

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 14, 2003 in Room 313-S of the Capitol.

All members were present except: Representative Yonally, Excused Absence

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

Conferees appearing before the committee: Jim Edwards, KASB

HB 2408 - Enacting the school budgeting best practices reform act.

SB 83 - Abolishing certain funds and consolidating and renaming existing funds.

Jim Edwards spoke to the committee regarding **HB 2408 and SB 83** saying their organization believes these bills embody most of the key elements they support. (Attachment 1).

A question and answer session followed Mr. Edwards' testimony.

The hearing was closed on **HB 2408 and SB 83**.

SB 74 - Relating to the powers and duties of the state board of education; relating to personal financial literacy programs.

Representative Flaharty moved the SB 74 be passed out of committee. The motion was seconded by Representative Beggs.

Representative Reardon referred to section 1, line 27 on page 1 of **SB 74** and asked that following the word "education" the words be added "and governing bodies of accredited non-public schools".

It was moved by Representative Reardon and seconded by Representative Morrison to make this amendment to **SB 74**. The motion to amend carried on a voice vote.

The motion to pass **SB 74** favorably out of committee as amended carried on a voice vote.

The meeting was adjourned at 10:15. The next meeting is scheduled for Monday, March 17, 2003.



Testimony on **Sub. for SB 83 and HB 2408**
before the
House Education Committee

by

Jim Edwards, Governmental Relations Specialist
Kansas Association of School Boards

March 12, 2003

Chairwoman Decker and members of the Committee:

Appearing before this Committee earlier this year, I stated KASB's support for efforts, which would help make school district budgets easier to comprehend. We have taken this stance because we strongly believe that when patrons better understand local district budgets, they will be more supportive of efforts by the Legislature to enhance funding. However, I prefaced my remarks at that time by saying that KASB felt that it was important for the Legislature to hear from the task force that it created to study school district budget formats before any action was taken on the bills introduced. Well, that report has been received and has served as the foundation for the two measures you have before you today and we are happy to appear to provide our support for Sub. SB 83 as well as a qualified support for HB 2408 where it does not mandate certain actions by local school boards or the Kansas State Department of Education.

We are supportive of all the key elements of the School District Budget Task Force and believe that Sub. SB 83 embodies most of them. I will use a comparison chart detailing these elements and how they are addressed in Sub. SB 83 and HB 2408, as the basis for my comments.

Element	Task Force	HB 2408	Sub SB 83
Continue the process started in the 2002-03 school year, where the State Department of Education began requiring school districts to report actual and budgeted expenditures and revenues for all federal funds, private grants, district activity funds, and gifts (excluding scholarships).	X	X	

The above is a key to describing and detailing revenues for district patrons.

Element	Task Force	HB 2408	Sub SB 83
Allow school districts to budget carry-forward funds in all funds, except the general and supplemental general state aid funds.	X	X	X

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Allowing districts to budget money that is expected to be carried forward will provide a much more accurate picture of the planned operations of the district.

Element	Task Force	HB 2408	Sub SB 83
Create a separate fund for the purpose of budgeting revenues received from social and rehabilitation institutions as payment for educational services provided students in the custody of the Department of Social and Rehabilitation Services.	X	X	

As noted by the Task Force, while only this would impact a few districts it would provide a more accurate and understandable picture.

Element	Task Force	HB 2408	Sub SB 83
<ul style="list-style-type: none"> ◆ Make the transportation fund part of the school district general fund. Leave the bilingual and vocational education funds separate, as they currently are, in order to make it possible to easily track expenditures. (The technology education fund can be eliminated because it was created for an aid program that no longer is funded.) ◆ Combine the judgements and special liability expense funds into one special judgements and special liabilities fund. ◆ Combine the disability income benefits reserve, the health care services reserve, the group life insurance reserve, the risk management reserve, and workers' compensation reserve funds into one special reserve fund. ◆ Combine the student materials revolving and textbook rental funds into one special textbook/student materials revolving fund. 	X		X

This move will reduce the number of funds, where feasible, and allow for an accurate picture. It will also allow some items to remain separate so that future tracking for the Legislature is possible.

Element	Task Force	HB 2408	Sub SB 83
Create a district profile that would include information specified by the State Board of Education.	X	X (WQ)	X

This is one of two major reasons that legislation dealing with school district budget formats has been introduced.

Element	Task Force	HB 2408	Sub SB 83
<p>With regard to the district profile format:</p> <ul style="list-style-type: none"> ◆ Make all graphs "0 based" so that proportions of changes from year to year are not distorted. ◆ Each page of the profile should contain an optional "comment" box for use by the district to explain any anomaly in the data or to add further explanation. ◆ To further illuminate school district expenditures and put them in a context that is relatively easy to understand, a graph should be added to the profile that shows the three or four major areas of expenditure as a percentage of total expenditures. 	X		

<ul style="list-style-type: none"> ◆ Expenditures for disability income benefits, health care services, group life insurance, school workers' compensation, and risk management reserve funds should be shown as an expenditure at the time money is transferred from the general or supplemental general funds, not at the time it is spent from the respective self-insurance fund. ◆ The capital outlay expenses and bond and interest costs should be placed in separate lines. 			
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While neither Sub. SB 83 and HB 2408 specifically addressed what the profile should include, we believe that the recommendations from the Task Force, with further refinement and adaptation into work already done by the department of education, is the place to start.

Element	Task Force	HB 2408	Sub SB 83
Districts should provide a separate table breaking out salary and wage expenditures for all district personnel into four categories: administrator (certified and non-certified, such as business managers and directors of transportation); teachers and other certified employees (such as librarians and counselors); classified employees (such as clerical staff, food service workers, custodians, and bus drivers); and substitutes and other temporary help. For the first three categories, districts will report total expenditures, FTE positions, and average salaries. For the last category, districts will report total expenditures only.	X		

Again, while neither Sub. SB 83 and HB 2408 specifically addressed this issue, the Task Force recommendations could be implemented.

Element	Task Force	HB 2408	Sub SB 83
Building based budgets <u>not be used</u> because they have limited value and the costs of implementing such a reporting system would outweigh its benefits.	X		X

We strongly concur with this element for the stated reasons. In addition, for medium to large districts, this will not decrease the size of a "budget-at-a-glance" document nor will it make it more understandable.

Element	Task Force	HB 2408	Sub SB 83
The State Department of Education shall prepare and prescribe standards and formats for an at-a-glance budget for all school districts. The State Department of Education's standards and formats shall be developed directly from the best practices and standards established by the government finance officers association, the association of school business officials and other best practices and standards for an at-a-glance budget.		X	

We agree that there should be a common standard and format for the "budget-at-a-glance." However, we feel that the Department of Education should be given the latitude to develop the document using multiple sources.

Element	Task Force	HB 2408	Sub SB 83
Prior to adopting such proposed budget, the board shall meet for the purpose of answering and hearing testimony of taxpayers relating to the proposed budget. The board shall give at least 14 days notice of the time and place of the meeting by publication in a newspaper of general circulation within the district. Such notice shall include where the public can obtain the at-a-glance and full proposed budget documents. If necessary, boards shall have the ability to estimate revenues and expenditures for the purpose of preparing this proposed budget for the public hearing.		X	

We concur that when timelines deem it necessary, boards should have the ability to estimate revenues and expenditures for the "budget-at-a-glance" document.

Element	Task Force	HB 2408	Sub SB 83
All school districts shall apply for either a government finance officers association (GFOA) or an association of school business officials (ASBO) budget award for such school district's budget. The results of such district's application shall be disclosed to the public at a regular school board meeting. For the 2007-08 school year, all school districts shall obtain either a GFOA or an ASBO budget award for such school district's budget.		X	

We oppose efforts that would require a district to apply and obtain either award. There might be instances where districts would elect to apply and should be allowed to do so. However, in this case, one size does not fit all and districts should not be required to attempt a fit.

Element	Task Force	HB 2408	Sub SB 83
The State Department of Education shall develop a plan to provide incentives for school districts to adopt budgets in accordance with the GFOA and the ASBO budget award standards and shall request funding for such incentive plan.		X	

While we would not have a problem with such an incentive plan, we would oppose efforts to provide incentives when tied to the specific plans mentioned in the bill.

Element	Task Force	HB 2408	Sub SB 83
There is hereby established in the state treasury a best budget practices incentive fund and the State Board of Education shall develop and adopt rules and regulations for such incentive plan.		X	

Until such a budget profile and process is decided upon, the establishment of a fund is premature.

That concludes our comments on the key elements of the Task Force report and the two bills you have in front of you. We believe that Sub. SB 83 and elements of HB 2408 will provide you with a viable starting point from which you can develop a document and process that will be helpful to school district patrons and the district itself. We appreciate the opportunity to share our comments with you and will continue to work with you in your deliberations.

I would stand for questions.