

MINUTES OF THE SELECT COMMITTEE ON SCHOOL FINANCE

The meeting was called to order by Chairman Kathe Decker at 9:00 A.M. on March 9, 2006 in Room 313-S of the Capitol.

All members were present except:

Valdenia Winn- excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research
Carolyn Rampey, Kansas Legislative Research
Theresa Kiernan, Revisor of Statutes Office
Ann Deitcher, Committee Secretary

Representative Geraldine Flaharty was introduced as a temporary member of the Select Committee on School Finance during the absence of Representative Winn.

HB 2986 - concerning school districts; relating to school finance.

The Chair asked the Committee to consider lines 24 and 25 on page 1 of **HB 2986** asking that the words "foundation-level moneys" be replaced with "state money for educational and support services for school districts:"

Copies were distributed from the Division of Post Audit listing the problems related to having LPA set budget reporting standards for school districts. (Attachment 1).

Scott Frank of LPA answered the questions of the Committee regarding this.

Representative Merrick offered a proposed amendment to **HB 2986**. (Attachment 2).

Representative Flaharty distributed copies of a 2003-2004 accountability report regarding the economic reading results. (Attachment 3).

Representative Merrick asked to table his proposed amendment to **HB 2986**.

The meeting was adjourned at 10:30. The next meeting of the Select Committee on School Finance is scheduled for Tuesday, March 14, 2006.

Rep. Decker:

Kathe

Problems related to having LPA set budget reporting standards for school districts:

1. Budget reporting standards usually are general in nature, and often deal with the quality of the reporting (complete, accurate, clear, etc.) rather than the content of the reporting (e.g., categories of expenditures to be used).
2. The financial data school districts use for budgeting, financial reporting, and management purposes generally come from the districts' accounting systems.
3. Most of the substantive issues we've identified in audit reports regarding districts' financial records at heart relate to accounting practices, not budgeting practices. (The straightforward budget reporting problems we've identified generally have been addressed by the Department's new budget profile documents, which are available on-line.
4. DOE has adopted a chart of accounts that requires districts to report a certain level of accounting data uniformly to the State
 - a. Deciding whether different or more detailed school district financial data are needed at the State level is a policy issue for either the Department or the Legislature. That could include requiring districts to account for and report expenditures by school, or requiring them to adopt the same internal accounting systems.
 - b. If districts aren't reporting data to DOE in a uniform and consistent manner, that's an audit issue.
5. Involving Legislative Post Audit in establishing accounting practices would impair our ability to conduct independent audits of school districts.
6. Even apart from the independence issue, Legislative Post Audit probably isn't the best office to be establishing specific accounting practices for school districts. We're not as familiar with the various school operations and related questions and issues as, for example, the Department of Education.

Barb

Select Committee on School Finance

Date: 3-9-06

Attachment # 1-1

Issue	Reporting or accounting issue?	Status
Some budget figures were artificially inflated. State law required districts to budget to spend all the revenues available in certain funds, forcing them to inflate budgeted expenditures.	Reporting	Law changed to fix this problem.
Federal expenditures weren't being report to NCES. Dept. of Ed. wasn't requiring districts to report this info, and wasn't reporting these expenditures to NCES	Reporting	DOE budget format fixed.
You couldn't see # of positions being funded with salary \$ being requested. Districts' budget documents didn't show the number of positions funded within the various functional categories (instruction, admin, etc.).	Reporting / management info	DOE budget format partially fixed. Info is now available by administrators, teachers, other certified personnel, and classified personnel
Expenditure-per-student comparisons weren't accurate. DOE didn't collect complete FTE enrollment information on all students, including pre-K, adult ed, and post-secondary AVTS students. Spending for those students was included in districts' budgets, but not the student counts.	Reporting / management info	DOE budget format partially fixed. Per-student costs for instruction now take such students into account.
Some expenditures were mis-characterized. Districts' accounting systems weren't set up to correctly categorize some expenditures in the budget documents. (Problems with their "crosswalks" between their own accounting systems and DOE's uniform budget categories.	Accounting	Partially fixed. Department updated accounting guidelines to eliminate some of the gray areas, but the examples we saw weren't gray.
Some expenditures were mislabeled. The way some expenditure categories were labeled in local budget documents masked the purpose of those expenditures.	Reporting / accounting?	DOE updated accounting guidelines.
Some budgets didn't pull spending (actual or budgeted) together. Expenditure data was scattered among 40 or more funds and one to hundreds of line items.	Reporting	DOE budget format fixed.
Some expenditure comparisons were inappropriate. For example, comparing current year's budget to last year's budget.	Reporting	DOE budget format fixed.
Significant changes in expenditures weren't always explained. For example, big increases or decreases between one year and the next.	Reporting	DOE budget format fixed (so long as districts use it).
Budget information wasn't provided at the school level.	Reporting & accounting	No change (some districts' accounting systems do this).
Mill levy information wasn't always provided.	Reporting	DOE budget format fixed.
Basic explanatory info wasn't always provided.	Reporting	DOE budget format fixed.
Districts don't all have uniform internal accounting systems. So on a detailed level, it's not possible to readily compare how/where districts are spending their resources.	Accounting	No change.
Budget docs don't compare districts to their peers or Statewide. Such comparisons could be related to finances, efficiency, or performance	Reporting, accounting, mgmt info	Existing info on DOE website and new website comparative performance tool allow for some comparisons. Accounting and management info would need to be synchronized first.

PROPOSED AMENDMENT TO HB No. 2986

On page 2, by striking all in lines 9 through 19;

By renumbering sections accordingly;

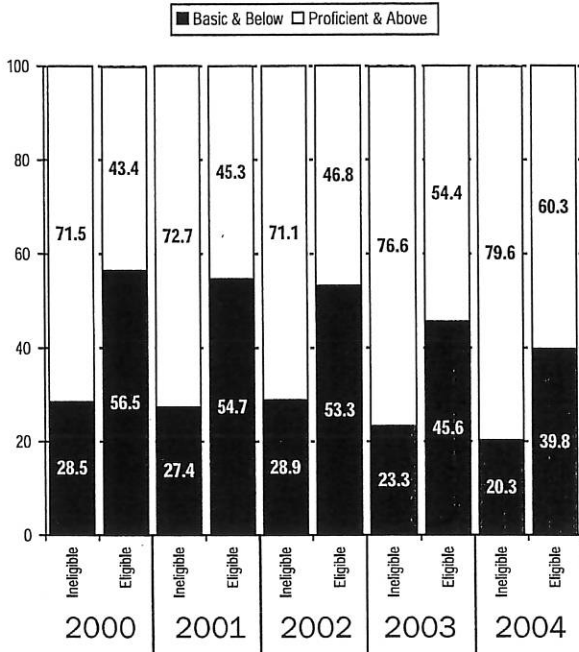
On page 4, by striking all in lines 24 through 26 and inserting:

"(c) "At-risk pupil" means a pupil whose performance is below grade-level in either reading or mathematics as measured by the Kansas state assessment test, the Iowa test of basic skills or other standardized test approved by the state board of education.";

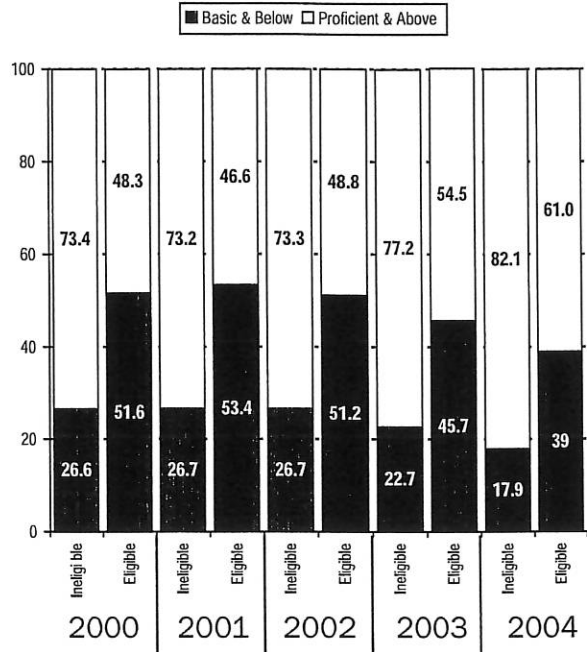
On page 8, in line 38, by striking all after ".27"; by striking all in line 39; in line 40, by striking all before the period;

Reading Results - Economic

READING 5TH GRADE
Free or Reduced Lunch Eligibility



READING 8TH GRADE
Free or Reduced Lunch Eligibility



READING 11TH GRADE
Free or Reduced Lunch Eligibility

