, and building permits issued) included in the document? <u>N</u></p> <p>c) Is other pertinent information on your community such as its local history, maps, and service information such as number of fire stations, miles of paved and unpaved roads, number of schools by type, etc. included in the document? <u>N</u></p>		1
<p>9. The document should be printed and formatted in such a way to enhance understanding and utility of the document to the lay reader. It should be attractive, consistent and oriented to the reader's needs.</p> <p>a) Is the document laid out where the page formats are consistent (so the reader doesn't need to study each page to understand what is being presented)? <u>N</u></p> <p>b) Is the reader buried under minutia of interest only to the entity's staff? <u>Y</u></p> <p>c) Are charts and graphs laid out with sufficient explanation for the casual reader? <u>N</u></p> <p>d) Are changes in type sizes and styles avoided (with the wide availability of clip art, graphics inconsistency in this regard has become more widespread)? <u>N</u></p> <p>e) Does the use of graphics add to (rather than detract from) the overall presentation? <u>N</u></p>	<p>2 (see line items)</p> <p>3, 10 (different fonts)</p> <p>8 (shows mill levy, but why)</p>	2
<p>OVERALL AS A COMMUNICATIONS DEVICE</p>		2

Reviewers should indicate in the box provided at the top right hand corner of the reviewer column their rating for each criterion and overall as a category based on the rating scale above. Where page references cited by participants are inaccurate, reviewers need to indicate the pages where the information is found.

For Reviewer Use Only:

SUMMARY - THE BUDGET AS A/AN:	Info Not Present (1)	Does Not Satisfy Criteria (2)	Proficient (3)	Outstanding (4)
1. Policy Document	✓			
2. Financial Plan		✓		
3. Operations Guide		✓		
4. Communications Device		✓		
SPECIAL CAPITAL RECOGNITION <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	1	3		

For Budget Awards Program Staff Use Only

Name of entity: USD 501 - Topeka Public Schools



Association of School Business Officials International Meritorious Budget Awards Program

Criteria Location Checklist

Name of Entity: _____ State/Province: _____

The purpose of this checklist is to ensure applicants have met the requirements of the Meritorious Budget Awards Program criteria and Reviewers are able to locate examples in the budget document that meet the criteria.

A. GENERAL REQUIREMENTS	APPLICANT USE List all pages of budget document where examples can be found.	REVIEWER USE EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
<p>1. The cover contains:</p> <ul style="list-style-type: none"> • The title "Budget" • Full name of the entity • City/County of the entity* • State/Province of the entity* • Budget year covered <p><i>*Provide City/County and State/Province that is used in the entity's formal address.</i></p>		
2a. The document should be divided into major sections.		
2b. The pages of the document should be numbered consecutively from page 1 to ___.		
2c. A Table of Contents precedes the Introductory Section.		
2d. The Table of Contents identifies all major sections.		
3. A cover letter identifies any information required by the criteria that is not relevant to the school entity.		
4. A response to the previous review team recommendations has been provided by this school entity in a separate letter.		
5. The use of graphs and charts is used to enhance communication.		
<p>6. The budget document should:</p> <ul style="list-style-type: none"> • Be technically well prepared • Be easy to read • Flow in a logical sequence • Be clear and understandable in narration 	Note: Entire budget document should meet this requirement of the Meritorious Budget Awards Program. Listing of page numbers is	

B. INTRODUCTORY SECTION	APPLICANT USE List all pages of budget document where examples can be found.	REVIEWER USE EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
1a. The document includes an Executive Summary.		
1b. The Executive Summary is liftable (liftable means that the Executive Summary presents a comprehensive summary of required information in each section of the budget and could be presented separate from the budget document).		
1c. The Executive Summary tells the budget story in narrative, numeric and graphic form.		
1d. The Executive Summary presents in an integrated and summary form the following components of the budget: (A) The Organizational component <ul style="list-style-type: none"> • Major goals and objectives • Budget process • Significant changes in the budget process and/or budget policies • Explanation of allocation of human and financial resources to achieve goals and objectives 		
(B) The Financial component <ul style="list-style-type: none"> • Overview of revenues and expenses/expenditures for all funds • Budget comparisons of at least the current year to the budget year • Discussion of significant trends, events and initiatives • Explanation of significant financial and demographic changes • Use of charts and graphs 		
(C) The Informational component <ul style="list-style-type: none"> • Budget forecast • Student enrollment trends • Tax base and rate trends • Personnel resource changes • Changes in debt of the school entity • Performance results 		
2. The document includes the Meritorious Budget Award certificate if received for the prior year.		
3. The document includes a listing of members of the School Board. The document includes a listing of first-level administrative personnel.		

C. ORGANIZATIONAL SECTION	APPLICANT USE List all pages of budget document where examples can be found.	REVIEWER USE EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
<p>1. The document should provide an explanation of the school entity which includes the following:</p> <ul style="list-style-type: none"> • Legal autonomy, fiscal independence/dependence • Level of education provided • Geographic area served • Number of students and number of schools • Number of funds and fund types and titles • Explanation of the classification of revenues/expenditures • Explanation of the measurement basis for budget revenues/expenditures 		
<p>2. A discussion of significant budget and financial:</p> <ul style="list-style-type: none"> • Policies • Procedures • Regulations which govern the budget process 		
<p>3. An organizational chart which includes the administrative staff by position or title.</p>		
<p>4. A coherent statement of the mission of the school entity.</p>		
<p>5. The major goals and objectives for the school entity.</p> <p><i>If the cost of a goal or objective is significant and measurable, it is suggested that the cost be included.</i></p>		
<p>6. Describe the budget development process.</p> <ul style="list-style-type: none"> • Include the capital budget development process 		
<p>7. Describe the budget administration and management process.</p>		

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REVIEWER COMMENTS:

D. FINANCIAL SECTION	APPLICANT USE List all pages of budget document where examples can be found.	REVIEWER USE EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
<p>1. A presentation of the budgets includes:</p> <ul style="list-style-type: none"> • All governmental funds • All proprietary funds • Level of detail required by law or adopted by the governing body • Revenues by source • Expenditures by function and object <p><i>Optional: Budgets may also be presented by program, location and/or administrative unit.</i></p>		
<p>2. A pyramid approach should be used (summary of all funds, followed with the presentation of individual funds).</p> <p><i>Optional: The presentation may be followed by program, location, and/or administrative unit budgets.</i></p>		
<p>3. The budget presentation includes:</p> <ul style="list-style-type: none"> • Fund balances • Revenues • Expenditures • Other financing sources/uses • The current year budget or estimated current year actual • The proposed budget year <p><i>The presentation of three prior years of actual data is preferred in the Financial Section. At the option of the preparer, the information may be presented in the Informational Section in a form and format which is comparable to the current year and proposed year.</i></p>		
<p>4. The document should include:</p> <ul style="list-style-type: none"> • Budgeted capital expenditures • Major capital projects for the budget year (whether authorized in the operating budget or in a separate capital budget) 		
<p>5. Describe to what extent capital improvements or other major capital spending will affect the school entity's current and future operating budgets.</p> <p><i>The focus should be on reasonably quantifiable additional costs and savings (direct and indirect) or other service impacts that result from capital spending.</i></p>		
<p>6. The document should:</p> <ul style="list-style-type: none"> • Include financial data on current debt obligations • Describe the relationship between current debt levels and legal debt limits <p>future budgets</p>		

E. INFORMATIONAL SECTION	APPLICANT USE List all pages of budget document where examples can be found.	REVIEWER USE EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
<p>1. The document should:</p> <ul style="list-style-type: none"> • Describe major revenue sources • Explain underlying assumptions for each major revenue estimates • Discuss significant trends for each major revenue <p><i>Some explanation of the state/local funding structure may be necessary.</i></p>		
<p>2. Present the assessed value of taxable property and the market value of taxable property for:</p> <ul style="list-style-type: none"> • A minimum of three years actual • The current year budget and/or estimated current year actual • The proposed budget year 		
<p>3. Include property tax rates and collections for:</p> <ul style="list-style-type: none"> • A minimum of three years actual • The current year budget and/or estimated current year actual • The proposed budget year <p><i>Describe whether the tax rate is per \$100 of taxable value or on some other form of rate</i></p>		
<p>4. Include an analysis of the budget's effect on taxpayers for:</p> <ul style="list-style-type: none"> • A minimum of three years actual • The current year budget and/or estimated current year actual • The proposed budget year 		
<p>5. The document should provide a:</p> <ul style="list-style-type: none"> • Five-year summary comparison of revenues and expenditures (three prior years actual, current year budget and/or estimated actual, and the proposed budget year. If the three prior years actual data is presented in the Financial Section, this presentation is not required.) All years must be presented in a comparable form and format, whether presented in the Financial or Informational Section. • Five-year summary should be presented for all governmental funds. (Presentation of similar data for other funds is optional.) 		
<p>6. Present a minimum of three years of budget forecasts beyond the proposed budget year.</p> <ul style="list-style-type: none"> • Include beginning and ending fund balance • Revenue • Expenditures <p><i>The three years of budget forecasts is for each governmental fund. Forecasts for other funds is optional.</i></p>		

Continued on back.

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E. INFORMATIONAL SECTION	APPLICANT USE List all pages of budget document where examples can be found.	REVIEWER USE EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
7. The document should present: <ul style="list-style-type: none"> • A minimum of three years of actual student enrollment history • Current budget and/or estimated current year enrollment • Proposed budget year enrollment • A minimum of three years of enrollment projections • Forecasting methodology and techniques 		
8. Present personnel resource allocations for: <ul style="list-style-type: none"> • A minimum of three prior years actual • The current year budget and/or estimated current year actual • The proposed budget year 		
9. Include the bond amortization schedule(s) of the school entity.		
10. Provide performance measures for three prior years. <ul style="list-style-type: none"> • Standardized test scores • Drop-out rates • Accomplishment of goals and objectives • Parent/student satisfaction surveys • Other performance measures 		
11. Include other information to help the reader understand the past and future directions of the school entity.		
12. Include a glossary of terms.		

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REVIEWER COMMENTS:

SUMMARY OF CRITERIA	REVIEWER USE EC = Exceeds Criteria MC = Meets Criteria DN = Does Not Meet Criteria
A. GENERAL REQUIREMENTS	
B. INTRODUCTORY SECTION	
C. ORGANIZATIONAL SECTION	
D. FINANCIAL SECTION	
E. INFORMATIONAL SECTION	
BUDGET PRESENTATION	

REVIEWER COMMENTS:

REVIEWER AWARD CONCLUSION:	
<input type="checkbox"/> Award Meritorious Budget Award	<input type="checkbox"/> Deny Meritorious Budget Award
Reviewer Signature _____	Date _____

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**HB 2408 and SB 83: Budget and Best Practices
Testimony presented before the House Education Committee**

by
Dr. Kent Hurn, Assistant Lobbyist

United School Administrators of Kansas

March 12, 2003

**Madam Chair and
Members of the House Education Committee**

I am Kent Hurn, assistant Lobbyist for the United School Administrators of Kansas. I represent USA in reviewing HB 2408 and SB 83.

HB 2408 requires school districts to expend estimated funds from each budget and authority to carry any unspent funds into the next budget year. It also prescribes a budget at a glance per standards established by the government finance officers association or the association of school business officials.

SB 83 amends the budget recommendations from the LEPC into the budget document. It also provides for a school district profile per a task force recommendation.

USA supports the budget document and recommendations as amended in SB 83. Added information should allow a readable document for patrons of each school district. Many Legislative Post Audit recommendations were incorporated into the document. SB 83 also places the Transportation budget into the general fund.

USA does not support HB 2408. The "Best Practice" aspect is based on Generally Accepted Accounting Principles (GAAP) and is used in all states except Kansas and New Jersey. The principal is an "accrual" accounting system and could include the "cash basis" accounting system. "Best Practice" includes forecasting budgets and enrollments for five years. Kansas Legislative process does not lend itself very well for these purposes.



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)

House Education Committee
Date: 3/12/03
Attachment # 3-1

It is our belief that a budget analyst would be needed, at least for the 90 days allowed for district to file their budget document once the budget is approved. The document is not intended to be used as part of the budget making process. We believe small districts would not have a chance with the detail information that a budget analyst would be able to provide. One district replied that added computer programs were required because Excel and Word kept "crashing" because of the information overload. The cost for submitting the document ranges in the \$850 to \$1,250 range.

USA believes the LEPC recommendations in SB 83 provides enough added information for patron use. A budget-at-glance component should be able to provide additional information and would be beneficial to those who will read it.

Thank you for your attention. I will be happy to answer any questions you may have.