

## MINUTES

### HOUSE APPROPRIATIONS COMMITTEE

November 23-24, 2009  
Room 143-N—Statehouse

#### Members Present

Representative Kevin Yoder, Chairperson  
Representative Jason Watkins, Vice-chairperson  
Representative Barbara Ballard  
Representative Tom Burroughs  
Representative Sydney Carlin  
Representative David Crum  
Representative Peter DeGraaf  
Representative Owen Donohoe  
Representative John Faber  
Representative Bill Feuerborn  
Representative Doug Gatewood  
Representative Jerry Henry  
Representative Don Hineman  
Representative Mitch Holmes  
Representative Kasha Kelley  
Representative Harold Lane  
Representative Peggy Mast  
Representative Joe McLeland  
Representative Marc Rhoades  
Representative Lee Tafanelli  
Representative Jeff Whitham

#### Member Absent

Representative Jerry Williams

#### Staff

Audrey Dunkel, Kansas Legislative Research Department  
Amy Deckard, Kansas Legislative Research Department  
Alan Conroy, Kansas Legislative Research Department  
J. G. Scott, Kansas Legislative Research Department  
Christina Butler, Kansas Legislative Research Department  
Reagan Cussimano, Kansas Legislative Research Department

Scott Frank, Kansas Legislative Division of Post Audit  
Jim Wilson, Office of the Revisor of Statutes  
Nobuko Folmsbee, Office of the Revisor of Statutes  
Jason Long, Office of the Revisor of Statutes  
Jill Wolters, Office of Revisor of Statutes  
Florence Deeter, Committee Secretary

## **Conferees**

Melissa Wangemann, Legislative Services General Counsel, Kansas Association of Counties  
Walt Chappell, State Board of Education  
Bob Corkins, Former Commissioner, State Board of Education  
Fred Kaufman, Superintendent, Hays USD 489  
Gary French, Superintendent, Osawatomie USD 367  
Dr. Rob Winter, Superintendent, Salina USD 305  
Mark Tallman, Executive Director, Kansas Association of School Boards  
Kathy Porter, Executive Assistant, Office of Judicial Administration  
Blaine A. Carter, District Magistrate Judge, 2<sup>nd</sup> Judicial District, Alma  
Michael A. Freelove, District Magistrate Judge, 16<sup>th</sup> Judicial District, Ashland  
Representative Marvin Kleeb, 48<sup>th</sup> District  
Dr. Adrian Moore, Vice-President, Reason Foundation  
Duane Goossen, Secretary, Kansas Department of Administration  
Michael H. McCabe, Director, Council of State Governments Midwest  
Robin Floyd, Vice President, Konrath, Kansas City, Missouri  
Tom Beckenbaugh, Vice President, Konrath Group, Kansas City, Missouri  
Kent Olson, Director, Accounts and Reports, Kansas Department of Administration

## **Others Attending**

See attached list.

### **Wednesday, November 23 Morning Session**

The Chairperson called the meeting to order at 10:35 a.m. and welcomed Alan Conroy, Director, Kansas Legislative Research Department, who reviewed current state finances (Attachment 1). Mr. Conroy said that the current FY 2010 Consensus Group estimate was decreased \$235.2 million (4.2 percent) below the April estimate and represents a 5.2 percent decrease below final FY 2009 receipts. He stated that personal income is expected to fall by 2.7 percent and that the unemployment rate, currently 6.9 percent, is expected to increase to 7.2 percent in FY 2010 (Attachment 2). Mr. Conroy commented on the status of the State General Fund (SGF), noting that a budget reduction of 7.9 percent (FY 2010) and 4.8 percent (FY 2011) will be required to achieve a zero ending balance, a two-year total of \$722.5 million in reductions (Attachment 3).



Amy Deckard, Kansas Legislative Research Department, reported on Human Services caseload estimates from various agencies. She stated that the combined cost increases for FY 2010 and FY 2011 total \$142.7 million from the SGF and \$91.8 million from all funds ([Attachment 4](#)).

Reagan Cussimano, Kansas Legislative Research Department, reviewed details regarding FY 2010 and FY 2011 school finances ([Attachment 5](#)). She explained that based on the November 2009 estimates, expenditures for schools will increase 2.1 percent. She noted that due to increased enrollment in special education programs, 15 teachers will be hired, requiring an increase of 1.2 percent in salaries.

J. G. Scott, Kansas Legislative Research Department, outlined the SGF supplemental expenditure requests ([Attachment 6](#)). Noting that these expenditures do not include Human Services caseloads or school finances, he said that the 16 requests totaled over \$101.5 million, a total which includes \$91.4 million for the Kansas Department of Education and \$8.0 million for Judicial Branch operations.

Mr. Scott reported on the FY 2009 and FY 2010 special revenue fund transfers to the SGF from various fee agencies ([Attachment 7](#)). He explained that the total revenue transfer of \$25.9 million does not include the Kansas Savings Incentive Program (KSIP) of \$4.2 million.

Mr. Scott continued, reporting on the transfers into and out of the SGF ([Attachment 8](#)). He stated that, based on the Consensus Group's estimates for FY 2010, the transfers, which include the Governor's Allotment of July 2, 2009, resulted in a net gain to the SGF of \$15.1 million. However, the FY 2011 transfers create a \$256.7 million loss to the SGF ([Attachment 9](#)).

Melissa Wangemann, Legislative Services General Counsel, Kansas Association of Counties, testified regarding specific state funds that affect Kansas counties ([Attachment 10](#)).

### **Afternoon Session**

Reagan Cussimanno discussed a spreadsheet containing data from the Kansas Department of Education on all school districts in Kansas ([Attachment 11](#)). She explained the usage of various funds and noted that 24 smaller funds have been consolidated in the "other cash balances" column; total cash balances for each school district are found in the last column.

Scott Frank, Kansas Legislative Post Audit, provided a scope statement on the potential cost savings in reorganizing school districts across the state ([Attachment 12](#)). An audit would provide information on what opportunities exist to restructure Kansas school districts in order to educate students in a more cost-effective manner.

Walt Chappell, Kansas Board of Education, spoke, not as a representative of the Board, but as an individual with suggestions on increasing efficiency and reducing costs in education ([Attachment 13](#)).

Bob Corkins, Former Commissioner, State Board of Education, offered proposals for enacting a rational process for analyzing the cost and efficiency of K-12 education and eventually providing transparency in decision making ([Attachment 14](#)).

Fred Kaufman, Superintendent, Hays USD 489, addressed the committee with a summary of the current cuts in the district budget and the areas in which those cuts occurred (Attachment 15).

Gary French, Superintendent, Osawatomie, USD 367, presented testimony regarding the effect of the recession on patrons in his district (Attachment 16).

Dr. Rob Winter, Superintendent, Salina, USD 305, provided three charts showing the increase in performance scores of students in the district (Attachment 17).

Mark Tallman, Executive Director, Kansas Association of School Boards (KASB), reminded the Committee of the court mandate to provide adequate resources for public education in Kansas (Attachment 18).

**Thursday, November 24  
Morning Session**

The Chairperson called for approval of the House Appropriations Committee minutes for August and October, 2009.

*Representative Mast moved to approve the minutes. Representative DeGraaf seconded the motion. The motion passed.*

Jill Wolters, Office of Revisor of Statutes, gave an overview of the issue of repealing KSA 20-301b requiring each county to have a resident judge (Attachment 19). The proposed bill would direct the Supreme Court to determine the necessity of a district magistrate judge retaining his/her position. She indicated that a number of revisions are required, with approximately 90 sections needing to be amended. Ms. Wolters noted that 2003 Sub. for HB 2307 repealed the statute and required assignment of a judge on the basis of caseloads. Her testimony included a chart delineating caseload per judge in comparison with district magistrate judges.

Ms. Wolters explained the process used to determine which districts have magistrate judges while other districts do not (Attachment 20). Her testimony included historical background on the involvement of the Supreme Court to determine the need for new judge positions; consequently, approval of funding for those positions became the role of the Legislature. Ms. Wolters provided information on whether redrawing district boundaries could increase efficiency and reduce costs (Attachment 21). She reported that an audit is being conducted and will be concluded by January 30, 2010.

Kathy Porter, Executive Assistant, Office of Judicial Administration, gave background information regarding district magistrate judges, district court judges, and where those positions are located in Kansas counties (Attachment 22).

Blaine A. Carter, District Magistrate Judge, 2<sup>nd</sup> Judicial District, Alma, Kansas, spoke in opposition to the repeal of KSA 20-301b, stating that from a rural county point of view, removing judges is not in the interest of justice (Attachment 23).

Michael A. Freelove, District Magistrate Judge, 16<sup>th</sup> Judicial District, Ashland, Kansas, addressed the issue of proposed legislation to amend the one-judge-per-county statute (Attachment 24).

Jason Long, Office of Revisor of Statutes, gave a briefing on HB 2403 regarding fairness in the procurement of vendor goods and services (Attachment 25). In Section 5, he noted two functions by a special committee: 1) the investigation of outsourcing and privatization of government operations; and 2) review and evaluation of programs which are competitive or reveal duplication of services by the federal government, and by services provided by private not-for-profit organizations. The committee would also be responsible for conducting public hearings on these matters. Copies of HB 2403 (Attachment 26) and the fiscal note (Attachment 27) were distributed to Committee members.

## **Hearing on HB 2403**

Representative Marvin Kleeb, 48<sup>th</sup> District, introduced proposed legislation (HB 2403) to create a special committee on the cost effectiveness of governmental operations and programs. He specifically addressed Section 5 of the proposed bill, saying that these concepts are not new to Kansas governmental procedures (Attachment 28). He then introduced Dr. Adrian Moore.

Dr. Adrian Moore, Vice-President, Reason Foundation, provided information on privatization which, when used correctly, can be widely effective (Attachment 29).

The Chairperson closed the hearing on HB 2403.

Duane Goossen, Secretary, Kansas Department of Administration (DOA), outlined the Governor's budget reductions and adjustments (Attachment 30). He said the Consensus Revenue Estimate of November, 2009, has revised incoming state general fund revenue for FY 2010 downward by \$234.0 million. Mr. Goossen said that, when Human Services caseload estimates were made, it was determined that \$24.3 million would need to be added for FY 2010. A school finance consensus determined that, if the school finance formula is followed, an additional \$155.8 million, while not required immediately, would need to be in the FY 2010 budget to remain at the current funding level. Mr. Goossen reported that the combination of less money in the SGF and the increased amount in human services caseload estimates reveals a gap of \$260.0 million for FY 2010. That amount is the figure the DOA is attempting to balance in the Governor's revised budget plan. Mr. Goossen expressed the hope that the 2010 Legislature will pass the Governor's budget in the first week of the session.

## **Afternoon Session**

Michael H. McCabe, Director, Council of State Governments Midwest, provided an overview of the current fiscal crisis and various strategies for closing the gaps in state budgets (Attachment 31).

Robin Floyd, Vice President, and Tom Beckenbaugh, Vice President, Konrath Group LTD, Kansas City, Missouri, spoke in tandem on construction management, saying that the primary focus of their firm is on client advocacy (Attachment 32).

Kent Olson, Director, Accounts and Reports, Kansas Department of Administration, in a review of state assets, provided background information on the Sunflower Financial Management System, which replaces the 1990 Statewide Accounting and Reporting System (STARS) (Attachment 33). He then offered an example of the current asset tracking through the Statewide Management

Accounting and Reporting Tool (SMART) system. Mr. Olson commented on the usage and capabilities of the system, giving examples like officers' gun usage, acquisition date and descriptions of property held by the state, and theft of state property. He stated further that the minimum balance for tracking assets is \$5,000 or more and on buildings \$1.0 million. Mr. Olson said all pertinent information on state assets is posted on KanView. The project will be fully implemented in July of 2010.

### **Hearing on SCR 1614**

Jim Wilson, First Assistant, Office of Revisor of Statutes, gave an overview of SCR 1614, which establishes a constitutional budget stabilization fund within the state treasury (Attachment 34).

Included in his explanation was a copy of the bill and a supplemental note. He indicated that with approval of two-thirds of the House and Senate, a constitutional amendment would be on the general election ballots in CY 2010, or at a given date designated by the Legislature. Mr. Wilson responded to a question, stating that no federal money can be included in this fund.

The Chairperson made reference to page three of written testimony provided by Senate President Stephen Morris and Senate Majority Leader Derek Schmidt, which contained an article from the Tax Policy Center, showing which states have rainy day funds as of 2006 (Attachment 35). A House bill out of the Government Efficiency and Fiscal Oversight Committee passed by a vote of 89 to 33 and is currently in Senate Ways and Means.

The hearing on SCR 1614 was closed.

The Chairperson announced that work on the Governor's supplemental bill could begin the first week of the 2010 Legislative Session.

He expressed appreciation to Representative DeGraaf and his wife Karen, for their generous provision of snacks, water, and coffee.

The meeting was adjourned at 3:45 p.m. No further meeting was scheduled.

Prepared by Florence Deeter  
Edited by Christina Butler

Approved by Committee on:

January 25, 2010

(Date)



# HOUSE APPROPRIATIONS COMMITTEE

## GUEST LIST

DATE: Nov. 23, 2009

NAME	REPRESENTING
Berend Koops	Hein Law Firm
Rachelle Colombo	KS Chamber
<del>Heather Hughes</del>	<del>S.P.I.</del>
April Holman	KS Action for Children
Barb Corant	KDOA
Diane Gierstal	Wichita Public Schools
Matt Casey	GBA
Doug Bowman	KS Council on Early Childhood
Mark Bozany Jr	CAPITOL STRATEGIES
Mitzy McFaruch	KS Advocates 4 Better Care
Cynthia	JCHS
Pat Kuester	KDHE
Val McFadden	SPE
Dodie Welshoan	USA/KS, KAFP, KCSOV
DICK CARSON	JCC
Lindsey Holwick	Kansas Business Auth
KATHY CROOK	KFE
Janice Crow	UCD 501
Linda Fune	KACC

HOUSE APPROPRIATIONS COMMITTEE

GUEST LIST

DATE: Nov. 23, 2009

NAME	REPRESENTING
<del>Tom Day</del>	KCC
Ron Seebur	KCTA
Scott Frank	Leg Post Audit
Mark Tallman	KASB
Tom Rahr	KASB
Leslie Kaufman	Kc Co-op Council

HOUSE APPROPRIATIONS COMMITTEE

GUEST LIST

DATE: Nov. 24, 2009

NAME	REPRESENTING
Mark Boranaya E	Capitol Strategies
Berend Koops	Hein Law Office
Matt Casey	GBA
Dags Smith	KLPG
Kob Mentry	Kearney & Assoc.
Larry Berg	KACCT
Ulisse Wangemann	KAC
Whithy Jann	ES Bus Assn
Lewie Kaufman	Kc Coop Council
TOMDAY	KCC
Kevin Baena	Kearney Corp
Jennifer Crow	USD SOL
[unclear]	Council of State Governments
Ched Austin	KHA



# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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November 12, 2009

**To:** Governor Mark Parkinson and Legislative Budget Committee

**From:** Kansas Legislative Research Department  
Kansas Division of the Budget

**Re:** State General Fund Receipts Estimates for FY 2010 and FY 2011

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Group met on November 5, 2009, and decreased the estimate for FY 2010 and developed the first estimate for FY 2011.

For FY 2010, the estimate was decreased by \$235.2 million, or 4.2 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The revised estimate of \$5.301 billion represents 5.2 percent decrease below final FY 2009 receipts.

The initial estimate for FY 2011 is \$5.179 billion, which is \$122.2 million, or 2.3 percent, below the newly revised FY 2010 figure. One major reason for the reduction relates to a significant increase in net transfers out of the SGF in compliance with current statutory requirements for FY 2011. Other factors influencing the growth rate include legislation enacted in 2005-2007 that continues to reduce the amount of severance, estate, corporation franchise, and motor carrier property tax receipts deposited in the SGF; and a revenue-enhancement package enacted in 2009 that is expected to produce significantly less in FY 2011 receipts than in FY 2010.

Table 1 compares the new FY 2010 and FY 2011 estimates with actual receipts from FY 2009. Table 2 shows the changes in the FY 2010 estimates.

## **Economic Forecast for Kansas**

While the recent announcement of growth during the third quarter of 2009 may have signaled the end of the national economic downturn, a good deal of uncertainty remains for the Kansas economy and is underlined by very little projected growth in income and the expectation that unemployment will continue to increase during 2010. A recent study by the Federal Reserve indicates that Kansas since at least 1956 has exited every recession later than the nation-as-a-whole. While some of the weak economic indicators have prompted concerns of a double-dip recession, the assumptions are that modest growth will continue in the national and state economies in 2010 and 2011. Current forecasts call for nominal Gross Domestic Product to grow by 2.5 percent in 2010 and 4.3 percent in 2011 (coming off a 1.0 percent decline in 2009); and nominal Kansas Gross State Product to grow by 2.6 percent in 2010 and 3.0 percent in 2011 (after a 1.3 percent decline in 2009). Significant concerns nevertheless remain for many of the state's key



sectors, including aviation manufacturing and agriculture. The Consensus estimates contained in this memo are therefore premised on a leveling off of the state's economy during the balance of FY 2010 and the resumption of slow growth in FY 2011.

### **Kansas Personal Income**

Kansas Personal Income (KPI) in 2009 is expected to fall by 2.7 percent below the 2008 level. The forecast calls for KPI to grow by 0.7 percent in 2010 and 2.7 percent in 2011. Overall US Personal Income growth is not expected to differ significantly from the pattern in Kansas, with national estimates currently at negative 2.1 percent, 1.5 percent, and 3.8 percent for the same three years, respectively.

### **Employment**

Data obtained from the Kansas Department of Labor verify that employment has weakened considerably since the fall of 2008. The most recent monthly data show that total Kansas non-farm employment from September 2008 to September 2009 had decreased by about 60,000 jobs, or 4.3 percent. All major sectors showed losses, led by manufacturing, which had 26,400 fewer jobs. The current average estimates used by the Department indicate that the overall Kansas unemployment rate, which was 4.4 percent in CY 2008, is expected to jump to 6.95 percent in CY 2009; 7.3 percent in CY 2010; and fall to 6.75 percent for 2011. This trend is similar to national unemployment forecasts which suggest that the national rate, which is expected to remain up to 2.0 percent higher than the Kansas rate, will continue to increase throughout much of 2010, reaching a high of 10.2 percent.

### **Agriculture**

Although net farm income in 2008 was significantly higher than 2007, the outlook for 2009 is much more uncertain as a result of higher input prices, especially energy and fertilizer costs, and significantly lower commodity prices. The All Farm Products Index of Prices received by Kansas farmers was 117 in September, down from 160 a year earlier. Weather conditions have contributed to a delay of up to five weeks in the 2009 harvest. Although the combined total production of the four major grain crops is expected to be 9 percent above the 2008 level, the overall value of production for those crops is forecast to be down by 19 percent. Livestock prices also remain lower this fall than they were in 2008.

### **Oil and Gas**

After historic levels of volatility in the price of oil over the last 15 months, the price thus far in FY 2010 has remained much higher than the price estimated in April. The average price per taxable barrel of Kansas crude in FY 2010 is now estimated to be \$70, significantly higher than the previous forecast of \$45. As always, significant political tensions in the Middle East and elsewhere provide a great deal of uncertainty about forecasting the price of this commodity. Gross oil production in Kansas, which had been declining steadily for more than a decade until FY 2000, has recently reversed that trend and been increasing slightly since FY 2005. The current forecast of 40 million barrels for FY 2010 represents a level not seen since FY 1997. Approximately half of all Kansas oil produced is not subject to severance taxation because of various exemptions in that law.

The price of natural gas is expected to average \$3.75 per mcf for FY 2010 before increasing to \$5.25 per mcf for FY 2011, based on an industry source's analysis of futures markets. Factors considered for these estimates included the relationship between crude oil and gas prices, the current relatively high storage levels for gas, overall weakness of the economy, and the impact of

enhanced production from shale formations elsewhere in the United States. Kansas natural gas production in FY 2009 of 376 million cubic feet represented a significant decrease from the modern era peak of 730 million cubic feet in FY 1996 (largely as a result of depletion of reserves in the Hugoton Field). Production is expected to continue to decrease to 360 million cubic feet for FY 2010; and 345 million cubic feet for FY 2011.

### Inflation Rate

The Consumer Price Index for all Urban consumers (CPI-U) is expected to fall by 0.5 percent in 2009. Despite the continuation of aggressive monetary policy by the Federal Reserve, the latest forecast calls for inflation to remain at very moderate levels of 1.5 percent in 2010 and 1.7 percent in 2011.

### Interest Rates

The Pooled Money Investment Board (PMIB) is authorized to make investments in US Treasury and Agency securities, highly rated commercial paper and corporate bonds, repurchase agreements and certificates of deposit in Kansas banks. Extremely low idle-fund balances require PMIB to maintain a highly liquid portfolio, which reduces the amount of return available to the pool. In FY 2009, the state earned 2.20 percent on its SGF portfolio (compared with a 4.26 percent rate in FY 2008). The average rates of return forecasted for FY 2010 and FY 2011 are 1.05 percent and 1.22 percent, respectively, and reflect the expected continuation of historically low interest rates.

### Economic Forecasts

	CY 09*	CY 10*	CY 11*
KPI Growth	(2.7)%	0.7%	2.7%
Inflation (CPI-U)	(0.5)%	1.5%	1.7%
	FY 09	FY 10	FY 11
SGF Interest	2.20%	1.05%	1.22%
Oil and Gas			
Oil Prices per bbl	\$ 73.44	\$ 70.00	\$ 75.00
Gross Prod. (000)	39,731	40,000	40,000
Gas Price per mcf	\$ 6.64	\$ 3.75	\$ 5.25
Gas Tax Val. (000)	1,816,868	1,231,875	1,657,294

\*Estimated

### State General Fund Receipts Estimates

**FY 2010.** The revised estimate of SGF receipts for FY 2010 is \$5.301 billion, a decrease of \$235.2 million from the previous estimate. Receipts through October had been running \$109.9 million below that forecast. The revised estimate is approximately \$288.3 million, or 5.2 percent, below actual FY 2009 receipts.

Each individual SGF source was reevaluated independently and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts.

The estimate of total taxes was decreased by \$241.3 million, while the estimate of other revenue was increased by \$6.1 million. Total taxes in FY 2010 are now expected to be \$215.9 million below FY 2009 collections, which were \$499.1 million below the FY 2008 figure.

The estimate for individual income taxes was decreased by \$195.3 million. Deferred capital losses from the stock market upheavals in 2008 are expected to influence tax year 2009 receipts in addition to the historically weak employment and personal income indicators. Final FY 2009 receipts from this source were \$93.0 million below the final estimate for that year and would have been almost \$120 million below the estimate had the state not deferred payment of a number of refunds to the early part of FY 2010.

The combined forecast for sales and compensating use taxes was decreased by \$48.1 million. This result is attributable in part to new information about an additional \$28 million in refunds to one taxpayer beyond the level that had been assumed in the previous estimate. Consumer confidence and forecasts of weak holiday spending also influenced the revision.

The corporation income tax estimate was reduced by \$23.2 million as a result of weak estimated payments thus far and the assumption that refunds will again be close to \$100 million by the end of the fiscal year. Receipts from this source through October were \$8.2 million below the previous estimate.

Other reductions of note based on new information included \$4.0 million cuts to both the motor carrier property tax and interest estimates.

The overall severance tax estimate was increased by \$27.2 million, with \$22.7 million attributable to an increase in the oil estimate. As noted previously, the estimated price per barrel has been increased substantially since April. The forecast for net transfers to the SGF also was increased by \$10.1 million.

Details of the current year's revised estimate are reflected in Table 2.

**FY 2011.** SGF receipts are estimated to be \$5.179 billion in FY 2011, a figure that is 2.3 percent below the new FY 2010 forecast. This result is heavily influenced by an increase of more than \$255 million in net transfers from the SGF which will occur absent any change in current law. Total tax receipts are expected to grow by \$131.6 million, or 2.5 percent, to reflect the modest economic recovery. Other factors taken into account for FY 2011 include the continued phasing out of the estate and corporation franchise taxes; and the fact that a temporary revenue enhancement package enacted in 2009 is expected to produce nearly \$60 million less in FY 2011 receipts than it will in FY 2010.

### **Accuracy of Consensus Revenue Estimates**

For 35 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Besides the three state agencies identified on the first page, the economists currently involved in the process are Joe Sicilian from the University of Kansas, Ed Olson from Kansas State University, and John Wong from Wichita State University. Each of the agencies and individuals involved in the process prepared independent estimates and met on November 5, 2009, to discuss estimates and come to a consensus for each fiscal year.

**STATE GENERAL FUND ESTIMATES**

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from Original Estimate*		Difference from Final Estimate**	
				Amount	Percent	Amount	Percent
1975	—	\$614.9	\$627.6	—	—	\$12.7	2.1%
1976	\$676.3	699.7	701.2	\$24.9	3.7%	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	0.0
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3
1999	3,844.7	4,051.9	3,978.4	133.7	3.5	(73.4)	(1.8)
2000	4,204.1	4,161.0	4,203.1	(1.0)	0.0	42.1	1.0
2001	4,420.7	4,408.7	4,415.0	(5.7)	(0.1)	6.4	0.1
2002	4,674.5	4,320.6	4,108.9	(565.6)	(12.1)	(211.7)	(4.9)
2003	4,641.0	4,235.6	4,245.6	(395.4)	(9.3)	9.9	0.2
2004	4,605.5	4,450.5	4,518.7	(86.8)	(1.9)	68.2	1.5
2005	4,490.5	4,793.8	4,841.3	350.8	7.8	47.5	1.0
2006	4,834.0	5,308.7	5,394.4	560.4	11.6	85.7	1.6
2007	5,144.0	5,721.3	5,809.0	665.0	12.9	87.8	1.5
2008	5,700.4	5,736.3	5,694.9	(5.5)	(0.1)	(41.4)	(0.7)
2009	6,185.7	5,709.7	5,589.0	(596.7)	(9.6)	(120.7)	(2.1)

\* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the SGF.

\*\* The final estimate made in March, April, or June is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

The table (above) presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts.

### **Concluding Comments**

Consensus revenue estimates are based on current federal and state laws and their current interpretation. These estimates will be further adjusted in mid-April prior to the conclusion of the 2010 Legislative Session.

**Table 1**  
**State General Fund Receipts**  
*(Dollars in Thousands)*

	FY 2009 (Actual)		Consensus Estimate November 5, 2009			
			FY 2010 (Revised)		FY 2011	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$ 29,257	0.8 %	\$ 24,000	(18.0) %	\$ 24,000	-- %
Income Taxes:						
Individual	\$ 2,682,000	(7.4) %	\$ 2,560,000	(4.5) %	\$ 2,610,000	2.0 %
Corporation	240,258	(44.4)	245,000	2.0	245,000	--
Financial Inst.	26,192	(21.0)	24,000	(8.4)	25,000	4.2
Total	\$ 2,948,450	(12.3) %	\$ 2,829,000	(4.1) %	\$ 2,880,000	1.8 %
Estate Tax	\$ 22,530	(49.1) %	\$ 14,500	(35.6) %	\$ 5,000	(65.5) %
Excise Taxes:						
Retail Sales	\$ 1,689,516	(1.3) %	\$ 1,660,500	(1.7) %	\$ 1,710,000	3.0 %
Compensating Use	235,026	(4.6)	222,000	(5.5)	250,000	12.6
Cigarette	107,216	(4.9)	102,000	(4.9)	100,000	(2.0)
Tobacco Products	5,728	3.2	6,000	4.7	6,200	3.3
Cereal Malt Bev.	2,089	(6.2)	2,200	5.3	2,200	--
Liquor Gallonage	18,215	3.6	18,500	1.6	19,100	3.2
Liquor Enforcement	53,794	7.6	57,000	6.0	59,000	3.5
Liquor Drink	9,141	2.7	9,500	3.9	9,700	2.1
Corp. Franchise	41,720	(10.6)	26,000	(37.7)	15,000	(42.3)
Severance	124,249	(16.1)	101,700	(18.1)	118,800	16.8
Gas	73,814	(19.3)	47,700	(35.4)	62,800	31.7
Oil	50,436	(11.0)	54,000	7.1	56,000	3.7
Total	\$ 2,286,693	(2.7) %	\$ 2,205,400	(3.6) %	\$ 2,290,000	3.8 %
Other Taxes:						
Insurance Prem.	119,590	1.7 %	\$ 117,500	(1.7) %	\$ 123,000	4.7 %
Miscellaneous	1,794	(65.7)	2,000	11.5	2,000	--
Total	\$ 121,384	(1.2) %	\$ 119,500	(1.6) %	\$ 125,000	4.6 %
Total Taxes	\$ 5,408,314	(8.4) %	\$ 5,192,400	(4.0) %	\$ 5,324,000	2.5 %
Other Revenues:						
Interest	\$ 64,199	(42.3) %	\$ 20,000	(68.8) %	\$ 22,000	10.0 %
Net Transfers	35,582	109.4	33,700	(5.3)	(223,700)	(763.8)
Agency Earnings	80,879	50.1	54,600	(32.5)	56,200	2.9
Total	\$ 180,660	185.0 %	\$ 108,300	(40.1) %	\$ (145,500)	(234.3) %
Total Receipts	\$ 5,588,974	(1.9) %	\$ 5,300,700	(5.2) %	\$ 5,178,500	(2.3) %

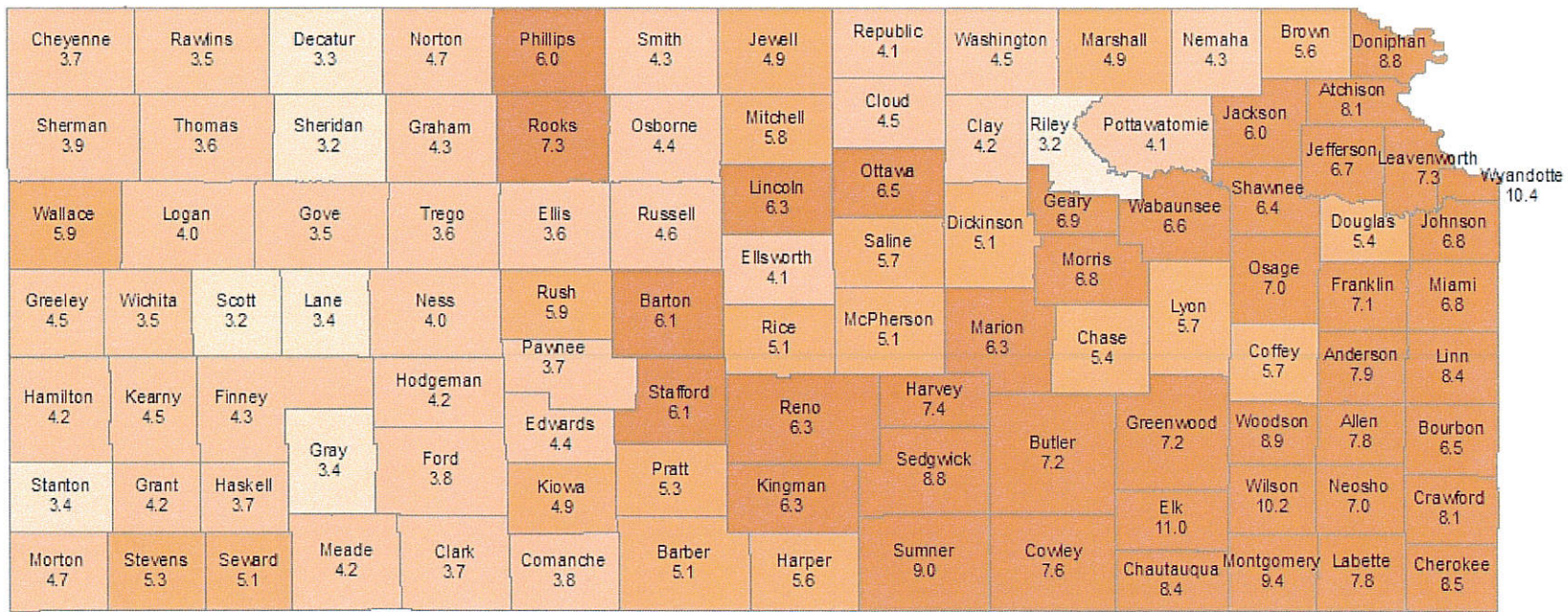
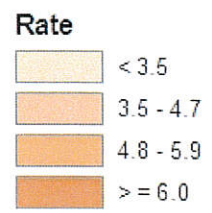
**Table 2**  
**State General Fund Receipts**  
**FY 2010 Revised**  
**Comparison of November 2009 Estimate to June 2009 Estimate**  
*(Dollars in Thousands)*

	FY 2010 CRE Est. as Adj. for Legis.	FY 2010 CRE Estimate	Difference	
			Amount	Pct. Chg.
<b>Property Tax:</b>				
Motor Carrier	\$ 28,000	\$ 24,000	\$ (4,000)	(14.3) %
<b>Income Taxes:</b>				
Individual	\$ 2,755,335	\$ 2,560,000	\$ (195,335)	(7.1) %
Corporation	268,200	245,000	(23,200)	(8.7)
Financial Inst.	26,000	24,000	(2,000)	(7.7)
<b>Total</b>	<b>\$ 3,049,535</b>	<b>\$ 2,829,000</b>	<b>\$ (220,535)</b>	<b>(7.2) %</b>
Estate Tax	\$ 14,500	\$ 14,500	\$ --	-- %
<b>Excise Taxes:</b>				
Retail Sales	\$ 1,699,428	\$ 1,660,500	\$ (38,928)	(2.3) %
Compensating Use	231,200	222,000	(9,200)	(4.0)
Cigarette	102,000	102,000	--	--
Tobacco Product	5,800	6,000	200	3.4
Cereal Malt Beverage	2,200	2,200	--	--
Liquor Gallonage	18,500	18,500	--	--
Liquor Enforcement	57,000	57,000	--	--
Liquor Drink	9,700	9,500	(200)	(2.1)
Corporate Franchise	22,000	26,000	4,000	18.2
Severance	74,500	101,700	27,200	36.5
Gas	43,200	47,700	4,500	10.4
Oil	31,300	54,000	22,700	72.5
<b>Total</b>	<b>\$ 2,222,328</b>	<b>\$ 2,205,400</b>	<b>\$ (16,928)</b>	<b>(0.8) %</b>
<b>Other Taxes:</b>				
Insurance Premium	\$ 117,300	\$ 117,500	\$ 200	0.2 %
Miscellaneous	2,000	2,000	--	--
<b>Total</b>	<b>\$ 119,300</b>	<b>\$ 119,500</b>	<b>\$ 200</b>	<b>0.2 %</b>
<b>Total Taxes</b>	<b>\$ 5,433,663</b>	<b>\$ 5,192,400</b>	<b>\$ (241,263)</b>	<b>(4.4) %</b>
<b>Other Revenues:</b>				
Interest	\$ 24,000	\$ 20,000	\$ (4,000)	(16.7) %
Net Transfers	23,610	33,700	10,090	42.7
Agency Earnings	54,600	54,600	--	--
<b>Total Other Revenue</b>	<b>\$ 102,210</b>	<b>\$ 108,300</b>	<b>\$ 6,090</b>	<b>6.0 %</b>
<b>Total Receipts</b>	<b>\$ 5,535,873</b>	<b>\$ 5,300,700</b>	<b>\$ (235,173)</b>	<b>(4.2) %</b>



# UNEMPLOYMENT RATES FOR SEPTEMBER 2009

State Rate = 6.9%



House Appropriations  
11/23-24/2009  
Attachment 2



**STATUS OF THE STATE GENERAL FUND**  
**FY 2009-FY 2011 Based on November 2009 Consensus Revenue Estimates**  
**(In Millions)**

	<u>Actual FY 2009</u>	<u>Estimated FY 2010</u>	<u>Estimated FY 2011</u>
<b>Revenue:</b>			
Beginning Balance	\$ 526.6	\$ 51.2	\$ -
Receipts (Nov. 2009 Consensus Revenue Estimate)	5,589.0	5,300.7	5,178.5
Total Available	<u>\$ 6,115.6</u>	<u>\$ 5,351.9</u>	<u>\$ 5,178.5</u>
<b>Expenditures:</b>			
Delay FY 2009 School Aid Payments to FY 2010	6,064.4	5,612.9	5,354.8
State General Fund Amounts Shifted to FY 2010	-	73.0	(73.0)
Governor's July 2009 State General Fund Allotments (generally 2.0 percent)	-	35.0	(35.0)
	-	(90.1)	-
Additional Human Services Caseload Estimates	-	24.3	118.4
Additional School Finance Estimates	-	142.3	1.3
Additional Special Education Estimates	-	13.5	25.0
Additional Statutorily Required KPERS Increase	-	-	42.0
Previously Approved Undermarket Employee Salary Adjustments	-	-	8.5
Additional Adjustments to Achieve a Zero Ending Balance	-	(459.0)	(263.5)
Total Expenditures	<u>\$ 6,064.4</u>	<u>\$ 5,351.9</u>	<u>\$ 5,178.5</u>
Ending Balance	<u>\$ 51.2</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Balance as a Percentage of Expenditures	0.8%	0.0%	0.0%
Receipts in Excess of Expenditures	\$ (475.4)	\$ (51.2)	\$ -
Across-the-Board Reduction Needed to Achieve a Zero Ending Balance		7.9%	4.8%
<b>Two-Year Total Reduction Required to Achieve a Zero Ending Balance - \$722.5 million</b>			

House Appropriations  
 11/23-24/2009  
 Attachment 3



**Notes:**

1. November 2009 Consensus Revenue Estimates for FY 2010 and FY 2011
2. FY 2010 expenditures reflect approved expenditures, as adjusted for:  
Delayed FY 2009 School Aid payments of \$73.0 million to FY 2010;  
Shifting of FY 2009 State General Fund expenditures to FY 2010 (\$35.0 million);  
Reflects Governor's July 2009 State General Fund allotments (generally 2.0 percent) of \$90.1 million; and  
Revised consensus estimates for human services caseloads (\$24.3 million), school finance (\$142.3 million), and special education (\$13.5 million).
3. FY 2011 expenditures reflect:  
FY 2010 estimated expenditures less the one-time delayed school aid payment (\$73.0 million) and shifting amounts (\$35.0 million);  
Revised consensus estimates for human services caseloads (\$118.4 million), school finance (\$1.3 million), and special education (\$25.0 million).  
Additional statutorily required KPERs employer contribution rate increase of 0.6 percent (\$42.0 million); and  
Previously approved undermarket salary adjustments (\$8.5 million)
4. FY 2011 receipts include certain transfers reflected at their statutory amounts, not at FY 2010 capped amounts, including the Biosciences Initiative (\$70.0 million) local government property tax slider (\$44.0 million) Special City-County Highway Fund (\$10.1 million), and the State Water Plan (\$6.0 million); and budgeted repayments to the State Highway Fund, the Underground Petroleum Fund, and the Waste Tire Management Fund (\$34.7 million).
5. FY 2011 receipt estimates include transfer adjustments recommended as part of the Governor's July 2009 allotments, for which no legislative action is required. They do NOT include \$40.4 million in recommended transfer adjustments which would require legislative action. These include a \$30.0 million transfer from the State Highway Fund, a \$5.0 million transfer of a special settlement payment from the Office of the Securities Commissioner, a \$3.4 million transfer from the Economic Development Initiatives Fund, and a \$2.0 million transfer from the State Housing Trust Fund.



# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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November 2, 2009

**To:** Legislative Budget Committee and Governor Mark Parkinson  
**From:** Kansas Legislative Research Department and Kansas Division of the Budget  
**Re:** Human Services Consensus Caseload Estimates for FY 2010 and FY 2011

The Division of the Budget, Department of Social and Rehabilitation Services, Kansas Health Policy Authority, Department on Aging, Juvenile Justice Authority, and the Legislative Research Department, met on October 29, 2009, to revise the estimates on human services caseload expenditures for FY 2010 and to make initial estimates for FY 2011. The caseload estimates include expenditures for Nursing Facilities, Regular Medical Assistance, Temporary Assistance to Families, General Assistance, the Reintegration/Foster Care Contracts, psychiatric residential treatment facilities, and out of home placements. A chart summarizing the estimates for FY 2010 and FY 2011 is included at the end of this memorandum. The estimate for FY 2010 is increased by \$24.3 million from the State General Fund and \$40.2 million from all funding sources. The new estimate for FY 2011 then increases by \$118.4 million from the State General Fund, and \$51.6 million from all funding sources. **The combined increase for FY 2010 and FY 2011 is an all funds increase of \$91.8 million and a State General Fund increase of \$142.7million.**

The estimates include Medical Assistance expenditures by both the Kansas Health Policy Authority (KHPA) and the Department of Social and Rehabilitation Services (SRS). Most health care services for persons who qualify for Medicaid, MediKan, and other state health insurance programs were transferred to the KHPA on July 1, 2006, as directed in 2005 Senate Bill 272. Certain mental health services, addiction treatment services, and services for persons with disabilities that are a part of the Regular Medical Assistance Program remain in the budget of SRS.

## FY 2010

For FY 2010, the estimate is an all funds increase of \$40.2 million and a State General Fund increase of \$24.3 million as compared to the budget approved by the 2009 Legislature, further modified by the Governor through the allotment process. The associated allotment reduction captured the additional increase in anticipated federal contribution and a corresponding decrease in the State General Fund requirements for FY 2010. This State General Fund reduction in FY 2010 totaled \$140.9 million, mainly due to the American Recovery and Reinvestment Act (ARRA) funding.

The all funds increase is due largely to increased estimates for Mental Health services, regular medical expenditures and Temporary Assistance to Families expenditures, partially offset by a decrease in Reintegration/Foster Care. Certain benefits which have a correlation to changes in the economic conditions in the state have been made, but may require additional adjustment in the April estimate.

The SRS Mental Health increase of \$26.5 million in all funds and \$7.8 million State General Fund increase in FY 2010 reflects an increase in beneficiaries and an increase in the payment rates for both the Prepaid Ambulatory Health Plan (PAHP) and the Psychiatric Residential Treatment Facilities. The Temporary Assistance to Families increase of \$2.2 million from all funding sources mainly is attributable to increased caseloads. In addition, expenditures for the regular medical program have increased by \$11.4 million from all funding sources, including \$18.3 million from the State General Fund. This estimate includes a decrease in fee fund expenditures for the state match and a corresponding increase of State General Fund expenditures attributable to decreased fee fund revenue projections for the Kansas Health Policy Authority for FY 2010. Out of Home Placement estimates for the Juvenile Justice Authority increased by \$1.0 million, including \$1.1 million from the State General Fund, due to increasing population among the youth. Estimates of Nursing Facilities expenditures increased by \$2.0 million, including \$607,700 from the State General Fund, mainly attributable to increased estimated cost per person.

FY 2011

The FY 2011 initial estimate is \$2.3 billion, including \$841.9 million from the State General Fund. The estimate is an all funds increase of \$51.6 million and a State General Fund increase of \$118.4 million as compared to the revised FY 2010 estimate. The portion of expenditures anticipated to be funded by the federal government for the Medicaid program have decreased due to the end of the American Recovery and Reinvestment Act (ARRA) funding at the end of December 2010, or half way through FY 2011. The increased amount of State General Fund required for matching in FY 2011 is estimated at \$93.5 million. The base Medicaid matching rate for federal contribution, excluding ARRA funding, was reduced by 1.33 percent between FY 2010 and FY 2011. The estimated impact of this reduction in FY 2011 is \$20.5 million. In addition, FY 2010 includes 53 weeks of payments, while FY 2011 returns to the standard 52 week payment year.

Regular Medical expenses for KHPA were increased by \$80.0 million from the State General Fund and \$39.4 million from all funds due to estimated increases in caseloads and higher per person expenditures. Nursing Facility expenditures were increased by \$3.7 million all funds, including \$20.7 million from the State General Fund, due to increased cost per person. Caseloads for Temporary Assistance for Families have increased by \$8.8 million, from all funding sources, due to increased estimates regarding the numbers of persons accessing services. The SRS Mental Health increase of \$1.9 million in all funds and the \$13.0 million State General Fund increase in FY 2011 generally is tied to estimated increases in beneficiaries for the Prepaid Ambulatory Health Plan (PAHP). These increases are partially offset by small decreases in expenditures for Psychiatric Residential Treatment Facilities by the Juvenile Justice Authority, General Assistance payments, and Addiction and Prevention Services (AAPS)/Prepaid Inpatient Health Plan (PIHP) by SRS.

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**Human Services  
October 2009  
Consensus Caseload Estimates**

<b>Program</b>		<b>FY 2010 Approved</b>	<b>October Revised FY 2010</b>	<b>Difference from Approved</b>	<b>October Estimate FY 2011</b>	<b>Diff. from FY 2010 Estimate</b>
Nursing Facilities	SGF	\$ 111,816,800	\$ 112,424,500	\$ 607,700	\$ 133,149,324	\$ 20,724,824
	AF	368,000,000	370,000,000	2,000,000	373,700,000	3,700,000
Targeted Case Management (Aging)	SGF	\$ 1,580,020	\$ 1,580,020	\$ 0	\$ 1,852,760	\$ 272,740
	AF	5,200,000	5,200,000	0	5,200,000	0
Psychiatric Residential Treatment Facilities (PRTFs) (JJA)	SGF	\$ 2,157,335	\$ 2,157,335	\$ 0	\$ 2,315,950	\$ 158,615
	AF	7,100,000	7,100,000	0	6,500,000	(600,000)
Out of Home Placements (JJA)	SGF	\$ 18,500,000	\$ 19,600,000	\$ 1,100,000	\$ 21,037,226	\$ 1,437,226
	AF	21,968,941	22,900,000	931,059	23,383,470	483,470
Nursing Facilities for Mental Health (NFMH)	SGF	\$ 13,360,427	\$ 13,900,000	\$ 539,573	\$ 14,000,000	\$ 100,000
	AF	15,743,520	16,251,608	508,088	16,258,274	6,666
Temporary Assistance to Families	SGF	\$ 29,821,028	\$ 29,821,028	\$ 0	\$ 29,821,028	\$ 0
	AF	50,812,736	53,000,000	2,187,264	61,800,000	8,800,000
General Assistance	SGF	\$ 4,022,160	\$ 4,500,000	\$ 477,840	\$ 4,300,000	\$ (200,000)
	AF	4,022,160	4,500,000	477,840	4,300,000	(200,000)
Reintegration/Foster Care	SGF	\$ 90,196,703	\$ 85,000,000	\$ (5,196,703)	\$ 86,000,000	\$ 1,000,000
	AF	137,000,000	131,115,351	(5,884,649)	131,789,617	674,266
Regular Medical (KHPA)	SGF	\$ 346,676,000	\$ 365,000,000	\$ 18,324,000	\$ 445,000,000	\$ 80,000,000
	AF	1,310,206,747	1,321,580,000	11,373,253	1,361,000,000	39,420,000
Mental Health (SRS)	SGF	\$ 65,162,609	\$ 73,000,000	\$ 7,837,391	\$ 86,000,000	\$ 13,000,000
	AF	212,565,574	239,085,578	26,520,004	240,993,850	1,908,272
Community Supports and Services (SRS)	SGF	\$ 9,211,482	\$ 9,700,000	\$ 488,518	\$ 11,700,000	\$ 2,000,000
	AF	30,315,888	31,928,901	1,613,013	32,837,496	908,595
AAPS/PIHP* (SRS)	SGF	\$ 6,663,674	\$ 6,800,000	\$ 136,326	\$ 6,734,070	\$ (65,930)
	AF	21,930,800	22,383,147	452,347	18,900,000	(3,483,147)
<b>TOTAL</b>	<b>SGF</b>	<b>\$ 699,168,238</b>	<b>\$ 723,482,883</b>	<b>\$ 24,314,645</b>	<b>\$ 841,910,358</b>	<b>\$ 118,427,475</b>
	<b>AF</b>	<b>\$ 2,184,866,366</b>	<b>\$ 2,225,044,585</b>	<b>\$ 40,178,219</b>	<b>\$ 2,276,662,707</b>	<b>\$ 51,618,122</b>

**SGF** - State General Fund

**AF** - All Funds

\* Addiction and Prevention Services (AAPS)/Prepaid Inpatient Health Plan (PIHP)



**FY 2010 and FY 2011 School Finance**  
 Changes Based on November 2009 Estimates  
 (Dollars in Thousands)

	FY 2010				FY 2011		
	Approved Amount*	November Estimate	Dollar Change	Percent Change	November Estimate	Dollar Change	Percent Change
Base State Aid Per Pupil	\$ 4,218	\$ 4,218	-	0.0%	\$ 4,218	\$ -	0.0%
General State Aid	\$ 1,912,474	\$ 2,012,632	\$ 100,158	5.2%	\$ 1,999,613	\$ (13,019)	-0.6%
Supplemental State Aid	339,212	381,024	41,812	12.3	369,254	\$ (11,770)	-3.1
Capital Outlay	0	-	-	-	26,400	26,400	--
<b>Subtotal- School Finance</b>	<b>\$ 2,251,686</b>	<b>\$ 2,393,656</b>	<b>\$ 141,970</b>	<b>6.3%</b>	<b>\$ 2,395,267</b>	<b>\$ 1,611</b>	<b>0.1%</b>
Capital Improvements (Revenue)	80,000	86,700	6,700	8.4	91,700	5,000	5.8
Special Education	367,541	381,050	13,509	3.7	392,525	11,475	3.0
KPERS contribution	260,082	256,423	(3,659)	-1.4	304,821	48,398	18.9
<b>TOTAL</b>	<b>\$ 2,959,309</b>	<b>\$ 3,117,829</b>	<b>\$ 158,520</b>	<b>5.4%</b>	<b>\$ 3,184,313</b>	<b>\$ 66,484</b>	<b>2.1%</b>

\* The Base State Aid Per Pupil does not reflect the Legislative Approved amount. It, instead, reflects the BSAPP including July 2009 allotments. The FY 2010 approved amount does not include federal ARRA funding and reflects a shift of \$30,674,123 in FY 2010. Supplemental State Aid reflects a shift of \$43,326,689 in FY 2010.

House Appropriations  
 11/23-24/2009  
 Attachment 5



**FY 2010 REQUESTED STATE GENERAL FUND SUPPLEMENTAL EXPENDITURES**

<u>Agency/Purpose</u>	<u>Amount</u>
<b>Kansas Department of Education</b>	
<b>General State Aid.</b> The agency requests funding for General State Aid due to an increase in enrollment along with substantial increases in the number of at-risk students served. In addition, it is not likely the 20 mil property tax levy will generate as much local revenue as originally anticipated. This funding will allow the agency to maintain the current Base State Aid Per Pupil of \$4,218.	\$ 53,716,205
<b>Supplemental General State Aid.</b> The agency requests funding due to an increase in Assessed Valuation Per Pupil (AVPP). The AVPP increased significantly during 2008-2009. The increase was due to a decline in enrollment and increase in the assessed valuation due in part to a higher valuation of oil and gas producing property.	37,690,342
<b>Subtotal-Kansas Department of Education</b>	<u>\$ 91,406,547</u>
<b>Judicial Branch</b>	
<b>Operations Funding.</b> The agency requests funding in order to maintain court operations.	\$ 8,000,000
<b>Adjutant General</b>	
<b>National Guard Museum Expansion Funds.</b> The agency requests supplemental funding for operations of the 35th Infantry Division Museum and Museum Education Center. Current law provides that from July 1, 2008 to June 30, 2010, 30 percent of net profits from the Veteran's Benefit Instant scratch-off tickets of the Kansas Lottery go to fund this purpose. The funds are to be transferred to the State General Fund and then are available to appropriate to the Adjutant General's Department for the museum expansion.	488,687

House Appropriations  
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Attachment 6



6-18

Agency/Purpose	Amount
<p><b>Air Support Operations Squadron (ASOS) building funding at Smoky Hill Weapons Range.</b> The agency requests funding for construction of a facility at the Smoky Hill Weapons Range in Salina to help carry out the ASOS mission there. These duties include training and deploying with the Army National Guard Units providing direct air support and air cover, and providing links between ground forces and aircrew members providing close air support. This supplemental would provide for the state's obligation to provide 25 percent of costs (\$50,000), with 75 percent federal contribution (\$150,000).</p>	50,000
<p><b>Kansas Hazard Mitigation Plan.</b> The agency requests funding to update the Kansas Hazard Mitigation Plan, the official statement of the State's hazard identification, vulnerability analysis, and hazard mitigation strategy. The document must be updated and approved by Federal Emergency Management Agency (FEMA) every three years. In order to continue to be eligible for certain federal disaster assistance programs, this update must be approved by FEMA no later than November 28, 2010. The Adjutant General has been approved by FEMA for a planning grant providing 75 percent of the cost of the plan (\$150,000), but there is a 25 percent matching requirement.</p>	50,000
<p><b>Military Activation Payments.</b> The agency requests funding for one-time military activation payments. These payments (\$1,500 for State of Kansas employees who serve in the military reserves and are called to full-time military duty, mobilized and deployed on and after July 1, 2008 for in excess of 30 consecutive days). The agency states it has \$23,142 in funds available for the program in FY 2010, which would provide for 15 bonuses. Based on the history of bonuses paid, and the fact that the agency has already received 12 requests as of September 1st, the agency anticipates receiving a total of 30 requests in FY 2010. To provide for this, the agency is requesting \$21,858 for 15 additional requests in FY 2010.</p>	21,858
<p><b>Civil Air Patrol Operating Funds.</b> The Civil Air Patrol had been leasing space from the Salina Airport Authority, but the Adjutant General found space at its facility at the Salina Airport in an attempt to assist with increased rental costs. However, as the Adjutant General's facility is supported 100 percent by federal funds, the National Guard Bureau regulations require the Adjutant General to charge the Civil Air Patrol for the cost of the space based on Department of Defense Cost models. This supplemental would provide \$3,481 to fully fund the FY 2010 lease (total lease cost is \$9,905 in FY 2010), and provide \$750 for postage and supplies.</p>	4,231
<p><b>Subtotal - Adjutant General</b></p>	<hr/> <b>\$ 614,776</b>



6-3

Agency/Purpose	Amount
<b>Kansas Juvenile Correctional Facility</b>	
<p><b>Funding for Juvenile Correctional Officer I Positions for Kansas Juvenile Correctional Center West.</b> According to the agency, funding transferred as a result of the suspension of operations at the Beloit facility was not adequate to provide the staffing necessary to provide adequate security for the KJCC West campus. \$1,071,806 from the State General Fund is required to finance ten months of operations at KJCC-West. A total of \$840,280 from the Beloit budget has already been transferred. According to the agency, the difference of \$231,526 will allow minimum staffing levels to be met for all shifts.</p>	<p>\$ 231,526</p>
<b>Kansas State Fair</b>	
<p><b>State Fair Capital Improvements Fund.</b> The agency requests funding from the State General Fund to be transferred to the State Fair Capital Improvements Fund. Each fiscal year the agency transfers a percentage of State Fair receipts into the fund, which is then matched, up to \$300,000, by the State General Fund. The match from the State General Fund in FY 2010 would total \$200,000; however, no matching funds were approved during the 2009 Legislative Session. According to the agency, without the State General Fund match, the agency will not be able to make its \$400,000 bond payment in April 2010. The agency anticipates a negative balance of approximately \$18,100 in the State Fair Capital Improvements Fund at that time.</p>	<p>200,000</p>
<b>Kansas Health Policy Authority</b>	
<p><b>Medicare Improvements for Patients and Providers (Federal) Act of 2008 (MIPPA) Processing.</b> The agency requests \$340,000, including \$170,000 from the State General Fund, and 2.0 FTE positions to process Medicare Savings Program applications as required by MIPPA. MIPPA requires that any Low Income Subsidy application for Medicare Part D benefits also be considered an application for Medicaid under one of the other Medicare Savings Programs, starting January 1, 2010. KHPA expects to process 600 additional applications per month starting in January. Of the request, \$275,000 would be paid to the Clearinghouse contractor and \$65,000 would fund the 2.0 FTE positions for half the fiscal year.</p>	<p>170,000</p>



Agency/Purpose	Amount
<b>Kansas Commission on Veteran's Affairs</b>	
<b>Increased Operations Costs.</b> The Kansas Veteran's Home requests funding totaling \$122,956 for increased food contract costs (\$63,025) and increased pharmacy contract costs (\$59,931).	122,956
<b>State Conservation Commission</b>	
<b>Riparian and Wetlands Program Manager.</b> The agency requests funding from the State General Fund to fund the Riparian and Wetlands Program Manager position, which manages the Riparian and Wetland Protection Program, the Buffer Program, Buffer Coordinator positions, and all Technical Service provider contracts with the U.S. Natural Resources Conservation Service. Prior to FY 2010, the salaries and wages expenditure for this position was funded by the State General Fund, but due to a reduced State General Fund appropriation to the agency in FY 2010, the agency is utilizing federal funding for the position's salaries and wages. The agency states that using the federal funding for this position limits the agency's flexibility to meet unexpected expenses that arise from year to year in its programs.	31,464
<b>Kansas Parole Board</b>	
<b>Building Space Rent.</b> In order to comply with budget reductions, the Parole Board did not include any funds for the rental of office space in the Landon State Office Building for FY 2010. The supplemental would provide 1,674 square feet of office space at \$16.78 per square foot.	28,090
<b>Kansas Board of Regents</b>	
<b>Midwest Higher Education Compact (MHEC) Dues.</b> The Board is requesting additional funding for an increase in the Midwestern Higher Education Compact (MHEC) state membership dues. The state membership dues increased from \$90,000 to \$95,000 for FY 2009. The MHEC Commission has decided to keep this same payment level through FY 2011.	4,331



Agency/Purpose	Amount
<b>Kansas Highway Patrol</b>	
<b>Additional funding for Increases in Fuel Prices.</b> The Highway Patrol is requesting additional funding to cover increases in fuel costs. The additional fuel expenditures would include patrol vehicles, aircraft, and Special Response Team vehicles. Total funding of \$389,790 is requested, with \$3,530 from the State General Fund to fund the Capital Police portion of the request.	3,530
<b>TOTAL - FY 2010 STATE GENERAL FUND SUPPLEMENTAL EXPENDITURES REQUESTED</b>	<b>\$ 100,813,220</b>

**SELECTED ADDITIONAL REQUESTED SUPPLEMENTAL EXPENDITURES WITH A POTENTIAL IMPACT ON THE STATE GENERAL FUND**

**Attorney General**

<b>Water Litigation Costs.</b> The Attorney General requests funding for water litigation costs in FY 2010. Although the request is for expenditures from the special revenue Interstate Water Litigation Fund, there are not sufficient resources in the Fund to finance this request. <i>Funding is typically transferred from the Interstate Water Litigation Reserve account of the State General Fund to the special revenue fund for expenditure.</i>	\$ 686,998
<b>County Reimbursement for Sexually Violent Predator Determinations.</b> The Attorney General requests funding for expenditures related to KSA 59-29a04a, which created the Sexually Violent Predator Expense Fund to provide for reimbursement to counties for costs related to determining whether a person may be a sexually violent predator. The law provides that if no moneys are available in the fund, counties may file a claim against the state. According to the agency, although the fund has been created, the statute provides no mechanism for moneys to be deposited in the fund. <i>Although this request is for expenditures from the special revenue fund, it would require the transfer of funds from another source, which might include the State General Fund.</i>	20,000
<b>Subtotal-Attorney General</b>	<b>\$ 706,998</b>



<u>Agency/Purpose</u>	<u>Amount</u>
<b>Department of Social and Rehabilitation Services</b>	
<b>Internal Shifts and Fee Fund Increases.</b> The Department internally shifted fee funds and requests increased fee fund expenditures for both the Department and the state hospitals. This action will utilize one time balances and revenue sources but will allow the Department to maintain current policies for the Home and Community Based Services Waivers. Required additional funding for the waivers in FY 2010 are \$32.9 million, including \$10.0 million from state funds.	-
<b>TOTAL - OTHER SELECTED SUPPLEMENTAL EXPENDITURE REQUESTS</b>	<u>\$ 706,998</u>
<b>GRAND TOTAL</b>	<u>\$ 101,520,218</u>



## Fiscal Year 2009 & 2010 Special Revenue Fund Transfers to the State General Fund

Agency	Fiscal Year 2009			Fiscal Year 2010	
	KSIP Funds	Non-SGF Agency Reduction	One-Time Transfers	Non-SGF Agency Reduction	One-Time Transfers
Abstracters Board of Examiners	\$ -	\$ 513	\$ -	\$ 515	\$ -
Adjutant General	-	-	2,203,549	-	-
Attorney General	-	-	3,060,000	-	-
Attorney General -- KBI	-	-	78,500	-	-
Behavioral Sciences Regulatory Board	27,134	15,478	-	14,490	-
Board of Accountancy	41,382	*	*	*	*
Board of Barbering	-	3,671	-	4,712	-
Board of Cosmetology	33,549	18,990	-	25,067	-
Board of Emergency Medical Services	46,922	41,665	-	54,160	-
Board of Examiners in Hearing Instr. etc.	-	695	-	978	-
Board of Examiners in Optometry	-	*	*	*	*
Board of Healing Arts	-	53,080	-	55,289	-
Board of Mortuary Arts	29,834	6,514	-	8,872	-
Board of Nursing	50,460	43,683	-	57,064	-
Board of Pharmacy	72,524	*	*	*	*
Board of Real Estate Appraisers	11,681	7,696	-	10,262	-
Board of Technical Professions	33,566	13,600	-	19,154	-
Board of Veterinary Examiners	57,822	*	*	*	*
Citizens Utility Ratepayer Board	-	18,919	-	25,564	-
Credit Unions	51,016	*	*	*	*
Department of Administration	63,978	-	-	-	-
Department on Aging	-	-	805,000	-	-
Department of Education	-	-	-	-	1,029,584
Department of Labor	25,976	-	549,500	-	-
Department of Revenue	-	-	2,182,300	-	-
Health Care Stabilization Fund	251,834	-	-	-	-
Insurance Department	169,987	370,800	6,280,000	390,899	-
Kansas Corporation Commission	-	498,377	2,962,500	678,240	-
Kansas Dental Board	3,079	*	*	*	*
Kansas Highway Patrol	-	-	353,250	-	400,000
Kansas Lottery	698,176	-	-	-	-
Kansas Racing & Gaming Commission	43,761	-	-	-	-
Kansas Real Estate Commission	195,671	*	*	*	*
Kansas Correctional Industries	10,000	-	-	-	-
KDHE--Environment	-	-	1,177,500	-	-
KDHE--Health	114,825	-	-	-	-
KDOT	1,205,857	-	-	-	-
KPERS	29,756	-	-	-	-
KS CPOST	-	-	392,500	-	-
Office of the State Bank Commissioner	534,517	*	*	*	*
Osawatomie State Hospital	-	-	541,202	-	323,928
PMIB	145,543	20,187	-	24,107	-
Secretary of State	-	146,403	-	189,656	-
Securities Commissioner	255,722	-	-	45,467	-
State Fire Marshal	30,970	101,757	-	132,423	-
State Treasurer	-	82,754	196,250	151,987	-
<b>TOTALS</b>	<b>\$ 4,235,542</b>	<b>\$ 1,444,782</b>	<b>\$ 20,782,051</b>	<b>\$ 1,888,905</b>	<b>\$ 1,753,512</b>

Grand Total of FY 09 & FY 10 Transfers  
(Excluding KSIP) \$ 25,869,249

Items with "\*" indicate they were exempted in a Senate Floor Amendment



## Transfers In and Out of the State General Fund

Description	June FY 2010 Adj CRE Estimate	Nov. FY 2010 CRE Estimate*	State General Fund Gain/Loss
<b>Transfers in:</b>			
Various Agencies	\$ 2,706,621	\$ 3,008,403	\$ 301,782
	2009 HB 2373 Transfers Adjusted 21.5%	1,843,439	(1,431,778)
Department of Administration	Cancelled Warrants	1,956,071	488,324
KPERS	Bond Payment for 13th Check	3,537,100	(322,966)
Kansas Lottery	Gaming Revenues Fund	22,480,154	5,610,000
	Special Veterans Benefit Game	1,460,000	140,000
	ELARF	54,703,568	-
Racing & Gaming	Tribal Gaming Regulation Loan	450,000	-
PMIB	PMIB Investment Portfolio Fee Fund	2,800,000	(35,438)
Home Inspectors Reg. Board	Repayment of Loan	7,000	-
Securities Commissioner	Transfer Balance	9,605,054	494,745
KEY Fund	Transfer Balance	14,291,630	-
Osawatomie State Hospital	OSH Fees Fund	323,928	-
Highway Patrol	Training Center Fund	500,000	-
	General Fees Fund	300,000	-
	Vehicle Identif. Number Fee Fund	100,000	-
Animal Health	Livestock & Pseudorabies Indemnity Fund	17,275	-
	Legal Services Fund	31,244	-
	Conversion of Materials & Equipment Fund	15,420	-
State Fair	Special Cash Fund	200,000	-
Water Office	Water Marketing Fund	13,696	(13,696)
	Water Supply Storage Assurance	36,398	(36,398)
Department of Transportation	Highway Fund Transfer for Highway Patrol	34,603,615	1,431,780
	State Highway Fund	25,287,150	-
	Overhead Payment/Purchasing	210,000	-
<i>Subtotal Transfers In</i>	<u>\$ 178,422,817</u>	<u>\$ 185,049,172</u>	<u>\$ 6,626,355</u>

House Appropriations  
 11/23-24/2009  
 Attachment 8



Description		June FY 2010 Adj CRE Estimate	Nov. FY 2010 CRE Estimate*	General Fund Gain/Loss
<b>Transfers Out:</b>				
Dept. of Education	School District Cap. Improvements Fund	\$ (80,000,000)	\$ (86,700,000)	\$ (6,700,000)
Water Plan Agencies	State Water Plan Fund	(3,295,432)	-	3,295,432
Board of Regents	Regents Faculty of Distinction Program	(4,000,000)	(2,882,367)	1,117,633
	Regents Research Corporation Bonds	(4,943,695)	(2,457,907)	2,485,788
	Infrastructure Maintenance Fund	-	-	-
Attorney General	Tort Claims	(1,996,699)	(1,694,303)	302,396
Department of Administration	Federal Cash Management Fund	(900,000)	(500,000)	400,000
	Emergency Fund (State Fair)	-	(107,590)	(107,590)
Biosciences Authority	Biosciences Initiative	(40,000,000)	(40,000,000)	-
KPERS	Non-Retirement Administration	(245,000)	(120,000)	125,000
Health Care Stab. Fund	Reimbursement for Claims & Expenses	(2,805,000)	-	2,805,000
State Treasurer	Spirit Aerosystems Incentive	(3,500,000)	(3,318,246)	181,754
	Eaton MDH Spec. Qual. Indus. Mfg. Fund	(350,000)	(325,662)	24,338
	Cessna Incentive	(5,400,000)	-	5,400,000
	Tax Increment Finance Replacement Fund	(1,100,000)	(1,100,000)	-
	Learning Quest Matching Funds	-	(265,000)	(265,000)
	Business Machinery Slider	-	-	-
	Intrest	(10,626,991)	(11,228,097)	(601,106)
Racing & Gaming	Tribal Gaming Program Loan Repayment	(450,000)	(450,000)	-
State Fair	Special Cash Fund	(200,000)	(200,000)	-
	Capital Improvements	-	-	-
Insurance Department	Repayment to Workers Comp. Fund	-	-	-
Department of Transportation	Special City/County Highway Fund	-	-	-
	Repay "Loan" to Highway Fund	-	-	-
Dept. of Health & Environment	Repayment to Waste Tire Mgmt. Fund	-	-	-
	Repymt. To Ungd. Petrol. Trust Fund	-	-	-
<i>Subtotal Transfers Out</i>		\$ (159,812,817)	\$ (151,349,172)	\$ 8,463,645
<b>Total Transfers</b>		<b>\$ 18,610,000</b>	<b>\$ 33,700,000</b>	<b>\$ 15,090,000</b>

\* Includes Governor's Allotment of July 2, 2009



## Transfers In and Out of the State General Fund

Description	November FY 2010 CRE Estimate	November FY 2011 CRE Estimate	State General Fund Gain/Loss
<b>Transfers in:</b>			
Various Agencies	\$ 3,008,403	\$ -	\$ (3,008,403)
	2009 HB 2373 Transfers Adjusted 21.5%	-	(1,843,439)
Department of Administration	Cancelled Warrants	1,945,230	(10,841)
KPERS	Bond Payment for 13th Check	3,537,100	322,966
Kansas Lottery	Gaming Revenues Fund	20,400,000	(7,690,154)
	Special Veterans Benefit Game	1,600,000	-
	ELARF	54,703,568	-
Racing & Gaming	Tribal Gaming Regulation Loan	450,000	-
PMIB	PMIB Investment Portfolio Fee Fund	2,640,000	(124,563)
Home Inspectors Reg. Board	Repayment of Loan	7,000	-
Securities Commissioner	Transfer Balance	10,099,799	10,277,436
KEY Fund	Transfer Balance	14,291,630	-
Osawatomie State Hospital	OSH Fees Fund	323,928	-
Highway Patrol	Training Center Fund	500,000	500,000
	General Fees Fund	300,000	-
Animal Health	Vehicle Identif. Number Fee Fund	100,000	-
	Livestock & Pseudorabies Indemnity Fund	17,275	-
	Legal Services Fund	31,244	-
State Fair	Conversion of Materials & Equipment Fund	15,420	-
Water Office	Special Cash Fund	200,000	200,000
	Water Marketing Fund	-	-
Department of Transportation	Water Supply Storage Assurance	-	44,088
	Highway Fund Transfer for Highway Patrol	36,035,395	33,619,623
	State Highway Fund	25,287,150	-
	Overhead Payment/Purchasing	210,000	-
<i>Subtotal Transfers In</i>	<u>\$ 185,049,172</u>	<u>\$ 75,423,477</u>	<u>\$ (109,625,695)</u>

House Appropriations  
 11/23-24/2009  
 Attachment 9



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Description		November FY 2010 CRE Estimate	November FY 2011 CRE Estimate	General Fund Gain/Loss
<b>Transfers Out:</b>				
Dept. of Education	School District Cap. Improvements Fund	\$ (86,700,000)	\$ (91,700,000)	\$ (5,000,000)
Water Plan Agencies	State Water Plan Fund	-	(6,000,000)	(6,000,000)
Board of Regents	Regents Faculty of Distinction Program	(2,882,367)	(3,000,000)	(117,633)
	Regents Research Corporation Bonds	(2,457,907)	(6,240,000)	(3,782,093)
	Infrastructure Maintenance Fund	-	(15,000,000)	(15,000,000)
Attorney General	Tort Claims	(1,694,303)	(137,185)	1,557,118
Department of Administration	Federal Cash Management Fund	(500,000)	(500,000)	-
	Emergency Fund (State Fair)	(107,590)	-	107,590
Biosciences Authority	Biosciences Initiative	(40,000,000)	(70,000,000)	(30,000,000)
KPERS	Non-Retirement Administration	(120,000)	(120,000)	-
Health Care Stab. Fund	Reimbursement for Claims & Expenses	-	-	-
State Treasurer	Spirit Aerosystems Incentive	(3,318,246)	(3,219,000)	99,246
	Eaton MDH Spec. Qual. Indus. Mfg. Fund	(325,662)	(327,000)	(1,338)
	Cessna Incentive	-	-	-
	Tax Increment Finance Replacement Fund	(1,100,000)	(1,100,000)	-
	Learning Quest Matching Funds	(265,000)	(265,000)	-
	Business Machinery Slider	-	(43,983,000)	(43,983,000)
	Intrest	(11,228,097)	(11,228,097)	-
Racing & Gaming	Tribal Gaming Program Loan Repayment	(450,000)	(450,000)	-
State Fair	Special Cash Fund	(200,000)	(200,000)	-
	Capital Improvements	-	(300,000)	(300,000)
Insurance Department	Repayment to Workers Comp. Fund	-	(1,000,000)	(1,000,000)
Department of Transportation	Special City/County Highway Fund	-	(10,063,664)	(10,063,664)
	Repay "Loan" to Highway Fund	-	(30,896,209)	(30,896,209)
Dept. of Health & Environment	Repayment to Waste Tire Mgmt. Fund	-	(250,000)	(250,000)
	Repymt. To Ungd. Petrol. Trust Fund	-	(2,500,000)	(2,500,000)
<i>Subtotal Transfers Out</i>		<u>\$ (151,349,172)</u>	<u>\$ (298,479,155)</u>	<u>\$ (147,129,983)</u>
<b>Total Transfers</b>		<u><b>\$ 33,700,000</b></u>	<u><b>\$ (223,055,678)</b></u>	<u><b>\$ (256,755,678)</b></u>

\* Includes Governor's Allotment of July 2, 2009





TESTIMONY OF THE KANSAS ASSOCIATION OF COUNTIES  
TO THE HOUSE APPROPRIATIONS COMMITTEE  
NOVEMBER 23, 2009

Chairman Yoder and Committee Members:

Thank you for the opportunity to appear before the Committee and discuss the budgetary concerns of Kansas counties. I will address specific state funds that affect counties.

**Mineral Tax and Drug Tax.** During the 2009 session HB 2373, Sec 38, swept \$1,570,000 in the Special County Mineral Production Tax Fund to the State General Fund. This fund provides monies to counties for severing and producing coal, oil or gas from property within the county. That same bill swept \$314,000 in the Local Drug Tax Fund. These monies result from drug arrests where the person does not have a Kansas drug tax stamp, and the money is distributed back to the local law enforcement agency that handled the drug bust.

**Special City-County Highway Fund.** The Special City and County Highway Fund (SCCHF) is a major revenue source for county road and bridge funds. Counties maintain 109,000 miles in the state, which represents 82% of Kansas road mileage.

There are two main revenue sources for the SCCHF, the most significant being a portion of the motor fuels tax. The less significant piece is motor carrier property taxes.

The state general fund distribution to SCCHF for FY2009 started out at \$10,063,660. Senate Bill 23 -- the rescission bill -- provided that the State Treasurer return monies to the State General Fund from the July 15, 2008 and January 15, 2009 transfers to the SCCHF. The bill further provided that \$6,661,087 be distributed to 20 counties to partially compensate those counties for SCCHF underpayments in prior years. The underpayments resulted from a glitch in the State Treasurer's computer system. The net result is that --except for the 20 counties who received FY 2009 monies to compensate for prior year distribution errors -- Kansas counties did not receive the \$10m from the motor carrier property tax in FY 2009.

Senate Substitute for House Bill 2354, relating to the FY2010 budget, provided that the July 15, 2009 and the January 15, 2010 transfers from the State

General Fund to the SCCHF be limited to \$2,515,916 each. The effect on county budgets was a decrease of \$5m in FY 2010. The final omnibus bill, Sen Sub for HB 2373, moved this distribution from the State General Fund to the State Highway Fund, thus affecting the availability of funds from the State Highway Fund for projects statewide.

**Community Mental Health Centers.** CMHCs are funded by the State and the counties. Since FY2008, state funding for mental health has been reduced by 52%, from \$31m to \$16.1m. By statute, community mental health centers must serve every person who walks through their doors; they cannot have waiting lists. State cuts to their funding result in shifting the costs to counties, and for those counties who cannot provide funds to their local CMHC, the state cuts simply reduce the level of services to our citizens suffering from mental illness. If the person cannot receive community-based services at a sufficient level, the person may move to a higher level of care, such as in-patient care, and those costs belong wholly to the state.

**Machinery and Equipment Exemption.** During the 2006 legislative session the legislature passed a property tax exemption for new machinery and equipment. At the time of consideration, machinery and equipment was valued at \$1.9b, or 6.83% of the total property tax base. For some counties, this exemption took a large chunk of change; for example, Wyandotte County lost \$174m (16% of their tax base) in property valuation or \$11.6m in revenues.

**“Slider Payments”** were included in the machinery and equipment package to soften the blow on local revenues. The slider payments were computed for each county that had received M&E distributions in the past, based on the difference in M&E property tax receipts in tax year 2005 and future tax years. Counties were to receive a percentage of the amount every year until 2012, with a drop in the percentage each year (90% down to 10%).

Early in the 2009 session the rescission bill (House Substitute for SB 23) reduced the total 2009 slider payments by 6.5%, and then divided the money into two equal payments on March 2 (50%) and June 1 (50%). In dollar terms, an estimated \$44.6 million originally scheduled for distribution on February 15 was reduced to \$41.7 million. \$20.85 million was transferred on March 2 and an equal amount was scheduled for early June. However, the final omnibus budget bill adopted by the legislature cut the June 2009 payment altogether.

As to FY 2010, both the mega budget bill and the omnibus budget bill excluded any slider payments.

Therefore, counties did not receive the June 2009 slider payment and will not receive any slider payments in FY 2010.

**Alcohol Tax.** In the 2009 session Governor Sebelius recommended that alcohol taxes be swept, an amount representing \$27 million for cities and counties. The Senate Tax Committee considered raking one-third of the alcohol tax funds from the parks and recreation programs, but the bill did not pass out of committee. For some cities and counties this fund represents 100% of their parks and recreation budget.

**Local Ad Valorem Reduction Transfers (LAVTRs) and City-County Revenue Sharing (CCRS) i.e., “Demand Transfers”.** LAVTRs are state transfers of funds to local government designed to lower local property taxes. The transfers originated in 1937, due to concerns about high property taxes. The fund was historically funded by 3.6% of state sales and use tax receipts. CCRS was established in 1978 as a trade-off with cities and counties for the loss of cigarette and alcohol tax receipts. It was also funded by state sales and use tax receipts. These two transfers ended during the waning days of the Graves administration when that administration was dealing with budgetary problems.

I appreciate the opportunity to discuss county funding issues with you today. I would be happy to answer any questions.

Submitted by Melissa Wangemann, General Counsel  
Kansas Association of Counties



BDR600 PROCESSED 10/6/09			7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	Total
#	USD Name	County Name	General Fund Cash Bal.	Supp. General Cash Bal.	Capital Outlay Cash Bal.	Food Service Cash Bal.	Special Ed. Cash Bal.	Contingency Res. Cash Bal.	B&I #1 Cash Bal.	Other Cash Bal.	USD Cash Bal.
01	ERIE	NEOSHO	928	200,063	3,093,361	102,393	135,428	286,763	314,074	337,471	4,470,481
0102	CIMARRON-ENSIGN	GRAY	667	10,744	596,348	60,992	230,077	62,449	690,041	98,562	1,749,880
D0103	CHEYLIN	CHEYENNE	0	175,015	288,276	21,626	23,373	60,500	0	31,182	599,972
D0105	RAWLINS COUNTY	RAWLINS	1	91,204	1,066,782	70,118	244,892	200,197	0	450,154	2,123,348
D0106	WESTERN PLAINS	NESS	8,753	152,819	343,125	88,999	197,798	178,508	0	248,817	1,218,819
D0107	ROCK HILLS	JEWELL	0	71,564	901,947	23,019	339,370	304,224	0	80,704	1,720,828
D0108	WASHINGTON CO.S	WASHINGTON	0	21,489	1,683,874	26,438	279,813	235,469	267,896	160,024	2,675,003
D0109	REPUBLIC COUNTY	REPUBLIC	0	62,450	537,323	83,519	319,261	447,688	75,134	372,359	1,897,734
D0110	THUNDER RIDGE S	PHILLIPS	369	0	489,032	46,921	446,530	239,303	0	161,314	1,383,469
D0111	DONIPHAN WEST S	DONIPHAN	0	34,842	203,736	49,585	79,612	163,734	0	41,062	572,571
D0200	GREELEY COUNTY	GREELEY	4	54,189	273,290	39,141	40,000	42,733	26,935	28,235	504,527
D0202	TURNER-KANSAS C	WYANDOTTE	0	199,482	975,705	491,694	443,513	690,011	832,811	5,717,021	9,350,237
D0203	PIPER-KANSAS CI	WYANDOTTE	0	64,561	1,123,046	184,151	869,910	542,798	864,571	594,066	4,243,103
D0204	BONNER SPRINGS	WYANDOTTE	0	319,377	2,515,853	325,052	8,215	546,683	1,651,430	177,162	5,543,772
D0205	BLUESTEM	BUTLER	0	0	720,258	42,712	138,051	315,330	942,272	86,487	2,245,110
D0206	REMINGTON-WHITE	BUTLER	6,864	25,999	437,179	79,757	230,600	418,000	328,962	138,360	1,665,721
D0207	FT LEAVENWORTH	LEAVENWORTH	0	24,447	9,673,443	71,922	1,026,723	973,427	0	677,623	12,447,585
D0208	WAKEENEY	TREGO	0	32,348	825,725	64,374	116,743	68,450	276,275	84,620	1,468,535
D0209	MOSCOW PUBLIC S	STEVENS	25,011	26,448	556,273	18,476	39,960	123,032	0	7,368	796,568
D0210	HUGOTON PUBLIC	STEVENS	0	48,416	2,007,087	101,026	322,649	256,696	76,586	541,003	3,353,463
D0211	NORTON COMMUNIT	NORTON	655	60,464	776,083	74,314	357,938	541,026	0	126,872	1,937,352
D0212	NORTHERN VALLEY	NORTON	14	9,916	141,713	42,174	13,327	150,937	0	23,247	381,328
D0213	WEST SOLOMON VA	NORTON	0	38,948	165,377	10,000	23,624	45,740	0	5,332	289,021
D0214	ULYSSES	GRANT	0	117,821	2,324,374	207,366	722,578	900,127	1,408,186	389,905	6,070,357
D0215	LAKIN	KEARNY	0	60,058	2,127,681	130,875	697,956	499,940	1,032,432	2,595,805	7,144,747
D0216	DEERFIELD	KEARNY	0	236,003	584,359	65,844	317,935	282,699	0	410,059	1,896,899
D0217	ROLLA	MORTON	13,199	94,252	3,129,456	7,718	113,248	110,026	647,852	96,289	4,212,040
D0218	ELKHART	MORTON	0	55,121	924,704	74,929	280,573	505,615	199,886	70,674	2,111,502
D0219	MINNEOLA	CLARK	0	18,983	263,865	107,106	245,397	68,223	254,657	42,464	1,000,695
D0220	ASHLAND	CLARK	0	26,365	224,479	20,253	45,756	57,603	0	121,398	495,854
D0223	BARNES	WASHINGTON	0	40,431	386,123	71,220	135,914	173,267	204,978	125,913	1,137,846
D0224	CLIFTON-CLYDE	WASHINGTON	0	22,476	523,980	45,060	368,017	238,650	0	120,632	1,318,815
D0225	FOWLER	MEADE	0	45,251	558,220	37,015	56,413	176,836	0	42,710	916,445
D0226	MEADE	MEADE	5,034	200,000	143,944	24,908	190,000	330,090	412,968	50,673	1,357,617
D0227	JETMORE	HODGEMAN	0	36,899	387,412	28,928	36,673	92,028	219,804	131,328	933,072
D0228	HANSTON	HODGEMAN	10,000	50,404	185,586	22,819	87,118	83,454	0	39,951	479,332
D0229	BLUE VALLEY	JOHNSON	0	3,006,201	12,786,287	2,587,952	11,850,709	12,343,056	39,786,787	15,670,120	98,031,112
D0230	SPRING HILL	JOHNSON	0	668,573	908,385	91,203	292,547	350,418	4,554,890	295,799	7,161,815
D0231	GARDNER-EDGERTO	JOHNSON	0	391,681	4,332,871	474,441	1,153,404	1,000,000	10,016,834	1,023,277	18,392,508
D0232	DESOTO	JOHNSON	0	736,881	10,211,312	693,363	922,156	3,806,622	12,633,268	1,266,014	30,269,616
D0233	OLATHE	JOHNSON	46,500	3,358,893	8,656,213	557,233	7,090,618	9,750,000	35,782,679	5,836,499	71,078,635
D0234	FORT SCOTT	BOURBON	0	39,585	242,271	236,706	373,516	270,721	890,734	679,561	2,733,094
D0235	UNIONTOWN	BOURBON	0	6,704	788,523	67,078	70,796	239,334	135,742	335,641	1,643,818
0237	SMITH CENTER	SMITH	0	32,714	408,436	90,186	110,060	250,000	0	123,557	1,014,953
39	NORTH OTTAWA CO	OTTAWA	0	45,839	864,410	66,484	310,005	396,418	284,023	95,944	2,063,123
40	TWIN VALLEY	OTTAWA	0	36,205	677,764	44,000	219,858	117,615	343,128	121,794	1,560,364

House Appropriations  
11/23-24/2009  
Attachment 11



BDR600 PROCESSED 10/6/09			7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	Total
	USD Name	County Name	General Fund Cash Bal.	Supp. General Cash Bal.	Capital Outlay Cash Bal.	Food Service Cash Bal.	Special Ed. Cash Bal.	Contingency Res. Cash Bal.	B&I #1 Cash Bal.	Other Cash Bal.	USD Cash Bal.
0241	WALLACE COUNTY	WALLACE	0	20,171	397,956	35,836	97,633	195,719	340,399	11,401	1,099,115
D0242	WESKAN	WALLACE	2	4,841	147,471	20,161	41,518	79,999	0	20,033	314,025
D0243	LEBO-WAVERLY	COFFEY	34,757	20,668	1,478,768	80,317	9,638	158,650	472,389	137,560	2,392,747
D0244	BURLINGTON	COFFEY	1	39,692	1,744,402	117,802	672,564	224,935	0	1,175,237	3,974,633
D0245	LEROY-GRIDLEY	COFFEY	2,270	27,391	250,243	85,843	97,179	84,169	0	126,476	673,571
D0246	NORTHEAST	CRAWFORD	0	34,113	344,677	144,072	246,489	225,259	480,737	68,538	1,543,885
D0247	CHEROKEE	CRAWFORD	1	30,476	228,859	27,566	50,983	125,298	0	13,856	477,039
D0248	GIRARD	CRAWFORD	0	32,220	1,914,539	153,695	974,730	429,417	526,046	292,792	4,323,439
D0249	FRONTENAC PUBLI	CRAWFORD	0	34,113	446,934	58,010	257,676	110,000	451,869	127,018	1,485,620
D0250	PITTSBURG	CRAWFORD	0	214,099	564,142	215,482	409,308	695,000	1,521,330	703,448	4,322,809
D0251	NORTH LYON COUN	LYON	0	27,137	295,859	23,284	191,719	136,423	62,537	34,178	771,137
D0252	SOUTHERN LYON C	LYON	2	29,079	589,913	70,205	89,565	124,158	558,420	66,415	1,527,757
D0253	EMPORIA	LYON	0	175,501	2,733,278	60,763	2,185,878	3,245,748	3,343,128	2,026,960	13,771,256
D0254	BARBER COUNTY N	BARBER	14,999	222,487	1,098,151	131,538	223,897	432,872	641,400	273,484	3,038,828
D0255	SOUTH BARBER	BARBER	11,419	76,714	257,801	64,263	91,532	67,102	0	22,611	591,442
D0256	MARMATON VALLEY	ALLEN	1	1,622	373,855	75,071	137,105	174,529	288,242	33,088	1,083,513
D0257	IOLA	ALLEN	0	36,415	409,076	83,319	289,283	500,000	141,129	258,621	1,717,843
D0258	HUMBOLDT	ALLEN	175	20,691	677,151	7,043	692	245,367	507,132	31,706	1,489,957
D0259	WICHITA	SEDGWICK	133,769	4,079,953	36,539,889	4,621,282	13,641,568	14,477,282	26,864,855	57,037,840	157,396,438
D0260	DERBY	SEDGWICK	0	426,130	4,553,604	551,839	658,458	1,877,140	3,270,419	1,094,080	12,431,670
D0261	HAYSVILLE	SEDGWICK	0	39,334	2,214,148	738,758	1,402,420	3,226,592	2,965,958	3,016,974	13,604,184
D0262	VALLEY CENTER P	SEDGWICK	0	174,628	3,743,440	328,716	502,786	802,883	2,401,335	462,816	8,416,604
D0263	MULVANE	SEDGWICK	0	53,952	1,037,032	258,260	1,321,152	277,564	1,474,520	396,722	4,819,202
D0264	CLEARWATER	SEDGWICK	0	93,143	1,565,306	149,997	500,000	713,924	646,996	634,487	4,303,853
D0265	GODDARD	SEDGWICK	1,148	327,162	3,232,784	290,333	1,054,290	1,752,873	5,845,954	1,323,711	13,828,255
D0266	MAIZE	SEDGWICK	0	502,047	4,488,145	200,000	2,300,000	1,300,544	0	12,487,636	21,278,372
D0267	RENWICK	SEDGWICK	7,913	230,254	380,256	20,898	50,000	55,034	1,914,865	187,120	2,846,340
D0268	CHENEY	SEDGWICK	2,246	47,991	542,844	44,430	192,981	431,374	615,174	88,833	1,965,873
D0269	PALCO	ROOKS	940	50,913	720,959	43,035	51,200	101,407	0	15,715	984,169
D0270	PLAINVILLE	ROOKS	0	61,184	877,595	81,255	115,568	270,529	318,814	217,206	1,942,151
D0271	STOCKTON	ROOKS	0	53,158	577,819	56,454	75,978	77,131	16	18,285	858,841
D0272	WACONDA	MITCHELL	0	20,673	757,265	34,599	90,455	91,000	0	144,180	1,138,172
D0273	BELOIT	MITCHELL	0	112,428	955,342	29,166	0	319,725	0	1,462,233	2,878,894
D0274	OAKLEY	LOGAN	9	40,527	812,572	75,387	223,993	200,009	0	25,264	1,377,761
D0275	TRIPLAINS	LOGAN	0	46,201	154,862	13,066	45,375	0	0	34,766	294,270
D0281	HILL CITY	GRAHAM	0	38,317	632,788	72,400	289,455	196,978	0	105,294	1,335,232
D0282	WEST ELK	ELK	0	3,010	697,926	70,342	0	190,080	0	882,694	1,844,052
D0283	ELK VALLEY	ELK	0	4,468	262,988	35,366	75,000	208,780	263,577	53,231	903,410
D0284	CHASE COUNTY	CHASE	0	40,183	251,333	66,337	141,295	5,883	489,029	103,515	1,097,575
D0285	CEDAR VALE	CHAUTAUQUA	0	6,852	7,916	19,346	23,661	30,426	0	145,228	233,429
D0286	CHAUTAUQUA COUN	CHAUTAUQUA	5,083	6,789	2,079,444	67,536	178,510	216,268	0	214,628	2,768,258
D0287	WEST FRANKLIN	FRANKLIN	0	44,038	888,789	172,069	691,511	427,347	0	876,794	3,100,548
D0288	CENTRAL HEIGHTS	FRANKLIN	0	29,574	477,267	95,867	188,342	478,764	267,442	170,584	1,707,840
0289	WELLSVILLE	FRANKLIN	0	70,618	352,676	15,685	123,930	170,391	1,098,816	184,421	2,016,537
0290	OTTAWA	FRANKLIN	0	179,265	2,067,961	265,684	1,546,915	1,602,661	3,456,588	605,192	9,724,266
D0291	GRINNELL PUBLIC	GOVE	0	7,689	443,910	19,789	95,257	0	0	33,217	599,862

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BDR600 PROCESSED 10/6/09			7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	Total
#	USD Name	County Name	General Fund Cash Bal.	Supp. General Cash Bal.	Capital Outlay Cash Bal.	Food Service Cash Bal.	Special Ed. Cash Bal.	Contingency Res. Cash Bal.	B&I #1 Cash Bal.	Other Cash Bal.	USD Cash Bal.
32	WHEATLAND	GOVE	1,365	11,761	368,178	33,548	218,400	148,623	0	74,592	856,467
D0293	QUINTER PUBLIC	GOVE	0	80,473	156,392	10,805	23,869	70,897	60	15,353	357,849
D0294	OBERLIN	DECATUR	0	113,027	756,012	56,652	387,600	323,532	0	233,767	1,870,590
D0297	ST FRANCIS COMM	CHEYENNE	0	366,028	1,276,871	78,726	205,884	121,112	0	71,030	2,119,651
D0298	LINCOLN	LINCOLN	0	47,079	446,405	45,191	201,796	171,872	504,224	43,769	1,460,336
D0299	SYLVAN GROVE	LINCOLN	0	51,575	308,417	7,966	0	128,587	0	7,957	504,502
D0300	COMANCHE COUNTY	COMANCHE	10,670	149,986	196,203	95,697	188,342	284,152	0	132,426	1,057,476
D0303	NESS CITY	NESS	10,004	126,563	814,346	47,040	176,397	230,472	58,671	164,145	1,627,638
D0305	SALINA	SALINE	0	220,209	7,916,752	362,591	2,849,491	4,702,984	5,707,742	15,621,312	37,381,081
D0306	SOUTHEAST OF SA	SALINE	0	101,491	690,997	48,175	276,258	263,767	0	63,551	1,444,239
D0307	ELL-SALINE	SALINE	0	17,772	439,801	50,578	342,539	375,144	208,765	580,231	2,014,830
D0308	HUTCHINSON PUBL	RENO	2,312	157,592	4,264,121	734,398	2,857,528	1,845,906	2,211,902	7,054,632	19,128,391
D0309	NICKERSON	RENO	0	100,395	1,718,957	213,383	569,740	500,000	414,127	423,884	3,940,486
D0310	FAIRFIELD	RENO	19	93,861	444,143	85,150	217,707	78,717	0	121,798	1,041,395
D0311	PRETTY PRAIRIE	RENO	29	27,641	374,495	43,298	177,237	137,257	194,320	137,648	1,091,925
D0312	HAVEN PUBLIC SC	RENO	0	61,434	104,344	0	0	0	605,731	24,103	795,612
D0313	BUHLER	RENO	12,432	222,827	245,134	202,934	527,283	428,414	1,434,928	178,424	3,252,376
D0314	BREWSTER	THOMAS	0	134,962	189,520	20,315	93,301	109,384	0	90,855	638,337
D0315	COLBY PUBLIC SC	THOMAS	0	86,885	437,397	73,082	152,630	482,417	461,379	230,340	1,924,130
D0316	GOLDEN PLAINS	THOMAS	55	21,465	33,540	30,526	125,996	132,319	118,949	5,763	468,613
D0320	WAMEGO	POTTAWATOMIE	7,431	79,798	798,474	85,826	20,370	337,556	0	2,315,143	3,644,598
D0321	KAW VALLEY	POTTAWATOMIE	24	192,154	932,451	172,311	426,455	272,095	0	183,758	2,179,248
D0322	ONAGA-HAVENSVIL	POTTAWATOMIE	0	7,715	456,611	40,000	75,000	292,776	374,688	244,235	1,491,025
D0323	ROCK CREEK	POTTAWATOMIE	70	38,341	1,075,258	32,743	372,883	546,838	975,070	104,616	3,145,819
D0325	PHILLIPSBURG	PHILLIPS	0	78,841	506,026	91,215	404,834	350,000	360,271	112,420	1,903,607
D0326	LOGAN	PHILLIPS	565	20,000	139,426	43,729	89,502	56,291	0	158,998	508,511
D0327	ELLSWORTH	ELLSWORTH	0	39,599	1,117,619	93,118	190,100	168,000	0	97,908	1,706,344
D0328	LORRAINE	ELLSWORTH	0	12,639	831,742	79,503	272,445	288,531	801,479	74,325	2,360,664
D0329	MILL CREEK VALL	WABAUNSEE	0	17,235	584,571	64,572	399,770	322,177	899,456	108,704	2,396,485
D0330	MISSION VALLEY	WABAUNSEE	0	30,558	855,963	87,234	870,629	440,528	541,205	481,518	3,307,635
D0331	KINGMAN-NORWICH	KINGMAN	6,806	82,510	601,894	61,785	92,657	438,400	1,311,837	107,191	2,703,080
D0332	CUNNINGHAM	KINGMAN	20,221	129,475	257,417	6,273	107,359	40,000	0	82,895	643,640
D0333	CONCORDIA	CLOUD	0	41,583	602,122	34,230	428,091	570,263	741,570	791,727	3,209,586
D0334	SOUTHERN CLOUD	CLOUD	430,882	44,100	818,543	58,459	153,668	83,721	0	104,060	1,693,433
D0335	NORTH JACKSON	JACKSON	0	33,867	1,143,915	73,999	368,371	0	56,904	180,923	1,857,979
D0336	HOLTON	JACKSON	3,937	29,805	1,075,990	72,812	75,802	346,962	414,285	940,377	2,959,970
D0337	ROYAL VALLEY	JACKSON	0	41,364	862,545	58,261	272,577	325,000	0	876,804	2,436,551
D0338	VALLEY FALLS	JEFFERSON	0	9,715	679,509	55,191	69,834	219,833	98,726	100,812	1,233,620
D0339	JEFFERSON COUNT	JEFFERSON	9,146	23,677	422,254	64,813	152,759	140,000	477,567	113,163	1,403,379
D0340	JEFFERSON WEST	JEFFERSON	5	91,702	707,264	127,018	292,616	371,062	608,636	164,073	2,362,376
D0341	OSKALOOSA PUBLI	JEFFERSON	0	39,336	483,179	83,709	186,661	486,390	0	148,786	1,428,061
D0342	MCLOUTH	JEFFERSON	0	29,668	276,502	17,301	275,663	295,177	0	88,962	983,273
D0343	PERRY PUBLIC SC	JEFFERSON	20,504	68,537	749,495	128,333	550,048	346,481	514,577	216,929	2,594,904
344	PLEASANTON	LINN	0	11,378	734,354	41,394	190,010	81,923	0	178,252	1,237,311
45	SEAMAN	SHAWNEE	0	315,350	1,671,135	349,950	1,257,231	0	2,644,623	424,732	6,663,021
346	JAYHAWK	LINN	0	25,736	1,501,209	104,877	348,372	297,872	224,251	326,503	2,828,820

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BDR600 PROCESSED 10/6/09			7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	Total
			General Fund	Supp. General	Capital Outlay	Food Service	Special Ed.	Contingency Res.	B&I #1	Other	USD
#	USD Name	County Name	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.
D0347	KINSLEY-OFFERLE	EDWARDS	10,008	109,799	222,278	78,306	199,967	160,000	0	50,518	830,876
D0348	BALDWIN CITY	DOUGLAS	0	46,401	609,760	108,472	197,408	96,000	556,153	134,412	1,748,606
D0349	STAFFORD	STAFFORD	4,999	45,610	973,681	59,098	472,778	80,853	511,618	355,730	2,504,367
D0350	ST JOHN-HUDSON	STAFFORD	0	33,604	472,000	29,877	30,998	231,655	353,580	87,363	1,239,077
D0351	MACKSVILLE	STAFFORD	5,000	175,339	584,350	40,314	150,253	265,669	0	109,671	1,330,596
D0352	GOODLAND	SHERMAN	0	71,375	777,660	77,757	490,378	310,107	0	43,912	1,771,189
D0353	WELLINGTON	SUMNER	0	46,041	92,083	157,413	388,151	22,079	1,217,023	280,787	2,203,577
D0354	CLAFLIN	BARTON	4	24,193	263,457	41,132	60,000	126,913	0	96,960	612,659
D0355	ELLINWOOD PUBLI	BARTON	34,300	51,358	755,620	45,001	205,394	246,846	687,724	131,406	2,157,649
D0356	CONWAY SPRINGS	SUMNER	0	32,975	389,853	74,631	160,003	440,484	745,304	42,389	1,885,639
D0357	BELLE PLAINE	SUMNER	24,767	92,221	205,476	18,077	58,869	53,684	347,765	39,588	840,447
D0358	OXFORD	SUMNER	2	22,592	346,740	60,995	323,244	120,576	272,274	117,235	1,263,658
D0359	ARGONIA PUBLIC	SUMNER	0	21,750	309,932	29,825	93,236	80,000	0	6,939	541,682
D0360	CALDWELL	SUMNER	1	31,971	519,389	17,132	240,430	228,756	339,305	11,448	1,388,432
D0361	ANTHONY-HARPER	HARPER	4,000	98,246	434,409	47,215	209,114	254,092	0	94,420	1,141,496
D0362	PRAIRIE VIEW	LINN	0	162,265	2,189,110	149,708	359,551	792,044	924,671	139,061	4,716,410
D0363	HOLCOMB	FINNEY	0	201,968	864,355	74,188	157,279	1,729	1,307,101	96,826	2,703,446
D0364	MARYSVILLE	MARSHALL	0	108,164	344,681	70,292	457,304	218,954	119,029	188,208	1,506,632
D0365	GARNETT	ANDERSON	1	78,973	1,061,420	83,404	272,937	470,696	643,796	176,330	2,787,557
D0366	WOODSON	WOODSON	359	24,914	180,210	60,526	50,507	55,910	0	20,846	393,272
D0367	OSAWATOMIE	MIAMI	0	2,430	600,365	10,758	108,671	150,123	448,830	62,742	1,383,919
D0368	PAOLA	MIAMI	0	159,942	998,507	136,495	420,838	650,000	2,147,209	2,579,744	7,092,735
D0369	BURRTON	HARVEY	0	37,738	341,091	54,559	115,858	100,000	116,297	79,414	844,957
D0371	MONTEZUMA	GRAY	0	7,748	253,123	34,950	84,579	90,302	298,554	532,506	1,301,762
D0372	SILVER LAKE	SHAWNEE	1,629	38,770	649,008	42,706	216,246	218,617	278,482	68,967	1,514,425
D0373	NEWTON	HARVEY	3,078	240,095	1,350,527	297,183	329,058	883,089	2,630,739	1,864,103	7,597,872
D0374	SUBLETTE	HASKELL	2,659	140,295	649,593	52,968	93,221	32,114	779,514	136,850	1,887,214
D0375	CIRCLE	BUTLER	0	335,662	1,200,494	153,545	559,296	840,879	1,976,466	1,263,741	6,330,083
D0376	STERLING	RICE	0	14,516	120,373	39,364	15,484	42,498	0	19,486	251,721
D0377	ATCHISON CO COM	ATCHISON	0	141,576	592,475	154,461	302,683	354,464	88,810	131,972	1,766,441
D0378	RILEY COUNTY	RILEY	170	59,789	104,996	30,689	47,389	203,282	684,363	849	1,131,527
D0379	CLAY CENTER	CLAY	0	50,120	824,810	189,925	771,651	551,070	639,080	1,561,664	4,588,320
D0380	VERMILLION	MARSHALL	0	23,344	1,011,199	82,374	146,122	422,366	409,559	306,082	2,401,046
D0381	SPEARVILLE	FORD	0	12,208	385,718	36,705	41,276	91,088	222,714	216,975	1,006,684
D0382	PRATT	PRATT	0	173,955	922,216	50,098	109,706	351,429	636,820	135,141	2,379,365
D0383	MANHATTAN	RILEY	32,293	465,447	1,853,217	947,293	2,623,886	2,515,545	3,981,548	2,340,801	14,760,030
D0384	BLUE VALLEY	RILEY	0	22,003	128,365	39,555	7,563	213,268	155,217	28,952	594,923
D0385	ANDOVER	BUTLER	2,678	166,281	1,350,902	62,096	201,398	704,028	4,030,195	182,228	6,699,806
D0386	MADISON-VIRGIL	GREENWOOD	0	10,411	405,976	60,071	99,584	155,658	0	45,195	776,895
D0387	ALTOONA-MIDWAY	WILSON	0	73,513	642,871	47,027	223,418	217,843	0	260,819	1,465,491
D0388	ELLIS	ELLIS	0	56,731	551,188	25,038	125,991	155,000	0	81,961	995,909
D0389	EUREKA	GREENWOOD	613	96,622	505,885	80,000	196,796	515,297	700,009	306,596	2,401,818
D0390	HAMILTON	GREENWOOD	2,125	5,544	228,912	63,599	29,009	112,370	0	18,178	459,737
D0392	OSBORNE COUNTY	OSBORNE	0	10,477	555,526	98,042	194,204	0	295,334	275,551	1,429,134
D0393	SOLOMON	DICKINSON	2,714	3,906	403,730	20,627	86,149	163,205	391,527	30,315	1,102,173
D0394	ROSE HILL PUBLI	BUTLER	0	105,192	2,565,770	170,844	350,098	852,543	1,430,317	522,446	5,997,210

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BDR600 PROCESSED 10/6/09			7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	Total
#	USD Name	County Name	General Fund Cash Bal.	Supp. General Cash Bal.	Capital Outlay Cash Bal.	Food Service Cash Bal.	Special Ed. Cash Bal.	Contingency Res. Cash Bal.	B&I #1 Cash Bal.	Other Cash Bal.	USD Cash Bal.
035	LACROSSE	RUSH	70	13,835	663,397	61,084	480,301	269,500	0	142,726	1,630,913
D0396	DOUGLASS PUBLIC	BUTLER	0	49,284	438,513	80,000	140,000	411,517	608,270	70,307	1,797,891
D0397	CENTRE	MARION	0	14,025	520,197	46,134	215,453	146,969	190,223	155,728	1,288,729
D0398	PEABODY-BURNS	MARION	0	36,594	416,463	47,275	259,049	188,179	383,348	136,361	1,467,269
D0399	PARADISE	RUSSELL	0	31,121	397,830	30,041	45,631	73,296	0	10,253	588,172
D0400	SMOKY VALLEY	MCPHERSON	0	100,954	979,440	156,317	1,277,546	737,142	1,689,135	564,464	5,504,998
D0401	CHASE	RICE	0	27,841	252,127	41,102	121,469	0	198,853	31,855	673,247
D0402	AUGUSTA	BUTLER	301	79,202	1,891,588	78,590	520,012	737,138	1,522,497	765,516	5,594,844
D0403	OTIS-BISON	RUSH	0	13,602	250,786	36,283	144,171	195,000	0	48,137	687,979
D0404	RIVERTON	CHEROKEE	0	60,751	984,257	76,880	297,388	153,664	147,169	297,134	2,017,243
D0405	LYONS	RICE	0	56,156	672,366	92,146	378,733	415,494	259,197	1,190,741	3,064,833
D0406	WATHENA	DONIPHAN	1,403	2,979	488,706	28,186	72,094	160,523	0	51,688	805,579
D0407	RUSSELL COUNTY	RUSSELL	47,215	39,268	472,106	180,576	433,175	655,224	0	248,569	2,076,133
D0408	MARION-FLORENCE	MARION	1	29,314	447,522	17,213	240,246	150,505	626,610	41,648	1,553,059
D0409	ATCHISON PUBLIC	ATCHISON	0	136,381	1,809,503	145,250	657,035	1,114,560	1,234,587	640,033	5,737,349
D0410	DURHAM-HILLSBOR	MARION	0	65,575	700,648	15,000	304,949	0	180,240	279,277	1,545,689
D0411	GOESSEL	MARION	3	26,162	647,946	45,703	277,095	203,423	115,545	100,402	1,416,279
D0412	HOXIE COMMUNITY	SHERIDAN	0	0	681,956	43,721	204,863	102,548	0	758,232	1,791,320
D0413	CHANUTE PUBLIC	NEOSHO	16,047	65,988	3,314,530	211,666	802,196	1,409,865	635,376	371,983	6,827,651
D0415	HIAWATHA	BROWN	192	128,610	1,018,901	134,231	420,000	400,000	619,356	224,877	2,946,167
D0416	LOUISBURG	MIAMI	0	86,197	1,907,722	104,875	393,316	743,950	2,400,913	132,047	5,769,020
D0417	MORRIS COUNTY	MORRIS	0	34,624	651,106	132,535	394,903	288,285	421,656	219,192	2,142,301
D0418	MCPHERSON	MCPHERSON	0	323,221	3,440,020	3,528	1,007,121	563,874	1,755,268	1,269,140	8,362,172
D0419	CANTON-GALVA	MCPHERSON	0	48,611	369,565	72,967	149,859	125,699	341,927	65,299	1,173,927
D0420	OSAGE CITY	OSAGE	0	19,009	833,938	85,000	253,974	185,671	539,654	112,488	2,029,734
D0421	LYNDON	OSAGE	0	10,964	1,379,382	55,336	364,534	172,887	0	68,488	2,051,591
D0422	GREENSBURG	KIOWA	0	106,816	16,679,079	49,697	216,502	248,160	0	-3,101,877	14,198,377
D0423	MOUNDRIDGE	MCPHERSON	0	79,293	109,669	3,219	100,000	67,747	469,968	33,920	863,816
D0424	MULLINVILLE	KIOWA	0	43,609	399,178	24,475	161,962	144,584	0	96,753	870,561
D0426	PIKE VALLEY	REPUBLIC	53	15,877	436,570	65,086	194,408	102,217	0	99,195	913,406
D0428	GREAT BEND	BARTON	0	158,351	4,458,099	369,565	1,692,985	2,046,044	2,599,911	4,900,717	16,225,672
D0429	TROY PUBLIC SCH	DONIPHAN	6,649	4,931	489,508	100,381	212,419	169,231	0	36,398	1,019,517
D0430	SOUTH BROWN COU	BROWN	0	75,496	882,225	114,593	320,006	0	636,678	471,089	2,500,087
D0431	HOISINGTON	BARTON	0	127,115	909,233	112,691	156,503	479,000	1,167,741	184,620	3,136,903
D0432	VICTORIA	ELLIS	0	90,324	269,653	10,677	13,160	0	0	13,456	397,270
D0434	SANTA FE TRAIL	OSAGE	0	44,265	400,000	72,807	500,000	100,000	278,325	165,930	1,561,327
D0435	ABILENE	DICKINSON	0	99,697	1,577,920	213,857	3,179,060	0	714,362	839,253	6,624,149
D0436	CANEY VALLEY	MONTGOMERY	0	0	796,178	139,645	205,306	607,772	0	123,076	1,871,977
D0437	AUBURN WASHBURN	SHAWNEE	0	211,696	1,187,922	113,200	3,596,125	2,000,000	2,987,496	3,489,290	13,585,729
D0438	SKYLINE SCHOOLS	PRATT	0	0	9,474	0	0	28,917	0	47,930	86,321
D0439	SEDGWICK PUBLIC	HARVEY	626	11,563	2,007,080	101,646	590,466	406,000	267,507	272,845	3,657,733
D0440	HALSTEAD	HARVEY	0	81,171	292,276	90,930	213,489	551,469	601,575	149,199	1,980,109
D0441	SABETHA	NEMAHA	0	117,558	1,307,520	126,098	796,651	448,864	105,034	537,077	3,438,802
42	NEMAHA VALLEY S	NEMAHA	0	21,957	3,146,337	62,123	195,467	372,592	110,878	1,394,192	5,303,546
3	DODGE CITY	FORD	0	357,628	4,564,666	341,102	1,020,976	3,132,500	3,040,451	2,860,248	15,317,571
44	LITTLE RIVER	RICE	0	43,109	136,810	31,212	49,889	72,614	233,451	21,926	589,011

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BDR600 PROCESSED 10/6/09			7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	Total
			General Fund	Supp. General	Capital Outlay	Food Service	Special Ed.	Contingency Res.	B&I #1	Other	USD
USD Name	County Name		Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.	Cash Bal.
D0445	COFFEYVILLE	MONTGOMERY	0	2,417,779	1,192,781	146,149	163,928	489,020	300,001	584,298	5,293,956
D0446	INDEPENDENCE	MONTGOMERY	849	121,446	958,716	112,625	671,309	270,000	112,601	442,190	2,689,736
D0447	CHERRYVALE	MONTGOMERY	0	43,942	1,141,205	133,776	150,888	393,185	0	561,797	2,424,793
D0448	INMAN	MCPHERSON	0	50,036	374,806	58,951	169,552	126,691	399,517	53,991	1,233,544
D0449	EASTON	LEAVENWORTH	0	43,511	442,562	125,349	195,464	471,447	619,420	376,877	2,274,630
D0450	SHAWNEE HEIGHTS	SHAWNEE	0	277,113	2,527,073	164,646	1,295,435	1,323,195	1,930,530	1,013,379	8,531,371
D0451	B & B	NEMAHA	0	5,840	942,254	39,122	73,494	190,432	0	96,009	1,347,151
D0452	STANTON COUNTY	STANTON	0	66,013	450,362	115,989	223,057	386,892	0	13,534	1,255,847
D0453	LEAVENWORTH	LEAVENWORTH	8,012	251,194	5,665,464	799	713,875	1,745,000	2,196,472	1,678,567	12,259,383
D0454	BURLINGAME	OSAGE	0	3,957	708,602	53,696	319,468	163,789	438,131	69,157	1,756,800
D0456	MARAI DES CYGN	OSAGE	0	8,949	656,139	41,395	410,428	150,554	0	38,987	1,306,452
D0457	GARDEN CITY	FINNEY	14,305	196,557	1,950,062	274,156	1,858,481	0	748,504	3,742,205	8,784,270
D0458	BASEHOR-LINWOOD	LEAVENWORTH	0	84,052	905,367	45,805	391,014	280,890	1,441,953	185,890	3,334,971
D0459	BUCKLIN	FORD	0	97,148	237,990	43,724	148,253	113,000	0	76,548	716,663
D0460	HESSTON	HARVEY	0	65,842	329,235	41,033	222,008	384,000	812,206	125,786	1,980,110
D0461	NEODESHA	WILSON	39	25,781	1,009,620	72,281	85,542	170,390	217,233	75,187	1,656,073
D0462	CENTRAL	COWLEY	0	49,250	291,077	30,379	104,613	40,000	164,578	157,726	837,623
D0463	UDALL	COWLEY	0	46,269	301,383	30,052	240,091	184,315	157,280	108,692	1,068,082
D0464	TONGANOXIE	LEAVENWORTH	855	73,688	480,265	31,239	161,690	60,000	1,174,727	89,778	2,072,242
D0465	WINFIELD	COWLEY	0	321,858	177,441	27,195	100,000	289,334	1,147,183	601,506	2,664,517
D0466	SCOTT COUNTY	SCOTT	0	267,447	389,564	92,031	104,013	496,863	1,325,015	71,815	2,746,748
D0467	LEOTI	WICHITA	0	78,405	1,493,364	50,052	240,096	373,780	0	513,863	2,749,560
D0468	HEALY PUBLIC SC	LANE	10,645	78,054	294,345	21,118	120,203	103,088	22,806	130,700	780,959
D0469	LANSING	LEAVENWORTH	0	101,707	3,071,134	218,454	2,264,239	731,105	2,490,570	348,496	9,225,705
D0470	ARKANSAS CITY	COWLEY	0	307,473	1,629,120	122,468	700,000	500,001	1,104,137	276,565	4,639,764
D0471	DEXTER	COWLEY	0	8,606	281,307	22,858	209,573	182,556	0	51,482	756,382
D0473	CHAPMAN	DICKINSON	0	56,287	13,593,983	127,711	456,707	799,000	123,708	520,762	15,678,158
D0474	HAVILAND	KIOWA	10,095	40,244	246,437	15,334	67,561	89,226	0	1,303	470,200
D0475	JUNCTION CITY	GEARY	0	0	13,810,900	448,190	2,273,318	2,000,000	1,034,112	4,065,297	23,631,817
D0476	COPELAND	GRAY	1,171	150,373	382,641	36,881	41,119	109,134	125,310	76,728	923,357
D0477	INGALLS	GRAY	0	8,306	213,875	46,117	119,247	66,340	0	33,287	487,172
D0479	CREST	ANDERSON	0	10,465	626,151	40,865	127,286	0	0	28,289	833,056
D0480	LIBERAL	SEWARD	0	154,842	2,837,243	276,660	1,259,301	1,200,000	2,530,438	705,278	8,963,762
D0481	RURAL VISTA	DICKINSON	0	23,643	235,592	79,997	269,212	100,000	466,683	51,450	1,226,577
D0482	DIGHTON	LANE	0	37,023	196,551	56,241	35,096	82,810	0	49,450	457,171
D0483	KISMET-PLAINS	SEWARD	0	32,630	1,499,899	143,278	811,771	697,622	827,710	258,635	4,271,545
D0484	FREDONIA	WILSON	4,171	144,287	628,286	133,998	403,219	592,680	64,987	305,201	2,276,829
D0486	ELWOOD	DONIPHAN	0	2,274	100,000	33,985	34,512	147,255	318,273	36,529	672,828
D0487	HERINGTON	DICKINSON	0	14,367	404,507	80,183	344,351	221,507	32,590	226,106	1,323,611
D0488	AXTELL	MARSHALL	0	20,255	505,647	63,605	126,748	114,710	243,029	114,326	1,188,320
D0489	HAYS	ELLIS	688	306,836	22,506	217,685	0	0	767,614	12,244	1,327,573
D0490	EL DORADO	BUTLER	1	162,620	2,705,638	91,280	639,343	1,066,024	1,424,267	2,653,354	8,742,527
D0491	EUDORA	DOUGLAS	0	36,123	124,574	50,000	370,319	115,000	1,548,605	748,225	2,992,846
D0492	FLINTHILLS	BUTLER	0	62,254	516,606	49,531	49,195	204,915	489,168	130,711	1,502,380
D0493	COLUMBUS	CHEROKEE	0	173,381	350,402	158,354	344,071	99,312	253,935	134,745	1,514,200
D0494	SYRACUSE	HAMILTON	0	39,459	715,719	100,735	210,226	307,603	1,035,215	406,079	2,815,036

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BDR600 PROCESSED 10/6/09			7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	7/1/2009	Total
#	USD Name	County Name	General Fund Cash Bal.	Supp. General Cash Bal.	Capital Outlay Cash Bal.	Food Service Cash Bal.	Special Ed. Cash Bal.	Contingency Res. Cash Bal.	B&I #1 Cash Bal.	Other Cash Bal.	USD Cash Bal.
95	FT LARNED	PAWNEE	20,582	176,893	1,001,488	192,794	583,300	412,267	853,768	896,376	4,137,468
D0496	PAWNEE HEIGHTS	PAWNEE	10,001	32,750	285,441	46,902	70,086	0	0	31,841	477,021
D0497	LAWRENCE	DOUGLAS	0	1,179,865	5,670,170	493,278	5,664,647	6,550,147	9,958,814	9,142,843	38,659,764
D0498	VALLEY HEIGHTS	MARSHALL	1	18,323	560,993	35,413	79,887	207,512	179,907	46,967	1,129,003
D0499	GALENA	CHEROKEE	0	33,575	921,759	118,347	461,272	190,150	386,800	378,480	2,490,383
D0500	KANSAS CITY	WYANDOTTE	231,505	699,731	19,162,547	1,101,538	8,500,000	8,638,845	7,263,025	24,247,606	69,844,797
D0501	TOPEKA PUBLIC S	SHAWNEE	197	1,124,677	9,511,974	1,603,455	6,294,059	4,638,263	3,752,705	10,039,672	36,965,002
D0502	LEWIS	EDWARDS	0	272,115	693,024	30,378	300,000	121,616	0	267,652	1,684,785
D0503	PARSONS	LABETTE	0	48,075	558,152	85,042	141,958	1,003,816	1,087,827	588,877	3,513,747
D0504	OSWEGO	LABETTE	0	3,460	1,076,296	105,717	217,807	320,596	189,409	352,241	2,265,526
D0505	CHETOPA-ST.PAUL	LABETTE	0	48,043	784,029	97,091	179,640	449,416	229,691	265,886	2,053,796
D0506	LABETTE COUNTY	LABETTE	37	71,698	1,217,356	154,600	278,726	638,313	306,646	450,099	3,117,475
D0507	SATANTA	HASKELL	351	294,113	1,024,209	51,877	200,194	128,000	0	45,373	1,744,117
D0508	BAXTER SPRINGS	CHEROKEE	1,411	126,655	829,601	224,999	150,000	192,398	0	150,116	1,675,180
D0509	SOUTH HAVEN	SUMNER	5,378	0	32,184	1,334	76,564	96,403	130,924	-2,443	340,344
D0511	ATTICA	HARPER	0	92,246	440,080	35,047	53,285	80,719	0	25,008	726,385
D0512	SHAWNEE MISSION	JOHNSON	42,192	1,651,370	36,429,010	1,878,619	24,620,039	5,638,052	18,471,659	9,430,286	98,161,227
	STATE TOTALS		1,435,657	42,183,718	451,672,840	41,223,348	183,341,090	175,712,033	327,700,705	275,633,587	1,498,902,978

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## SCOPE STATEMENT

### **K-12 Education: Reviewing the Potential for Cost Savings From Reorganization of Kansas School Districts**

The last major reorganization of Kansas school districts occurred in the 1960s. As a result of the actions the Legislature took at that time, the total number of school districts was reduced from about 2,600 in 1960 to 304 by 2000.

The 1999 Legislature passed K.S.A.72-7533, requiring the State Board of Education to undertake a comprehensive boundary study of Kansas School districts to determine if the public school system could be more efficiently and effectively operated under a different configuration. The Board contracted with the education consulting firm of Augenblick and Myers to conduct the boundary study, and the final report was released in January 2001. In its report, Augenblick and Myers proposed three plans for realigning school districts – one plan identified districts for realignment based on their spending and student performance, another plan identified districts based on size, and a third plan combined the first two approaches. After looking at potential merger candidates, Augenblick and Myers concluded that the total number of districts Statewide could be reduced to somewhere between 255 to 284 districts depending on the approach taken.

Also in 1999, the Legislature passed K.S.A 72-6445, providing financial incentives for school districts to voluntarily consolidate. That law has been modified several times since it was passed, but essentially it allows districts that consolidate to receive additional funding for several years after the consolidation. Since the passage of that law, several voluntary consolidations have reduced the number of districts from 304 in 1999-2000 to 295 in 2008-2009. However, a number of districts with very low enrollment still exist. In 2008-2009, 10 districts had fewer than 100 students enrolled.

With recent budget shortfalls, the Legislature has again become interested in looking at school boundaries to determine whether there are less costly ways to configure school districts in Kansas.

A performance audit of this topic would answer the following question:

- 1. What opportunities exist to restructure Kansas school districts to more cost-efficiently educate students?** To answer this question, we would review the 2001 Augenblick and Myers boundary study and other literature as necessary to compile criteria for identifying specific situations where schools districts should be split into smaller districts or consolidated into larger ones. We would look at per-pupil costs across school districts to determine whether particular district sizes tend to produce lower overall costs. We would develop one or more possible realignment scenarios, using the realignment plans proposed by Augenblick and Myers as a starting point, and also attempt to identify other opportunities to realign districts based on enrollment, geography, or other factors. We would interview officials from the districts that would be involved in any realignment scenarios we identified, to identify impediments they see to realignment. For the realignment scenarios we develop, we would calculate the demographics of the realigned districts for such things as student counts, square miles in the district, student density, and the like, to ensure they are reasonable compared to other Kansas school districts. Also, we would estimate how realignment scenarios that appear feasible would affect the State

aid received by the realigned school districts, and local mill levies in those districts. We would conduct additional work as needed.

**Estimated Resources: 16-18 weeks**

**Kansas House Appropriations Committee**  
**K-12 Increased Efficiency and Cost Reduction Testimony**  
**by Dr. Walt Chappell – November 23<sup>rd</sup>, 2009**

In these hard economic times, it is my opinion that we must first reduce duplicated and non-instructional expenses before we cut programs. Likewise, since K-12 education receives 51% of the General Fund appropriations, if only small cuts are made in public education now, then drastic cuts will be necessary in all other public services which will greatly impact the lives of thousands of Kansans. We already see this happening with the closing of prisons, stopping programs to get people back to work and ending mental health programs. The \$300 million of annual savings by reorganizing school district boundaries is one example of where money saved can be used to keep high priority programs and services.

**“He Who Pays The Piper Calls The Tune!!”** For too long, the Kansas Legislature and taxpayers have had little accountability for how their education dollars are spent. It is time for the State Legislature to change the way school districts are organized and increase their productivity to lower costs and increase student achievement. Here’s how.

- 1) **Remove the Legislative restrictions on some of the 27 Special Accounts where school districts have accumulated \$1.5 BILLION dollars as of July 1, 2009.** The attached summaries show, for example, that even with the cuts made by the legislature last session, school districts in Kansas carried forward nearly \$700 million dollars in Operating Fund accounts. **This is a 53% increase in operating cash balances in just the past 4 years.**

Not all school districts are alike. Some have more money carried forward than others. But, the good news is that these tax dollars are already in their bank accounts.

By making specific changes to the Legislative restrictions on the use of these funds, Kansas school districts can use these cash balances by transferring dollars into their General Fund accounts to pay teachers and maintain quality programs. This means that the cuts which must be made to K-12 education will have minimal impact on instruction and eliminate any need to raise taxes or increase funding. It is best to use the money already in the bank rather than ask for more during these tough economic times.

- 2) **To save \$300 million dollars per year, use the Legislature’s Constitutional Authority to change school district boundaries.**

One main reason government services cost so much in Kansas is because there are too many taxing units with the authority to increase taxes and fees rather than operate efficiently. This is especially true in Kansas K-12 school districts.

Each year, over \$300 million could be saved in Kansas by merging the 296 school districts into (+/- 40) Regional Education Districts of 10,000 students or more. Below are district enrollments for 2007 showing that only 7 districts in Kansas have over 10,000 students.



There are 252 school districts or 85% which have less than 2,000 students. This is not cost-effective.

Number of USDs by Enrollment Categories

< 100	101-200	201-399	400-1,999	2,000-9,999	> 10,000	Total
4	26	70	152	37	7	296

Total 2006-2007 Enrollment 468,778

In addition to saving \$300 million per year in state general fund expenditures, by reorganizing districts, the tax base in each district will increase which will help equalize the educational opportunity for each Kansas student—no matter where they attend school. Increasing the tax base will also help districts raise local dollars through their LOB while lowering the amount of property tax paid by each taxpayer. Most of the savings will come from the elimination of duplicate transportation, administrative, operational and personnel costs.

Article 6 of the Kansas Constitution gives the Legislature the responsibility and authority to reorganize school districts. It states:

## Constitution of the State of Kansas

### Article 6.--EDUCATION

- 1: Schools and related institutions and activities. The legislature shall provide for intellectual, educational, vocational and scientific improvement by establishing and maintaining public schools, educational institutions and related activities which *may be organized and changed* in such manner as may be provided by law.

School district reorganization will establish “Regional Education Districts”. It is NOT about closing schools or eliminating Friday night football or basketball in hundreds of small Kansas towns.

Instead, it is getting smart about how we use limited tax dollars by cutting millions of dollars of duplicate expenses. Rather than waste this \$300 million each year, we must use these savings to teach our kids employable skills and help fund other vital government services.

A simple definition of a Kansas school district could read:

To receive State General Fund per pupil dollars, a school district in Kansas must enroll at least 10,000 students or more by September 20<sup>th</sup>, 2012.

This amendment needs to be passed this legislative session. It puts in Statute two key factors—FTE student enrollment plus a date certain for local boards to work together to reorganize to set district boundaries within their regions. School Board elections for the new districts will follow. By acting now, small districts around the state will have time during FY2011 to work out compatible boundaries and merger details.

Also, by allowing local school boards to reorganize their boundaries between now and 2012, the Legislature is taking responsible action to conserve tax dollars for use in other instructional programs. Plus, Kansans at the local level can use this time to negotiate new boundaries while the Federal Stimulus dollars are available. The new, larger school districts will have more assessed value thus allowing them to more equitably raise LOB funding across the state. There will no longer be such vast differences in per pupil spending.

Regional Education Districts will simply make more efficient use of administrators, teachers, transportation, maintenance, and purchasing power. The economy-of-scale will allow much better use of existing facilities. And, once combined, the 3, 4, and 5 year incentive to consolidate small districts should be repealed by 2012 as well.

Since 67% of the School Superintendents in Kansas are eligible to retire in the next 5 years, this decision by the Legislature to use its Constitutional authority to reorganize school district boundaries is even more important. The urgency to save money combined with the Federal Stimulus dollars as a buffer, plus retiring Superintendents makes action NOW very timely. (See attached summaries for more details on the benefits of Regional Education Districts.)

- 3) **Increasing the productivity of K-12 teachers and college faculty is another major savings of taxpayer dollars with very positive benefits to students, teachers and parents.** This management strategy is used by profitable businesses throughout the world and must be applied to education as well.

After the Montoy case was settled, an extra billion dollars was pumped into K-12 school districts. Instead of targeting At Risk students, most of these new dollars were used to hire 6,000 more teachers, paraprofessionals and non-instructional staff. Since payroll is 80% of education budgets, these added positions are not sustainable. (See the attached itemization of new employees hired by school districts since Montoy.)

Also, due to low productivity on college campuses, tuition has risen beyond the reach of most low and middle class students and their parents. Rather than cut costs and increase productivity, the trend at Regent's institutions has been to increase student tuition and fees.

The following **amendment to KSA 72-5413(1) and KSA 72-5417(3)** will give local boards of education and college administrators the statutory authority to expect and receive a "**Full Day's Work for a Full Day's Pay**". Since the State Legislature has the Constitutional mandate to appropriate funds for a "suitable" education for all K-12 students, you have the responsibility and authority to define what is expected of the teachers and faculty who receive tax dollars in return for their services.

Increasing productivity will give local school boards the statutory authority they need to substantially reduce instructional costs, make better use of existing classrooms, lower student/teacher ratios, improve student achievement and reduce the number of in-service days when students are not in school. Hundreds of millions of dollars will be saved each year by this one amendment to the Statutes.

*To receive a full-time salary, each Kansas K-12 teacher must be in the school building not less than eight hours per day. While students are attending school, each K-12 certified teacher must teach at least six class periods. After the students are dismissed from classes at the end of each school day, the teachers shall remain in the building to grade papers, hold parent-teacher conferences, collaborate with other teachers, attend in-service training, tutor students, sponsor after school clubs or supervise other activities such as intramural sports.*

This change will not only make better use of teachers and classrooms, but it will also limit the need to take class time for teacher In-Service. These paid days off for teachers cost the taxpayers millions of dollars with questionable improvement in instruction plus are very expensive for parents who must find a way to care for their children while they are at work.

Part of the savings from this increased productivity should be used to increase teachers' salaries. Increased pay is especially needed to attract qualified math, science and technology teachers. If Kansans are going to compete in the global economy, our students need the best teachers we can find. It is time to pay extra for these highly skilled technical instructors.

To give college and university administrators the statutory authority they need to increase productivity on our campuses, the following amendment is suggested.

*To receive a full time salary for teaching at a Kansas Post-secondary college or university, faculty must teach a minimum of 12 credit hours with at least 100 FTE students per academic semester. Graduate teaching assistants will only be paid to lead discussion groups, grade assignments and tests or prepare laboratories and classroom space for faculty but not to teach course content.*

- 4) **Put a temporary, 2 year hold on using State dollars to pay a portion of the \$800 million in new school construction bonds not sold by January 1, 2010.** By adding wording to exempt bonds to finish classrooms under construction, current instructional projects can be completed. But, the current funding formula requires a Demand Transfer out of the State General Fund each time a school district bond payment is made. Many of these building projects have low instructional priority yet require all taxpayers in the State to pay for construction for which they had no input or vote.

Until the State budget deficit is closed, the millions in savings each year from stopping these unnecessary building projects will be better used to fund high priority instructional programs. For example, these dollars are greatly needed to teach students employable skills.

#### 5) **PAY-TO-PLAY FOR K-12 VARSITY SPORTS**

American workers are facing stiff competition for jobs from well educated and less expensive labor in other countries. Yet, only 1% of our State General Fund budget in Kansas is spent on vocational education courses. This lack of vocational funding is also true for local school district budgets as well.



By contrast, as much as 3-4% of K-12 expenses are for varsity athletics. Students taught in other countries do not have expensive uniforms, paid coaches, massive sports complexes in each school. They go to school to learn and their taxpayers expect and receive academic excellence.

Is it more important to watch a few students chase another student down the field with a football or make sure that each K-12 student in Kansas graduates with employable skills?

It is time for sport-boosters and the parents of “want-to-be jocks” to pay the extra cost of coaches, uniforms, insurance, referees, utilities such as lights and heat, new additions to gymnasiums and sports fields. Tax dollars should instead be spent to pay teachers, purchase equipment and build facilities which will actually train our high school graduates with skills to get jobs at a living wage. Only then will they be able to afford to feed themselves, pay for a place to live and start a family.

By shifting funding priorities, more students will stay in school because they see the relevance of what they are learning, plus employers will not have the added expense of teaching new employees what students could and should have learned in public school. Learning employable skills now will help our economy become strong again.

#### **6) CHANGE THE DEFINITION OF AN AT-RISK STUDENT**

Basing the At-Risk weighting in the School Finance Formula on whether a parent’s low income qualifies their child for free or reduced school lunch has nothing to do with that child’s ability to learn. This is an artificial measure which greatly pads the budgets of school districts with large numbers of low income families and deprives school districts which have families with higher incomes of the funds needed to keep low achieving students from dropping out before graduation.

Obviously, this weighting in the formula is broken and must be changed. Once corrected, State General Fund tax dollars can be targeted to teach students who actually need extra resources. Furthermore, all school districts across the state will benefit based on criteria that are reflective of learning needs of potential drop-outs instead of the income level of each student’s parents.

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The proposals listed above are my own and have not been discussed or voted on by the State Board of Education. Therefore, please contact me directly for clarification of any questions and suggestions for wording on legislation.

I have 40 years of experience as a businessman, former science teacher, college and university faculty, administrator and education budget director. I have also helped draft and pass legislation in 5 states and the US Congress, so I am willing to help find solutions which work!!


As you can see, these recommendations are not Republican or Democrat. Bi-partisan efforts now will save Kansas taxpayers millions of dollars which are needed to prepare students to compete for jobs in the 21<sup>st</sup> Century.

By making these amendments this Legislative session, over \$500 million dollars of annual savings can be achieved. In addition, local school districts will have more flexibility to use cash balances which they already have in their bank accounts. Thus, State revenues can be used for other vital services without "hurting" local school districts' ability to educate our K-12 students. Funds which are saved as the result of greater efficiencies, establishing Regional Education Districts and removing the restrictions on special fund accounts will then be available to increase teacher salaries, add courses to teach employable skills to high school students, improve the use of existing classrooms, lower student/teacher ratios and make a proportional cut in education spending to help close the State budget deficit while strengthening student achievement.

**It is TIME TO ACT!!** This opportunity to make simple but substantial changes in how education dollars are spent is rare. Please do your part to see that these strategies are implemented **THIS LEGISLATIVE SESSION.**

As always, your leadership and support are appreciated as we work together to "**Do More With Less**"!!!

Respectfully yours,



Walt Chappell, Ph.D. - Member

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## SCHOOL FINANCE CHANGES SINCE MONTROY

"All truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident."

- Arthur Schopenhauer (1788-1860)

<b>Unencumbered Cash (millions)</b>		
	<u>July 1, 2009</u>	<u>4-Yr Chg.</u>
Capital and Debt	795.9	32%
Federal Funds	3.8	-33%
Operating	<u>699.2</u>	<u>53%</u>
	<u>1,498.9</u>	<u>40%</u>

<b>Total Spending (millions)</b>			
	<u>State</u>	<u>Other</u>	<u>Total</u>
2001-01	2,152.6	1,434.0	3,586.6
2008-09	3,287.2	2,379.6	5,666.7
2009-10*	3,008.3	2,639.1	5,647.4

\*budget as of July, 2009

<b>Per Pupil Spending</b>			
	<u>State</u>	<u>Other</u>	<u>Total</u>
2001-01	4,816	3,208	8,024
2008-09	7,344	5,316	12,660
2009-10*	6,701	5,878	12,579

\*budget as of July, 2009

### A Kansas Primer on Education Funding

Vol. 2: Analysis of Montroy vs. State of Kansas by Caleb Stegall

	<b>Per Pupil Costs</b>	
	<u>Actual</u>	<u>Budget</u>
	<u>2007-08</u>	<u>2008-09</u>
Low	9,017	7,986
High	25,240	45,278

*Excludes Greensburg*

# Kansas K-12 Funding History

Shaded Sections Revised Aug. 19, 2009 per Phone Call with Dale Dennis

## Basic Data

School Year	FTE Enrollment	State Aid	Federal Aid	Local Revenue	Total Expenditures
1997-1998	448,609.0	1,815,684,144	189,120,462	1,058,428,663	3,063,233,269
1998-1999	448,925.7	2,035,194,082	202,565,725	1,004,736,639	3,242,496,446
1999-2000	448,610.3	2,110,484,390	220,780,350	1,071,444,132	3,402,708,872
2000-2001	446,969.9	2,152,622,486	261,038,153	1,172,918,480	3,586,579,119
2001-2002	445,376.6	2,200,529,799	310,104,678	1,269,928,113	3,780,562,590
2002-2003	444,541.4	2,277,804,680	340,728,648	1,335,185,546	3,953,718,874
2003-2004	443,301.8	2,124,578,761	376,908,121	1,592,564,728	4,094,051,610
2004-2005	441,867.6	2,362,223,172	398,667,040	1,528,524,331	4,289,414,543
2005-2006	442,555.7	2,657,971,383	382,782,642	1,648,540,541	4,689,294,566
2006-2007	444,878.7	2,888,960,769	385,393,086	1,867,723,060	5,142,076,915
2007-2008	446,874.0	3,131,495,347	377,006,174	1,937,863,161	5,446,364,682
2008-2009	447,615.1	3,287,165,278	413,624,558	1,965,942,156	5,666,731,992
2009-2010+	448,961.0	3,008,275,000	635,313,000	2,003,801,000	5,647,389,000

## Amount Per Pupil

School Year	State Aid	Federal Aid	Local Revenue	Total Expenditures	Total % Increase
1997-1998	4,047	422	2,359	6,828	4.16%
1998-1999	4,533	451	2,238	7,223	5.79%
1999-2000	4,704	492	2,388	7,585	5.01%
2000-2001	4,816	584	2,624	8,024	5.79%
2001-2002	4,941	696	2,851	8,488	5.78%
2002-2003	5,124	766	3,004	8,894	4.78%
2003-2004	4,793	850	3,593	9,235	3.83%
2004-2005	5,346	902	3,459	9,707	5.11%
2005-2006	6,006	865	3,725	10,596	9.16%
2006-2007	6,494	866	4,198	11,558	9.08%
2007-2008	7,008	844	4,336	12,188	5.45%
2008-2009	7,344	924	4,392	12,660	3.87%
2009-2010+	6,701	1,415	4,463	12,579	-0.64%

+2008-2009 and 2009-2010 are estimates. Approximate \$242 million of one-time federal money for FY 2010. According to federal law, this amount will decrease slightly in FY 2011 and be eliminated in FY 2012.

\*September 20th Full-Time Equivalency Enrollment (includes 4yr old at risk). Beginning with the 2005-06 school year, enrollment includes February 20 FTE enrollment for military districts based on 2005 House Bill 2059.

\*\*Total expenditures include the following funds (less transfers): General, Supplemental General, At-Risk 4Yr Old (beginning 2005-06 and thereafter), At-Risk K-12 (beginning 2005-06 and thereafter), Adult Education, Adult Supplemental Education, Bilingual Education, Capital Outlay, Driver Training, Extraordinary School Program, Food Service, Professional Development, Parent Education Program, Summer School, Special Education, Vocational Education, Area Vocational School, Special Liability Expense, School Retirement, School Retirement, KPERS Special Retirement Contribution (beginning 2004-05 and thereafter), Contingency Reserve, Textbook and Student Material Revolving, Bond and Interest #1, Bond and Interest #2, No-Fund Warrant, Special Assessment, Temporary Note, Cooperative Special Education, unbudgeted federal funds, and Gifts and Grants, which were collected beginning with 2002-03.

Local revenue is computed by determining the total expenditures minus state and federal aid. It is not unusual for a district to accumulate monies in its capital outlay fund for large projects and spend the money in one year. During that year, expenditures will be higher than usual and may drop the following year. Also, in those districts where the voters have approved for a bond issue, the expenditures would be higher in the year that the district begins making bond payments.

*Compiled by Kansas Policy Institute  
Source: Kansas Department of Education*



## Kansas Education Personnel Increases Since Montoy

	2004-05	2008-09	Change
<b><u>Certified Personnel Positions</u></b>			
Superintendants	268.7	264.9	(3.8)
Associate/Assistant			
Superintendents	83.8	91.0	7.2
Administrative Assistants	44.2	62.5	18.3
Principals	1,225.6	1,248.7	23.1
Assistant Principals	491.7	543.7	52.0
Directors/Supervisors of Special Education	120.1	120.8	0.7
Directors/Supervisors of Health	10.0	11.6	1.6
Directors/Supervisors of Vocational Education	15.2	13.9	(1.3)
Instructional			
Coordinators/Supervisors Other	109.7	178.4	68.7
Directors/Supervisors Other Curriculum	195.2	202.1	6.9
Specialist	101.5	164.8	63.3
Practical Arts/ Vocational Education Teachers	1,144.4	1,282.1	137.7
Special Education Teachers	3,542.6	3,958.2	415.6
Pre-Kindergarten Teachers	380.4	461.8	81.4
Kindergarten Teachers	1,325.7	1,776.2	450.5
Other Teachers	25,743.0	27,130.4	1,387.4
Library Media Specialists	924.4	903.1	(21.3)
School Counselors Clinical/School	1,111.3	1,169.9	58.6
Psychologists	358.3	387.0	28.7
Nurses	430.0	530.9	100.9
Speech Pathologists	530.9	559.7	28.8
Audiologists	9.6	12.7	3.1
Social Work Services Reading	273.5	341.1	67.6
Specialists/Teachers	688.5	829.3	140.8
Others	352.8	292.7	(60.1)
<b>Certified Total</b>	<b>39,481.1</b>	<b>42,537.5</b>	<b>3,056.4</b>
<b>Certified Teachers Only</b>			
<b>Total</b>	<b>32,824.6</b>	<b>35,438.0</b>	<b>2,613.4</b>
<b><u>Non-Certified Personnel Positions</u></b>			
Assistant			
Superintendents	4.0	4.4	0.4
Business Managers	76.8	94.2	17.4
Business			
Directors/Coordinators/ Supervisors	93.5	104.5	11.0

Other Business Personnel	567.9	464.8	(103.1)
Directors/Coordinators/ Supervisors	358.0	394.2	36.2
Other Maintenance and Operation Personnel	5,111.8	5,148.6	36.8
Food Service Directors/Coordinators/ Supervisors	280.7	311.4	30.7
Other Food Service Personnel	3,019.6	3,139.1	119.5
Transportation Directors/Coordinators/ Supervisors	175.9	166.6	(9.3)
Other Transportation Personnel	1,633.3	1,717.6	84.3
Technology Director	0.0	203.0	203.0
Other Technology Personnel	0.0	719.9	719.9
Other Directors/Coordinators/ Supervisors	267.8	184.6	(83.2)
Attendance Services Staff	92.5	76.1	(16.4)
Library Media Aides	562.1	615.4	53.3
LPN Nurses	194.5	170.4	(24.1)
Security Officers	156.1	157.0	0.9
Social Services Staff	36.9	79.2	42.3
Regular Education Teacher Aides	2,377.4	2,944.0	566.6
Coaching Assistant	405.6	455.7	50.1
Central Administration Clerical Staff	850.2	826.8	(23.4)
School Administration Clerical Staff	2,078.3	2,194.3	116.0
Student Services Clerical Staff	516.4	521.2	4.8
Special Education Paraprofessionals	4,730.7	6,266.8	1,536.1
Parents as Teachers	0.0	219.5	219.5
School Resource Officer	0.0	42.0	42.0
Others	935.9	650.6	(285.3)
<b>Non-Certified Total</b>	<b>24,525.9</b>	<b>27,871.9</b>	<b>3,346.0</b>
<b>Total of Certified and Non-Certified Personnel</b>	<b>64,007.0</b>	<b>70,409.4</b>	<b>6,402.4</b>
<b>FTE Enrollment</b>	<b>441,867.6</b>	<b>447,705.6</b>	<b>5,838.0</b>

Source: Kansas Department of Education



## **Rationale for Regional Education Districts (Fiscal Issues)**

Regional Education Districts (R.E.D)'s will be of sufficient size to take advantage of cost savings and educational enhancements based upon organizational decisions made by their governing boards. This will occur as the decision-makers strive for the expansion of educational opportunities for the students they serve. With the continued decline in enrollment in many of our school districts it is obvious that without restructuring educational opportunities will degrade. This is critical in small school districts at the secondary level.

It is time for the citizens of Kansas to set aside the emotional aspects of school consolidation and school closures. The need is to focus upon what is best for the students and for the state as a whole from both the fiscal and educational view. The state can no longer afford to fund the education of some of the students at 2+ times the rate of the statewide average funding. The financial considerations coupled with the difficulty of small high schools to provide a comprehensive educational program are sufficient reason to seriously consider regionalization and consolidation of K-12 education in Kansas.

The argument that the proposed reorganization will not save money cannot be sustained when examined even in light of the current finance structure. For example the four districts in one Kansas County during the 2001-2002 school year reported budgets for their general fund and supplemental general fund (LOB) that show a composite per pupil expenditure of \$8,907 based upon their FTE enrollment. The smallest district reported a cost of \$13,164 per pupil while the largest reported costs of \$6,924. If these districts were consolidated in FY 02, the state would have saved \$810,757. Comparing these expenditures with other school districts of like size and circumstance you will find that other districts have found the means and methods of delivering educational services at a lower cost.

For example, the Scott County School District reported an FTE enrollment of 964.7 with costs of \$6,825 per pupil. Riley County with 606 reported FTE provided their services at a cost of \$7,041 per pupil. Stanton County Schools with 543 FTE came in with a low cost of \$6,976. These data suggest that with the proper reorganization over time the State would realize savings of \$1,500 to \$2,000 per student in these districts. See below for data on additional districts.

The more significant savings realized by these school districts are found in their ability to offer reasonably sized classes at the elementary level and to reduce the number of very small high schools in the area. At the secondary level it should be noted that the four districts in the sample reported on their 2002-2003 staffing reports that they had 28.7 certified staff at the senior high level and 28.6 at the elementary level, which would imply that if there was one high school in the county considerable savings could be realized.

Other cost savings will include reductions in the extracurricular, athletic, food service, maintenance and operations budgets if fewer facilities are used. The reduction in the number of administrators and support staff for central offices along with fewer boards of education will save additional funds.

The R.E.D. organizational plan will realize the greatest level of cost savings with the consolidation of small schools and school districts that are small by choice rather than necessity caused by excessive distances or some natural or manmade barrier. The schools that are small by necessity must have some provision in the funding formula to provide additional funds.

To accomplish the consolidation of school districts there must be a fiscal incentive to consolidate, as opposed to the current school finance formula, which has a built-in fiscal penalty for consolidation.

In addition to the elements introduced above the ideal fiscal formula for school districts will have the following elements: 1) It must provide for all school districts regardless of size or location; 2) Upon implementation, it cannot destroy the fiscal integrity of existing districts; 3) There must be some provision in the formula to provide for regression to the mean. Low funded school districts should receive more annual increase than high funded districts; 4) It must provide for the funding of necessary small and isolated schools; 5) It must accommodate supplemental funding to address unique needs of students such as poverty and language barriers; 6) It must address transportation needs of both rural and urban school districts; 7) It should be fiscally neutral for the state in funding of interdistrict transfer students; 8) Special education funding should be structured in a manner to discourage over identification of special education students.

**COMPARISON OF FOUR DISTRICTS IN ONE KANSAS COUNTY TO DISTRICTS OF SIMILAR CONDITIONS, 2001-2002 DATA**

USD	Unified School District Name	2001-02 FTE Enrollment	GF W/O Special Ed Aid	LOB \$ Actually Used	General Fund W/O Special Ed/ Per Pupil	LOB per pupil	Total Revenue Per FTE
301	District A	49.0	\$517,032	\$128,000	\$10,552	\$2,612	\$13,164
304	District B	92.5	\$825,858	\$186,200	\$8,928	\$2,013	\$10,941
302	District C	126.0	\$1,154,777	\$170,000	\$9,165	\$1,349	\$10,514
303	District D	302.3	\$1,933,092	\$160,000	\$6,395	\$529	\$6,924
<b>Composite School District</b>		<b>569.8</b>	<b>\$4,430,759</b>	<b>\$644,200</b>	<b>\$7,776</b>	<b>\$1,131</b>	<b>\$8,907</b>
378	Riley County	606.0	\$3,791,407	\$475,490	\$6,256	\$785	\$7,041
341	Oskaloosa	666.0	\$4,282,361	\$685,890	\$6,430	\$1,030	\$7,460
452	Stanton County	543.0	\$3,537,892	\$222,983	\$6,515	\$411	\$6,926
423	Moundridge	564.6	\$3,390,478	\$690,000	\$6,005	\$1,222	\$7,227
447	Cherryvale	576.0	\$3,830,913	\$577,702	\$6,651	\$1,003	\$7,654
494	Syracuse	514.0	\$3,349,970	\$546,095	\$6,517	\$1,062	\$7,580
284	Chase County	474.2	\$3,111,500	\$299,616	\$6,562	\$632	\$7,193
467	Leoti	475.3	\$3,088,260	\$345,754	\$6,497	\$727	\$7,225
466	Scott County	964.7	\$5,572,881	\$1,010,781	\$5,777	\$1,048	\$6,825

\*Assumes the same LOB amount plus same transportation, vocational and at risk weighting for unified district

Proposed to the Kansas Legislature by Superintendents Dr. Sharol Little and Mr. Ken Kennedy in 2003.



**EXAMPLES OF KANSAS SCHOOL DISTRICT REORGANIZATION COST SAVINGS**

<b>Item</b>	<b>Current</b>	<b>Proposed</b>	<b>Cost Each</b>	<b>Savings</b>
Districts	17	1		\$0
School Boards	17	1	\$6,000	\$96,000
Superintendents	17	1	\$83,653	\$1,338,448
Deputy Superintendents	2	2	\$75,000	\$0
Board Clerks	17	1	\$30,000	\$480,000
Asst. Board Clerks	0	2	\$25,000	(\$50,000)
Payrolls	17	1	\$4,000	\$64,000
Payroll Clerks/Secretaries	17	1	\$30,000	\$480,000
Asst. Payroll Clerks	0	3	\$25,000	(\$75,000)
Central Administration Offices	17	1	\$25,000	\$400,000
* Elementary Attendance Centers	20	17	\$190,000	\$570,000
Total Students	7621	7621		\$0
Total Area in Sq. Miles	6846	6846		\$0
*** Total Instructors & Cert. Staff	722	722		\$0
Total Administrators	65	41	\$60,000	\$1,440,000
3A & 4A High Schools	4	4		\$0
** 1A & 2A High Schools	13	9	\$250,000	\$1,000,000
			<b>Total Savings</b>	<b>\$5,743,448</b>

\* Savings estimate, avg of Hardtner, KS and Scott Co. -- Hutchinson News, April 7, 03

\*\* Savings estimate from Supt. Jones at Mullinville -- Hutchinson News, Jan., 8, 03

\*\*\* May change with school reconfiguration

Not reflected are potential savings from other duplicated services such as food service and transportation.

**From a January, 2003 report entitled Regionalization Concept For Reorganization of Kansas School Districts prepared by Dr. Sharol Little, Superintendent, Manhattan-Ogden U.S.D. 383 and Mr. Kenneth Kennedy, Superintendent, Pratt U.S.D. 382 with input from Dr. Morris L. Reeves, Retired Associate Superintendent for Business Services and Dr. Gary Norris, Superintendent, Salina U.S.D. 305**

Honorable Chair and Members of the Committee,

I applaud this committee for delving into the subject of K12 cost efficiencies. You're giving considerably more energy to this topic than our Judiciary has while it tries to overtake your appropriations role. I'll start by reviewing some of that judicial wisdom regarding K12 efficiency.

The Kansas Supreme Court in the Montoy line of cases has had very little to say about efficient spending practices by Kansas schools. The court took into account a 2006 Legislative Post Audit cost study that employed some crude efficiency factors, but the court itself made no judgment on any prudence school districts have exercised in spending money. True, appellate courts are supposed to rule on questions of law, not questions of fact, but that didn't stop our Supreme Court from embarking on major new fact-finding missions in the middle of its Montoy III deliberation (in April 2005) and prior to its Montoy IV ruling in 2006.

The factual record for cases is supposed to be established at trial, and that's where we find our courts' most salient statements about efficiency. Judge Bullock, in his Montoy I district court preliminary order (Dec. 2003) wrote this about allegedly wasteful USD spending:

Thus, if funds sent to any given district for the education of the children in that district are being squandered and those children's guaranteed suitable education frustrated thereby, it is up to the State Board and the Legislature to either correct the problem or design a different system... The Constitution of Kansas places not only the duty to fund, but also the duty to effectively manage the Kansas educational system squarely on the Defendants [*i.e.*, the state]. Accordingly, if there is a failure in this regard, it is the Defendants' failure to design and implement a better plan to manage and bring our schools to account.

In other words, if school districts are wasting any money, it's the Legislature's fault, it's the Legislature's duty to correct, and even squandered funding should not preclude increased funding. I'm not defending this logic, I'm just reminding you of it. Judge Bullock (in his May 2004 final order) gave you an open invitation to enact a more economical model even though he was less than optimistic:

Although the Legislature is free to choose a public school structure and management model more efficient than the one presently in use... To date, no more efficient, and thus less costly, system has been either proposed or adopted by the Legislature.

If there are expensive inefficiencies in the present structure and operation of our schools, the Legislature has the power to correct them... it is for the Legislature to determine the number of school districts, the size of those districts, what size of schools are most desirable for a suitable education, and whether some educational services can be efficiently outsourced or regionalized.

Naturally, our Judiciary's opinions have been guided by expert consultants in this line of cases. In Montoy III, the Supreme Court deferred to the Augenblick & Myers cost figures – a consultant hired by the Legislature – when ordering the spending of \$285 million more K12 funds, one-third of that consultant's recommendation (published report May 2002), while threatening to later compel the remaining two-thirds. A&M used two methodologies, the "professional judgment" approach and the "successful schools" approach, and discarded the consideration of USD spending efficiency. "One of the strengths of the successful schools approach is that it allows for the inclusion of spending efficiency to be used as a measure of success", wrote the consultants. Unfortunately, A&M concluded that "Since the majority of successful districts [in Kansas] would be considered inefficient spenders, we did not use this examination of efficiency."

Then when Montoy IV came to a head in 2006, the controlling expertise was provided by Kansas' Legislative Division of Post Audit. In my personal experience researching a multitude of public policy issues, I've come to respect and trust the professionalism of many LPA projects. However, even LPA was forced to turn to other consultants in producing its January 2006 K12 cost analysis – this time it was the Syracuse University-based team of Duncombe & Yinger.

LPA cautioned that "[Some USD] spending is 'inefficient' and needs to be excluded from the cost estimates. Inefficiency in such cases is difficult to identify directly; we relied on the consultants to identify the factors that have been linked with this inefficient spending." Explaining their rationale, Duncombe & Yinger wrote "Unfortunately, directly measuring efficiency is very difficult. The approach that we use is to include in the cost model variables that



have been found to be related to efficiency in previous research.” Citing research on New York school districts, D&Y described certain “factors that might be related to productive inefficiency”, from which the LPA decided to use two: district wealth as represented by property valuations, and the share of USD residents who are over the age of 64. The assumption is that “poorer” and more elderly school districts spend tax dollars more frugally.

Are we to accept that property-rich residents don't care how wasteful their USD may be and that seniors have relatively little concern for children? This kind of logic typifies the current state of our evaluation of K12 cost effectiveness.

So, how should the Legislature proceed from here? I'll have to disappoint those of you who hope I have a specific cost-saving initiative to share today. I believe the truth is that the list of appropriate initiatives is much longer than the list of existing Kansas USDs. Instead, I implore you to enact a rational process for analyzing K12 cost efficiency. All of your future K12 policy decisions, your ability to honor Kansas taxpayers, and your success in defending against K12 finance litigation, will hinge upon the tools you have for analyzing data and making that information transparent.

**I'll tentatively label the idea now for a beginning frame of reference: site-based budgeting.** It describes an approach in which each school building administrator (each principal) has greater autonomy and accountability for deciding how public dollars are spent on each student in that principal's facility. However, Kansas will have to evolve toward this model.

**Immediately, Kansas should implement site-based budget reporting.** Your appropriations chore at the Statehouse each year has always ended with formulaic decisions about by how much each Unified School District should be funded. For the near term, that state budgeting process can and should continue, but your annual debate should be immediately supplemented with more detail about how each USD allocates its state aid (and local and federal dollars) to each facility within its district. In other words, what is the total spending per pupil at each schoolhouse in Kansas? Nobody is accurately disclosing that information presently.

Why should you trouble yourselves with that level of budget detail? Don't we have locally elected officials entrusted with this? Shouldn't we defer to local control and disdain the micro-management of local educational affairs?

The answers are two-fold: you need the information to guide K12 fiscal policy and defend its constitutionality; and, you need it to identify ineffective and inefficient K12 spending. Also, site-based budgeting would be even *more local* than the local control touted today.

First we turn to the judiciary. Courts have always stopped their equity analyses at the level of inter-USD funding disparities while ignoring intra-USD funding disparities. Nevertheless, our courts are quite explicit in the detail to which education-related constitutional rights attach to Kansas residents. As Judge Bullock put it, “The answer lies in the educational opportunity which the Legislature owes under the constitution equally to each child. This legislative duty is not to districts, not to schools, not to towns or cities, not to voters, not to counties, not to personal constituents - but to each school child of Kansas, equally.”

Since the Legislature responded to the courts in 1992, our formula using finance “weightings” for student characteristics embodies this individualized approach...at least on its face. The weighting factors provide extra money for each given student who is from a low-income family, who needs bi-lingual education, who was tested as being “non-proficient”, etc. The formula gives every appearance of direct personalized funding. But when a USD's headcount is tallied, base state aid per pupil is applied, weighting factors are multiplied in (typically increasing BSAPP by nearly 40%, incidentally), and all the remaining formula-driven dollars for that USD is computed, then your fiscal job as lawmakers is done. The USD receives the aggregate amount and you receive no guarantee, the courts have no guarantee, and Kansas parents have no guarantee that any particular student who generated “X” dollars *for their USD* will actually receive that value in local services.

**Put simply, there is no assurance that dollars will follow the student.** Without that assurance, there is no rational basis for weighting factors. No court can uphold our K12 finance formula as constitutional if dollars are not actually spent for the purposes they are appropriated. And if education is ultimately ruled by our Kansas Supreme Court to be a fundamental right, then the difficulty of defending *any* state K12 appropriation method will be greatly multiplied.

Nor will local USD officials be immune. With no mandatory intra-USD money allocation rules of their own and with no transparent data on site-specific per pupil spending, local districts are sitting ducks as potential defendants for any intra-USD funding inequality lawsuit. For example, district officials will have to prove that they allocated to every one of its schools an amount of state "at-risk" funding that corresponds to each school's population of "at-risk" students. And, to continue the thought, district officials must be able to show that a given school's "at-risk" money was spent on a program (for example) that was *effective and cost-efficient* in educating that school's "at-risk" students.

Dr. James Guthrie of Vanderbilt University has written at length on this subject.

Per pupil spending can be attributed by district, but attribution by school is even better. (In the future, it will probably become important to have per pupil budgets and accounting.) ...Determining what instructional programs and arrangements are effective and, further still, those that are cost-effective requires an ability to link data sets across performance and resources. Measures of pupil performance must be associated with resources such as a defined program (e.g., reading or mathematics), teacher time, instructional material, staff development, school and class size...that measurably separate one instructional format from another. Education Finance & Policy, MIT Press, Winter 2006

Guthrie was recently interviewed by the Education Research Newsletter (<http://www.ernweb.com/public/1008.cfm>):

A major culprit in the inadequacy of education data, [Guthrie] says, is school budget practices. Educators need better data about what resources result in what outcomes for students. But that information is getting lost in district-wide budgets.

To get more precise data on spending, school-by-school budgets are needed. It is only then that administrators will know what resources are getting what results and that they will be able to make more effective decisions, he says.

"Districts do not themselves deliver instructional services," he writes. "Instruction happens at schools, in classrooms, and between teachers and students. However, by budgeting at the district level, the richness of instructional interactions is already lost."

Fortunately, Kansas would not be starting from scratch with this initiative. In fact, Kansas is quite a bit farther ahead of other states down this road. When I was hired by the State Board of Education, the KIDS project was well underway (Kansas Individual Data on Students). That project led to a new initiative we launched in 2006 – funded by the Legislature – to create an Enterprise Data Warehouse. I haven't tracked the data warehouse project closely since I left the Department, but noticed last spring that DISC Director Joe Hennes reported to the Joint Committee on Information Technology that the project is now complete. The purpose of the project is to integrate 80 separate databases in order to support K12 decision making and reporting. It was my intent and understanding three years ago that K12 *financial* databases would be linked in, but I can't now verify that actually took place. Furthermore, last spring the Department of Education commented that they are in very good position, because of these prior data projects, to seek and receive competitive grants under the federal Stimulus bill (ARRA). In sum, this is precisely the sort of "linking of data sets across performance and resources" that Dr. Guthrie refers to.

School district officials have frustrated legislative efforts toward site-based budgeting in recent years. I recommend that you set aside the idea of site-based budgeting *authority* for the time being and concentrate on site-based budget *accounting*. It's data that we need most urgently. Currently, the accounting standards for USDs are quite detailed. I can share with you KSDE's Accounting Handbook that explicitly defines the funds, functions, sub-functions, and object codes that local officials are to employ in formatting their budget data. I believe the real issue is whether these standards will actually be enforced. Rather than because of expensive new USD accounting software, I believe resistance stems from the staff time and training that would be needed to faithfully comply with existing accounting standards. It seems like a better purpose than most for applying Stimulus Bill dollars that are already earmarked for data systems upgrading.

If this committee pleases, I can assist it with other research, scholars and practitioners who will elaborate on this information. Thank you for the opportunity to appear today. I'll be happy to respond to any questions.



# House Appropriations

November 23, 2009

Fred Kaufman  
Superintendent of Schools  
Hays Unified School District 489

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- 10 years of consecutive enrollment decreases
- No useable cash balance or contingency
  - Bond interest, food services, extraordinary
- 2009-10 cuts, including Special Education= \$1,654,500
  - Health insurance increase (12.4% state health plan) = \$294,000
- Where did we find \$2,000,000?
  - Reduced staff by 41 positions = \$669,000
  - Discontinued summer school programs = \$65,000
  - Cut coaching staff (15% reduction) = \$56,000
  - Cut elementary field trips = \$20,000
  - Cut professional development = \$27,000
  - Reduced substitute teacher pay = \$30,000
  - Reduced lunch/playground supervision and crossing guards = \$60,000
  - Increased workbook/textbook fees (\$85 increase) = \$175,100
  - 700 employees with no increase
- Projected cuts in November 2009 = \$644,865
- Proposed cuts in January 2010 (reduction of \$200 from base) = \$859,820

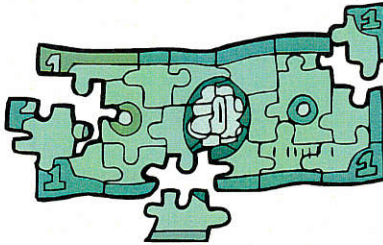
***Good Schools Are:***

***Great Teachers***

***Small Classes***

***An Abundance of High Quality Time***

USD #489  
FY11  
POSSIBLE  
GENERAL FUND  
REDUCTIONS



**Items are Numbered, NOT Prioritized, for ease of discussion.**

**Many of the savings estimates are based on ONE or MORE assumptions – that  
MAY or MAY NOT happen – thus affecting the savings estimate.**

**It is important to remember that the elimination/reduction of any of the following items MAY result in the loss of student FTE and the corresponding loss of revenue MAY exceed the amount saved by the elimination/reduction itself.**



**POSSIBLE GENERAL FUND REDUCTIONS**

<p><b>1. All Day Kindergarten to ½ Day</b> <span style="float: right;"><b>\$293,000</b></span>                  (Savings realized from 6.5 FTE staff reductions,                  Or Charge User Fee to Cover Additional ½ Day)</p> <p>Examples of School Districts that DO NOT Offer All-day Kindergarten:                  Salina, Ell-Saline, Minneapolis, Goddard, Haysville, Hillsboro, Maize, Axtell                  Lawrence ½, Liberal, Ark City, Hutchinson ½.</p> <p>Statewide ½ day every day stats: 167 Buildings – 20.6%                  6,832 Kids – 19.2%</p>	<p>(\$210/month for 9 months, Reduced \$105/month,                  Free Lunch Exempt would generate \$292,000)</p> <p>Example of Districts Currently Charging Fees:</p> <table border="0"> <tr> <td>Blue Valley</td> <td>\$15/day</td> <td>Exempt F &amp; R</td> </tr> <tr> <td>Gardner</td> <td>\$60/week</td> <td>Exempt F</td> </tr> <tr> <td>Shawnee Mission</td> <td>\$2,160/yr</td> <td>Exempt F &amp; R &amp; IEP</td> </tr> <tr> <td>Olathe</td> <td>\$238/mon</td> <td>Exempt F &amp; Title 1</td> </tr> <tr> <td>Basehor-Linwood</td> <td>\$30/week</td> <td>Exempt F, R ½ price</td> </tr> <tr> <td>Baldwin</td> <td>\$12/day</td> <td>Exempt F, R \$4/day</td> </tr> <tr> <td>Andover</td> <td>\$275/mon</td> <td>Exempt F, R ½ price</td> </tr> </table>	Blue Valley	\$15/day	Exempt F & R	Gardner	\$60/week	Exempt F	Shawnee Mission	\$2,160/yr	Exempt F & R & IEP	Olathe	\$238/mon	Exempt F & Title 1	Basehor-Linwood	\$30/week	Exempt F, R ½ price	Baldwin	\$12/day	Exempt F, R \$4/day	Andover	\$275/mon	Exempt F, R ½ price
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<p><b>2. Eliminate Transportation Inside 2.5 Miles</b> <span style="float: right;"><b>\$30,000</b></span>                  (Except SPED IEP Required)</p>																						
<p><b>3. Eliminate HHS &amp; FMS &amp; KMS Block Scheduling</b> <span style="float: right;"><b>\$500,000</b></span>                  (Savings realized from 10.0 FTE staff reduction)</p>	<p>Would need to be negotiated with HNEA</p>																					
<p><b>4. Close Attendance Centers</b> <span style="float: right;"><b>\$999,600</b></span>                  (Assumption made all staff released, building shut down,                  and all utilities shut off) <span style="float: right;"><b>\$756,600</b></span></p>	<p>Close Lincoln – 18.0 FTE Staff Reduction                  Close Washington – 14.2 FTE Staff Reduction                  Would Increase Class Size at Other Buildings</p>																					
<p><b>5. Terminate KMS Lease</b> <span style="float: right;"><b>\$277,000</b></span>                  (Would create space problems at FMS)                  (Likely to lose 60 FTE to parochial middle school if opened) <span style="float: right;"><b>\$1,011,000</b></span>                  (60 FTE equates to \$329,000 loss in General Fund)</p>	<p>Lease Paid from Capital Outlay Fund</p> <p>Close Kennedy - 19.0 FTE Staff Reduction                  Would Increase Class Size at FMS</p>																					
<p><b>6. Combine Building Administration</b> <span style="float: right;"><b>\$196,000</b></span>                  (Savings realized from Administrative Staff Reduction)</p> <table border="0" style="margin-left: 100px;"> <tr> <td>\$ 90,000</td> <td></td> </tr> <tr> <td>\$98,000</td> <td></td> </tr> <tr> <td><b>\$100,000</b></td> <td></td> </tr> </table>	\$ 90,000		\$98,000		<b>\$100,000</b>		<p>1 Administrator for FMS/KMS (2.0 Reduction)                  2 Administrators for FMS/KMS (1.0 Reduction)                  1 Administrator for Wash/Lincoln (1.0 Reduction)                  3 Administrators for HHS (1.0 Reduction)</p>															
\$ 90,000																						
\$98,000																						
<b>\$100,000</b>																						
<p><b>7. Reduce Central Office Administration</b> <span style="float: right;"><b>\$114,000</b></span>                  (Supt. Required by Statute, Asst. Supt. SPED is Coop Employee)</p>	<p>C.O. Administrator (1.0 Reduction) Would Be                  Asst. Supt. Finance or Asst. Supt. Curriculum</p>																					
<p><b>8. Eliminate Substitute Teachers</b> <span style="float: right;"><b>\$160,000</b></span>                  (Building Staff would cover absences)</p>																						
<p><b>9. Eliminate Sub Calling System</b> <span style="float: right;"><b>\$5,000</b></span>                  (Not Necessary If No Substitutes)</p>	<p>\$11,000 for ALL Funds</p>																					
<p><b>10. Eliminate "My Learning Plan"</b> <span style="float: right;"><b>\$4,100</b></span>                  (PDC Tracking Software)</p>																						
<p><b>11. Eliminate Background Checks</b> <span style="float: right;"><b>\$3,000</b></span>                  (Or Pass On Fee to Applicants - \$50)</p>																						
<p><b>12. Eliminate Hepatitis B &amp; TB Shots for Staff</b> <span style="float: right;"><b>\$1,500</b></span>                  (Or Pass On Fee to Staff - \$15 TB &amp; \$156 Hepatitis B)</p>																						
<p><b>13. Not Assign Extended Contracts</b> <span style="float: right;"><b>\$90,000</b></span>                  (GF Reduction of 20 Contracts) <span style="float: right;"><b>(GF Only)</b></span></p>	<p>(\$227,000 for All Funds)</p>																					

**POSSIBLE GENERAL FUND REDUCTIONS**

<p>14. Eliminate Retiree Health Insurance Coverage For New Hires                  (Early Retirement expenditures = \$327,000, of which \$262,000 is GF. Elimination would not save \$'s now, but in future)</p>	<p>\$262,000                  (Currently)</p>	<p>Would need to be negotiated with HNEA &amp; SEIU</p>																														
<p>15. Eliminate 100% Employer Premium for NEW Hires                  (State Plan requires 95% from Employer)                  (Would not save \$'s now, but in future)                  (Current GF Expenditures at 100% = \$2,255,000)                  (At 95% Premium Savings = \$113,000)</p>	<p>\$113,000                  (at 95%)</p>	<p>Would need to be negotiated with HNEA &amp; SEIU</p>																														
<p>16. Eliminate Family Coverage for NEW Hires                  (Only if move to new health plan, not possible in State Plan. Elimination would not save \$'s now, but in future)</p>	<p>\$388,000                  (Currently)</p>	<p>Would need to be negotiated with HNEA &amp; SEIU</p>																														
<p>17. Eliminate ALL Health Insurance for District                  (ALL Funds total = \$4,086,000)</p>	<p>\$2,255,000                  (GF Only)</p>	<p>Would need to be negotiated with HNEA &amp; SEIU                  Not possible until Jan 2011 when contract ends</p>																														
<p>18. Eliminate Lunch Supervision – Teacher                  (Assign duties to staff available for supervision)</p>	<p>\$13,350</p>																															
<p>19. Eliminate All Computer Lab Supervisors                  (10.0 FTE Reduction)</p>	<p>\$253,500</p>	<p>Remaining Tech Staff would have to cover all bldgs</p>																														
<p>20. Reduce 4 Year Old At-Risk Program To Operate Without Additional GF \$'s                  (3.0 FTE Reduction)</p>	<p>\$92,000</p>	<p>20 FTE Generates \$84,360 State \$'s                  Currently spending \$176,360</p>																														
<p>21. Shut Down All District Facilities After Regular Hours                  (Only School Activities Allowed) (Assumption made buildings shut down)                  (Utilities Savings ONLY – NO Staff Savings Included)</p>	<p>\$16,000</p>	<p>92 Non-school events FY09 -2,244 Hours Bldg Usage                  Would Require Change in BOE Policy</p>																														
<p>22. Reduce Art Program (1 Required)                  (6.5 FTE Reduction)</p>	<p>\$355,000</p>	<p>K-5 \$97,000                  (2.0 FTE Reduction)</p>																														
<p>23. Reduce Vocal Music Program (1 Required)                  (6.1 FTE Reduction) (Includes Supplemental Contracts)</p>	<p>\$372,000</p>	<p>K-5 \$237,000                  (4.1 FTE Reduction)</p>																														
		<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>Salary</u></td> <td style="text-align: right;"><u>Supplies</u></td> <td style="text-align: right;"><u>Travel</u></td> <td style="text-align: right;"><u>Other</u></td> <td style="text-align: right;"><u>TOTAL</u></td> </tr> <tr> <td>HHS/MS/ELEM</td> <td style="text-align: right;">\$363,786</td> <td style="text-align: right;">\$2,800</td> <td style="text-align: right;">\$4,452</td> <td style="text-align: right;">\$648</td> <td style="text-align: right;">\$371,686</td> </tr> </table>		<u>Salary</u>	<u>Supplies</u>	<u>Travel</u>	<u>Other</u>	<u>TOTAL</u>	HHS/MS/ELEM	\$363,786	\$2,800	\$4,452	\$648	\$371,686																		
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<p>24. Eliminate Orchestra Program                  (2.0 FTE Reduction) (Includes Supplemental Contracts)</p>	<p>\$106,000</p>	<p>K-5 \$42,400                  (1.0 FTE Reduction)</p>																														
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<p>25. Eliminate Instrumental Music Program                  (3.0 FTE Reduction) (Includes Supplemental Contracts)</p>	<p>\$220,500</p>	<table border="0"> <tr> <td></td> <td style="text-align: right;"><u>Salary</u></td> <td style="text-align: right;"><u>Supplies</u></td> <td style="text-align: right;"><u>Travel</u></td> <td style="text-align: right;"><u>Other</u></td> <td style="text-align: right;"><u>TOTAL</u></td> </tr> <tr> <td>HHS</td> <td style="text-align: right;">\$64,417</td> <td style="text-align: right;">\$1,350</td> <td style="text-align: right;">\$9,703</td> <td style="text-align: right;">\$366</td> <td style="text-align: right;">\$75,836</td> </tr> <tr> <td>FMS</td> <td style="text-align: right;">\$61,685</td> <td style="text-align: right;">\$800</td> <td style="text-align: right;">\$9,703</td> <td style="text-align: right;">\$166</td> <td style="text-align: right;">\$72,354</td> </tr> <tr> <td>KMS</td> <td style="text-align: right;">\$61,685</td> <td style="text-align: right;">\$800</td> <td style="text-align: right;">\$9,703</td> <td style="text-align: right;">\$116</td> <td style="text-align: right;">\$72,304</td> </tr> <tr> <td><b>TOTALS</b></td> <td style="text-align: right;"><b>\$187,787</b></td> <td style="text-align: right;"><b>\$2,950</b></td> <td style="text-align: right;"><b>\$29,109</b></td> <td style="text-align: right;"><b>\$648</b></td> <td style="text-align: right;"><b>\$220,494</b></td> </tr> </table>		<u>Salary</u>	<u>Supplies</u>	<u>Travel</u>	<u>Other</u>	<u>TOTAL</u>	HHS	\$64,417	\$1,350	\$9,703	\$366	\$75,836	FMS	\$61,685	\$800	\$9,703	\$166	\$72,354	KMS	\$61,685	\$800	\$9,703	\$116	\$72,304	<b>TOTALS</b>	<b>\$187,787</b>	<b>\$2,950</b>	<b>\$29,109</b>	<b>\$648</b>	<b>\$220,494</b>
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**POSSIBLE GENERAL FUND REDUCTIONS**

<b>26. Eliminate Non-athletic Extracurricular Programs</b>	<b>\$67,000</b>				
<i>(Includes Salaries, Supplies, Travel, Other Expenditures)</i>					
Programs: Musicals, Plays, Dance, Debate/Forensics, Elec. Car, Yearbook, Web Team, Business, Quiz Bowl, Student Council, Math Relay, Model UN, Science Team, Business, FFA, Project Graduation					
		<u>Salary</u>	<u>Supplies</u>	<u>Travel</u>	<u>Other</u>
		<u>TOTAL</u>			
HHS		\$40,369	\$15,100	\$2,370	\$0
FMS		\$5,183	\$0	\$0	\$0
KMS		\$3,856	\$200	\$0	\$0
TOTALS		\$49,408	\$15,300	\$2,370	\$0
					\$67,078
<b>27. Eliminate ALL Athletic Programs</b>	<b>\$513,000</b>				
<i>(Includes Salaries, Supplies, Travel, Other Expenditures)</i>					
Programs: B/G Track, Volleyball, B/G Soccer, Cross Country B/G Swimming, B/G Golf, B/G Tennis, Softball Baseball, Wrestling, Weight Lifting, Intramurals, Dir. Game Films, Cheerleader/Pep, G/B Basketball					
		<u>Salary</u>	<u>Supplies</u>	<u>Travel</u>	<u>Other</u>
		<u>TOTAL</u>			
HHS		\$214,643	\$16,150	\$117,562	\$20,275
FMS		\$52,390	\$2,802	\$16,985	\$738
KMS		\$53,585	\$3,150	\$14,114	\$750
TOTALS		\$320,618	\$22,102	\$148,661	\$21,763
					\$513,144
<b>28. Not Assign NCA/QPA &amp; Class Sponsors</b>	<b>\$16,400</b>				
		HHS	\$3,957		
		FMS	\$2,216		
		KMS	\$1,108		
		ELEM	\$9,080		
<b>29. Reduce Physical Ed Programs (2 Required)</b>	<b>\$812,000</b>				
<i>(14.0 FTE Reduction)</i>		K-5	\$247,500		
			<i>(4.0 FTE Reduction)</i>		
<b>30. Reduce Librarians &amp; Aides (2 Required)</b>	<b>\$321,000</b>				
<i>(6.6 FTE Reduction)</i>		K-5	\$234,000		
			<i>(4.9 FTE Reduction)</i>		
<b>31. Reduce Counselors (2 Required)</b>	<b>\$418,000</b>				
<i>(7.0 FTE Reduction)</i>		K-5	\$154,000		
			<i>(2.5 FTE Reduction)</i>		
<b>32. Reduce Nurses (2 Required)</b>	<b>\$127,000</b>				
<i>(2.5 FTE Reduction)</i>					
<b>33. Reduce Home Ec. (1 Required)</b>	<b>\$171,000</b>				
<i>(3.0 FTE Reduction)</i>					Would Result in Loss of Carl Perkins \$'s & Reduce Voc. Ed. Weighting \$'s.
<b>34. Reduce Business Program (1 Required)</b>	<b>\$211,000</b>				
<i>(4.0 FTE Reduction)</i>					Would Result in Loss of Carl Perkins \$'s & Reduce Voc. Ed. Weighting \$'s.
<b>35. Reduce Industrial Tech Program (1 Required)</b>	<b>\$413,000</b>				
<i>(5.0 FTE Reduction)(Includes \$136,080 GF Tuition to NCKTC)</i>					Would Result in Loss of Carl Perkins \$'s & Reduce Voc. Ed. Weighting \$'s.
<b>36. Reduce HHS Foreign Language Programs</b>	<b>\$117,000</b>				
<i>(Must Keep 1 Foreign Language for Graduation Requirements)</i>	<b>\$63,000</b>				Spanish (2.0 FTE Reduction) German & Latin (1.0 FTE Reduction)
<b>37. Shut Down Channel 13 Program in Summer</b>	<b>\$22,000</b>				
<i>(2 Supplemental Contracts)</i>					
<b>38. Eliminate Channel 13 Program Totally</b>	<b>\$143,000</b>				
<i>(2.0 FTE Staff Reduction)</i>					(Additional 4 year \$75,000 Capital Outlay Lease) Would Reduce Voc. Ed. Weighting \$'s.

POSSIBLE GENERAL FUND REDUCTIONS

<p>39. Non-renew All Non-tenured Staff (41.6 FTE - Where Certification Allows – Will Increase Class Sizes)</p>	<p>\$1,619,000</p>	
<p>40. Eliminate SPED Para Health Insurance (Make All Paras Less Than 6 Hours/Day) (Would still be eligible for part-time Insurance under State Plan)</p>	<p>\$430,000</p>	<p>75% of \$573,000 since USD 489 is 75% of Coop. Reduces Coop costs &amp; Reduces GF Transfer to SPED. Part-time Insurance would reduce savings.</p>
<p>41. 1% Salary Reduction – All Staff (GF Amount Only)</p>	<p>\$140,000 (GF Only)</p>	<p>(\$216,000 All Funds)</p>
<p>42. 4-day School Week (*Assumption made that 5<sup>th</sup> day, buildings are closed down totally to realize Utility Savings*) (Would result in reduced salaries for bus drivers &amp; substitutes)</p>	<p>\$230,500</p>	<p>Transportation Savings = \$67,000 Utilities Savings = \$127,500 * Substitute Teacher Savings = \$36,000 Would need to be negotiated with HNEA.</p>
<p>43. Reconfigure School Day Extend Length of Day by 30 Minutes and Reduce # of Attendance Days by 12 Days Current is 6.5 hours x 172 days = 1,118 hours Proposed is 7.0 hours x 160 days = 1,120 hours (Would result in reduced salaries for bus drivers, and Possibly Secretaries and Custodians)</p>	<p>\$158,000</p>	<p>Transportation Savings = \$65,000 Utilities Savings* = \$44,000 Secretarial Savings = \$25,000 Custodian Savings = \$24,000 *(only realize savings if buildings are shut down) Would need to be negotiated with HNEA &amp; SEIU</p>
<p>44. Reconfigure School Year Year-Round School Year with same number of Instructional hours as now. Eliminates 3 month break. Single Track 45-15 Plan (45 days instruction-15 days break)</p>	<p>\$0</p>	<p>Does NOT increase space or save money, but does promote continuous learning. Would need to be negotiated with HNEA.</p>
<p>45. Eliminate MAP Testing Program (Need a Local Assessment for NCLB)</p>	<p>\$27,000</p>	
<p>46. Eliminate National Board Certification Stipend (9 staff currently receive NBC stipends @ \$2,400)</p>	<p>\$21,600</p>	<p>Would need to be negotiated with HNEA.</p>
<p>47. District Recover Concurrent Payment from FHSU &amp; Barton Co. (Dollars are currently paid to teachers involved)</p>	<p>\$29,330</p>	<p>Would need to be negotiated with HNEA.</p>
<p>48. Eliminate Administrator Cell Phone Allowance</p>	<p>\$10,800</p>	<p>(Year 2 of 3 year administrator contracts)</p>
<p>49. Eliminate Copy Center at RAC (2.0 FTE Staff Reduction &amp; \$42,000 Operation/Supplies) (Would Increase Copier Costs In Buildings)</p>	<p>\$103,500</p>	<p>Additional \$30,000 annual savings in C.O. Leases</p>
<p>50. Remove ALL Personal Devices from Classrooms (Or charge minimal fee to cover cost of electricity usage)</p>	<p>\$4,000</p>	<p>June 09 Building Inventory: Mini-Refrigs = 141, Microwaves = 98; Coffeemakers = 32; Other = 20; (Aquariums, CD/Radios, etc.) TOTAL DEVICES: 291</p>
<p>51. Eliminate All Printed District Publications (Publish Online)</p>	<p>\$12,000</p>	
<p>52. Eliminate Security ID's</p>	<p>\$4,500</p>	



# PO. REVENUE ENHANCEMENTS

A. LOB to 31% (Requires Affirmative Election)	\$190,000	Already lost this election once last spring
B. Pay To Participate for ALL Activities (Amount Generated Depends On Program Structure & Fee)	\$	
C. Increase Building Use Fees (Amount Generated Depends on Fee Structure)	\$	
D. Increase District's Enrollment (Each Additional Student Enrolled Generates \$5,483)	\$	(\$4,218 BSAPP + 30% LOB = \$5,483/student)
E. Increase or Initiate Gate Fees at ALL Activities	\$	
F. Consolidate to Ellis County School District with Victoria & Ellis & Hays. (Benefit from SB 41 which would give COMBINED BUDGETS of all three districts for 4 YEARS – NO REDUCTIONS).	\$	(Amount Saved = Amount of Reduction from State over next 4 years)

It is important to remember that the elimination/reduction of any of the above programs MAY result in the loss of student FTE and the corresponding loss of revenue MAY exceed the amount saved by the elimination/reduction itself.

**Testimony Before the  
House of Representatives  
Appropriations Standing Committee**

**By**

**Gary French, Superintendent of Schools  
Unified School District 367 – Osawatomie**

**November 23, 2009**

Chairman Yoder and Members of the House Appropriations Committee:

Thank you for the opportunity to testify concerning the effects that the current economic downturn has had on school districts and specifically the Osawatomie School District. I can appreciate the challenges you face in these historic times. You have a great responsibility. The leadership you provide now will have a tremendous impact on the lives of some 465,000 school children and thus the future of Kansas.

The Osawatomie School District serves 1175 students, of which 793 qualify for the federally assisted lunch program. We currently have a weighted FTE of 2074. One mill in Osawatomie raises \$38,472, which is down from \$39,491 in FY 09.

Programs that have been made a priority by the Board of Education and implemented by well trained staff have proven effective in Osawatomie. This is especially true of our at-risk efforts. We offer all day kindergarten, a developmental preschool, an at-risk preschool, work directly with the head start in our facility, work in conjunction with parents as teachers in our facilities, offer a researched based reading program, and offer a jump start summer school, all before an Osawatomie child turns six. We believe the 2010 commission when they list early childhood education as a difference maker, because we have seen the difference.

At the next levels we offer before and after school programs, pull-out programs, behavioral disorder programs, alternative education opportunities, and continue with structured researched based reading and math programs.

Our test scores have improved every year. This past year our students earned eight standard of excellence awards. The increased dollars that have come to our school district in the past not only translate into measurable academic gains for our students, but large social gains. These social gains may only be measured many years down the road by the reduction of abuse, crime, welfare, and unemployment.

During the 2008-09 school year Osawatomie, like all districts, made the necessary budget cuts due to the \$66 dollar BSAPP rescission. This reduced our general fund budget from \$9,216,484 to \$9,080,280 for a total reduction of \$136,204. We froze hiring, froze supply and classroom purchases, suspended professional development opportunities, eliminated field trips, eliminated four classified staff positions, moved summer driver's education to seminar periods, and eliminated summer employment opportunities.

In budgeting for the 2010 school year we knew painful challenges existed. We had the rescission of \$66 BSAPP, the reduction of \$182 BSAPP, were in declining enrollment following a flood in 2007 that effected 21 percent of our students, and the new facility weighting would be eliminated as we entered the third year of an addition to Osawatomie High School. Therefore.



we published a general fund budget of \$8,390,867 which was \$825,617 less than we had published the previous year.

To compound the issue with FY 2010, we are in the second year of an agreement with the teachers association, which afforded the teachers a modest raise based on an anticipated \$59 increase in BSAPP. Even with a 3.5 mill levy increase on our LOB our supplemental general fund budget fell \$200,000 due to a local decrease in assessed valuation and declining enrollment.

We grant that much of the decrease in revenue for FY 2010 was foreseen by USD 367. We planned to build depleted cash balances. At that time we had \$50,000 in contingency reserve, which was up from \$25,000 the previous year. We had \$300,000 in capital outlay, which was up from \$216,000 the previous year.

There is need for reasonable cash balances and a strong contingency fund. As school administrators we build budgets using the best information we can get. We can not predict the floods, the fires, the tornadoes. We do our best to project our enrollment and their weighted factors. We hope we have allowed enough dollars for increases in health insurance, property liability insurance, and work comp insurance. We seek data to help us budget accurately for utility cost increases and hope the weather complies. We chart diesel fuel prices so we can lock in the best price for the tens of thousands of gallons our buses burn. We continually inspect and maintain our roof tops in an effort to eliminate a quarter to half million dollar replacement issue. Now the latest reason for a strong contingency reserve fund is the uncertainty that the published and budgeted dollars will not arrive in our districts.

To address the FY-2010 shortfall we eliminated one administrative position and reduced the salaries of remaining administration by 0 to 4 percent. We eliminated four teaching positions. Class sizes became larger. We eliminated five paraprofessional positions. We have since added two back, both working with high need special education students. We cut one maintenance position. We eliminated a counselor position. We eliminated a librarian position. We eliminated the school resource officer program. We eliminated 11 coaching positions. You can have a 4A football team coached with only four coaches and a middle school track team coached with two coaches. Per master agreement our district pays \$7.50 per hour to staff members working extra duty. Duties range from taking tickets and keeping score at athletic events to organizing children before and after an elementary music program. We cut 1000 hours of all extra duty opportunities.

We elected not to renew our contract with our school bus company. We purchased buses and eliminated three bus routes. Students getting on the bus at 6:15 a.m. is not too early. We suspended all curriculum, library, technology, furniture, and professional development purchases. We reduced all other budgets by various percentages.

As we face probable reductions this year and in the future, students will suffer. The Board of Education and I will work extremely hard to save the jobs of our employees. We also realize that will not be possible. We currently employ twelve non-tenured certified staff members. They are bright, enthusiastic young people who have graduated from our universities, wanting to do their part in making Kansas better by educating it's youth. We hope the certified staff reductions will happen through retirements. We have six certified staff that are KPERS eligible to retire. None would be replaced if they chose to retire. We anticipate that none will. However I worry about the effect of replacing the 4% contribution from their salary to KPERS with zero dollars.

School districts know that legislators have a very difficult job. We realize that according to the FY 2010 Governor's Budget Report that K-12 education is a consumer of 29.1 percent of all sources of funding.

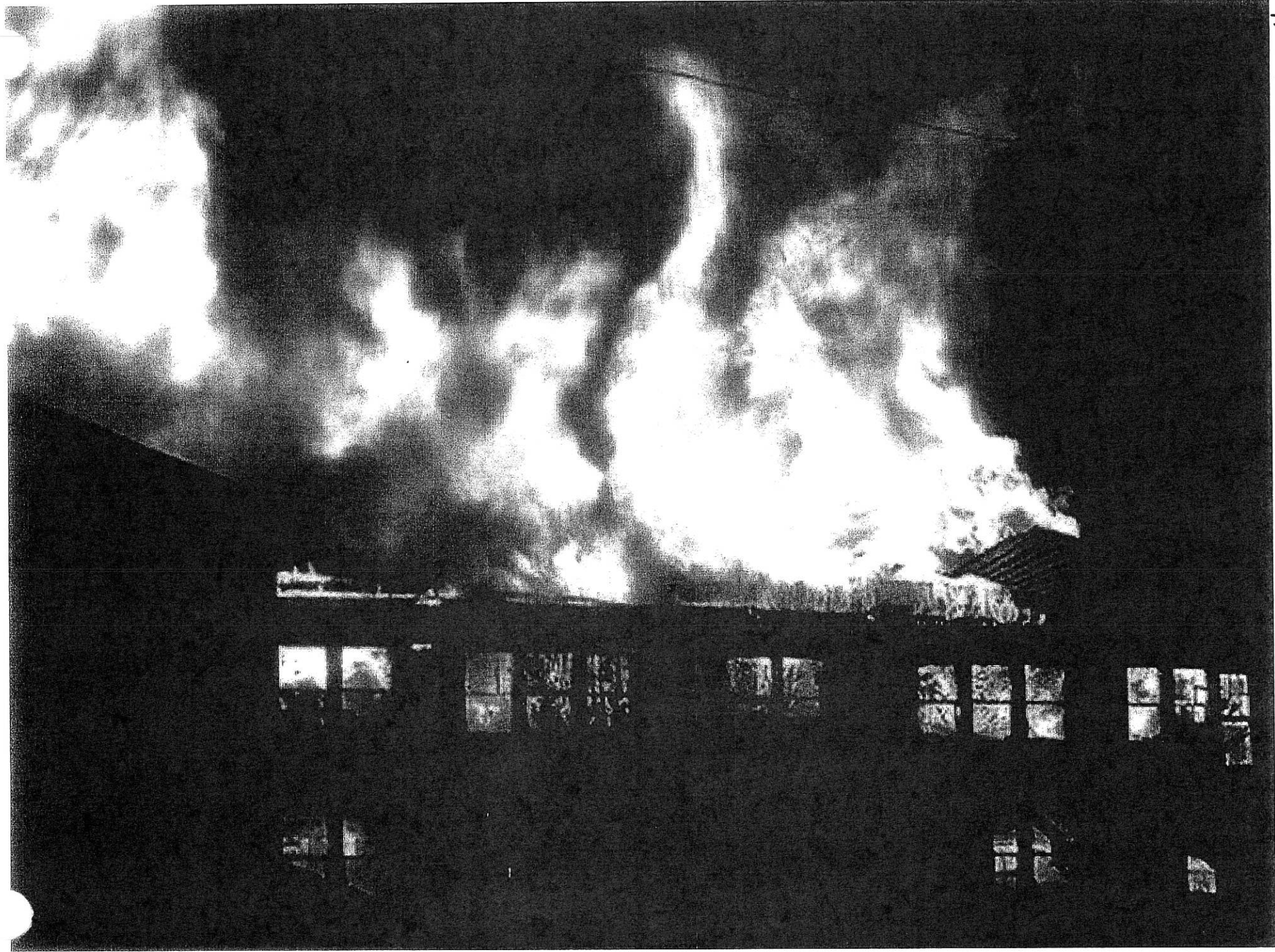
We also realize that Osawatomie is a community with a population of 4488. With a student population of 1175, at any given time between 8:00 am and 4:00 pm 25 percent of the community population is under our four rooftops. Osawatomie School District, like most rural school districts, is the leading employer of the community. The district is also a leading consumer of furniture, paper, food, utilities, fuel, and vehicles. There is an economic impact on schools without money.

The uncertainty in school finance has created at the least an anxiety and a distraction in the education setting. Too many conversations in administrative meetings and teacher workrooms center around reductions in employment and loss of effective programs. At worst the uncertainty of school finance will cause reductions in employment and loss of effective programs. We are concerned with the rescission coming this year, we fear the possibilities in FY 2011, and we feel hopeless with the possibility of FY 2012.

I would ask that State leaders offer Kansans a vision, along with a short term and long term fiscal plan that will allow the vision to happen. Communicate the plan to the people of Kansas who send their 465,000 children to school.

Thank you for allowing me this time and I stand for questions.





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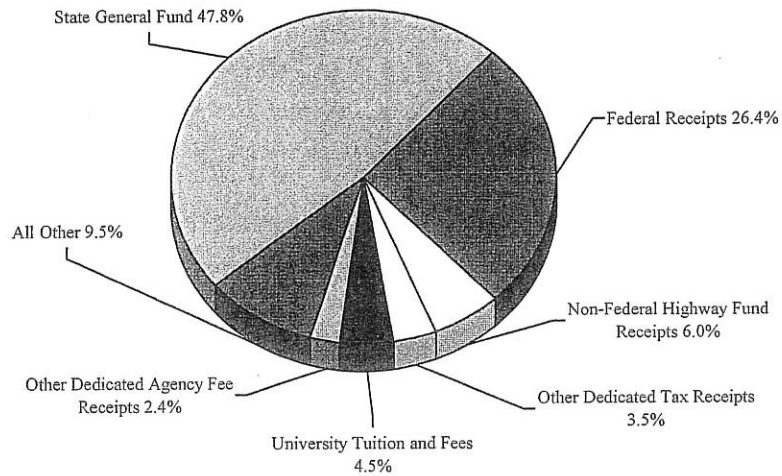
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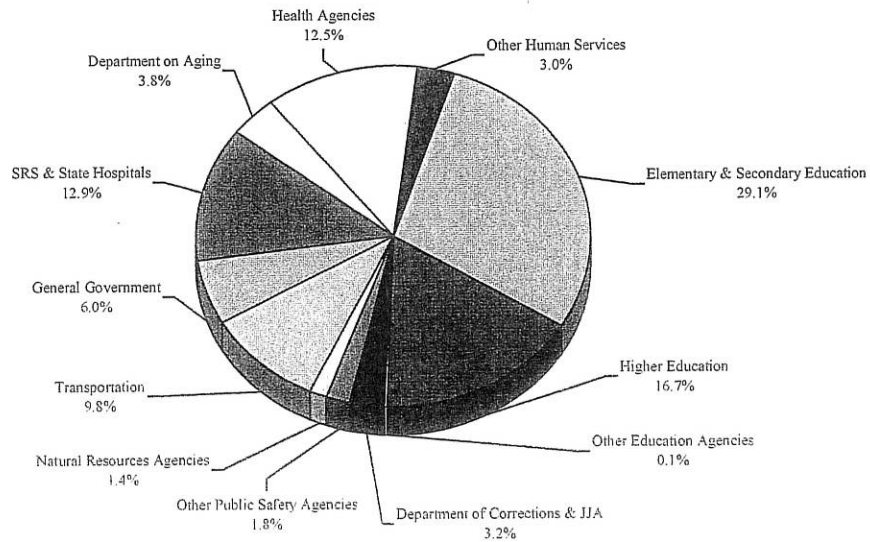


8-91

**How the All Funds Budget Is Financed**  
**All Sources of Funding**  
**FY 2010**



**Where All Funds Go**  
**All Sources of Funding\***  
**FY 2010**



\* Excludes non-reportable expenditures.



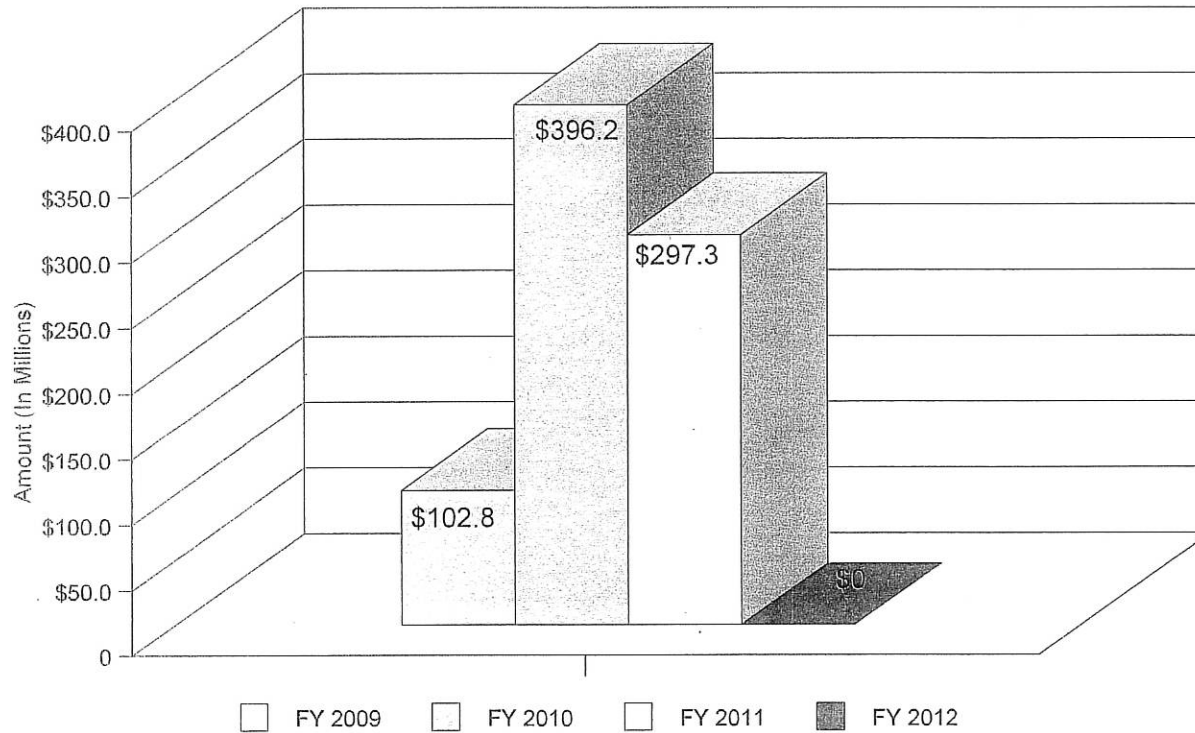
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**Chart 6**

**Anticipated Federal Stimulus Funding for Kansas  
That Replaces State General Fund Financing**

FY 2009-FY 2012

(In Millions)



**Testimony Presented  
Before the  
House Appropriations Committee  
Representative Yoder, Chair**

**By**

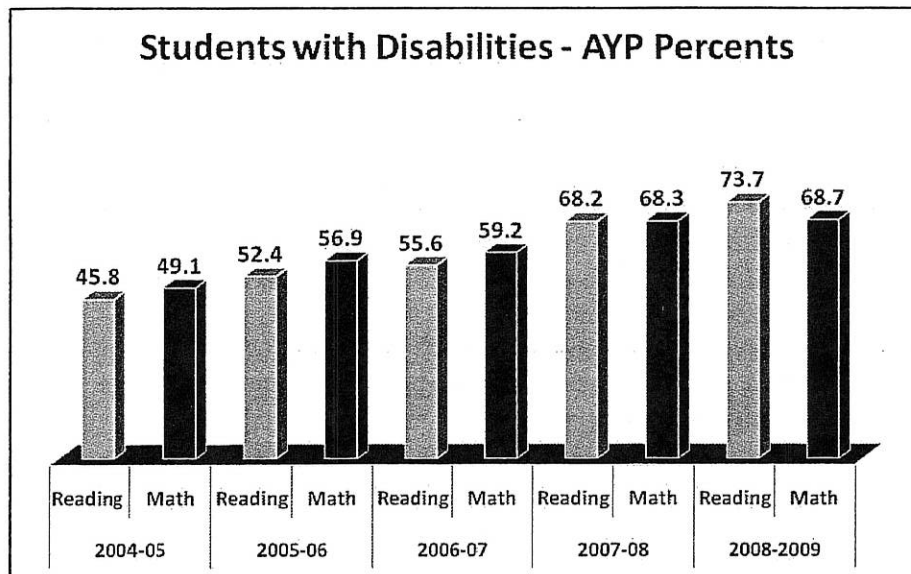
**Robert W. Winter, Ed. D.  
Salina USD 305  
Superintendent of Schools**

**November 23, 2009**

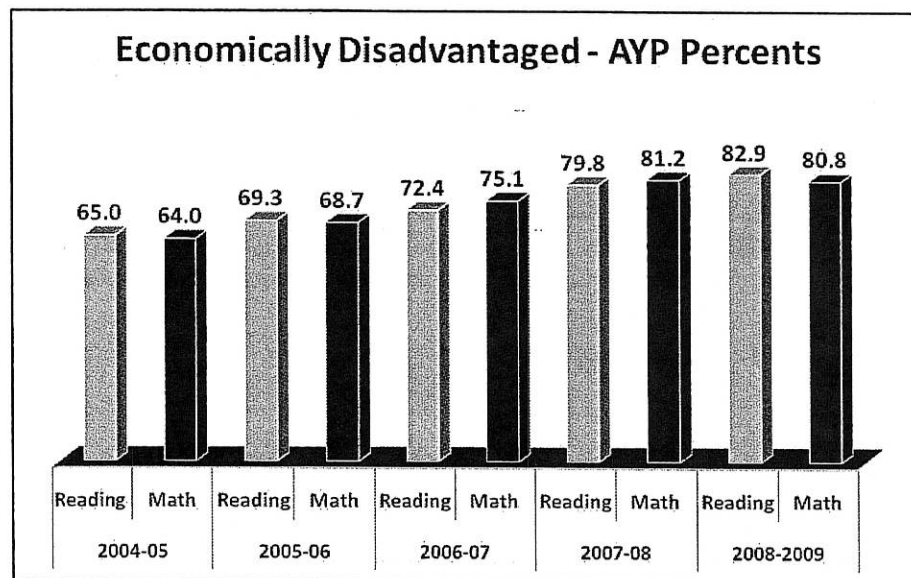
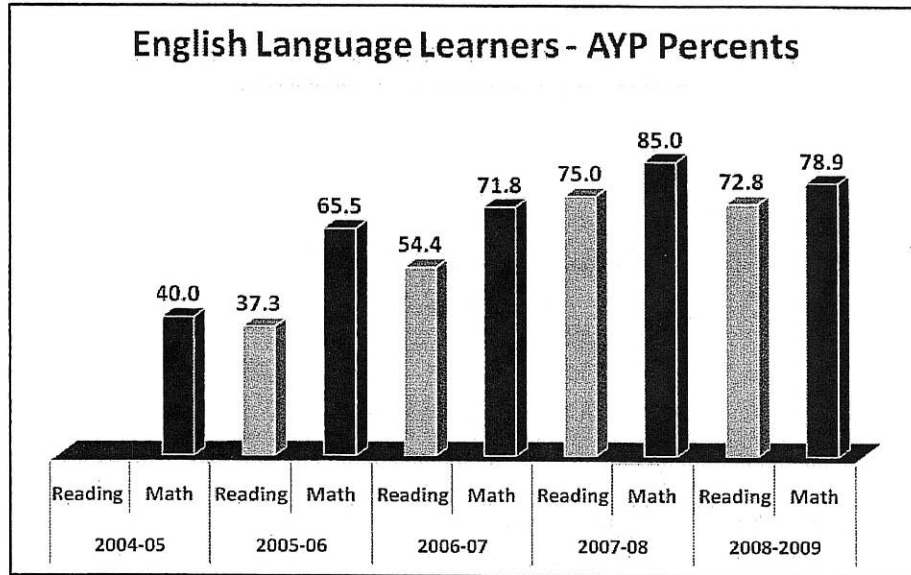
**Mr. Chairman, Members of the Committee:**

First, please accept my appreciation for the opportunity to appear before you today. You have heard from many people, and will no doubt hear from many more, regarding the importance of a viable public education system in this state. I do not wish to belabor the point, but I believe I would be remiss if I did not state for the official record of this Committee that I am absolutely convinced the continued erosion of state funding for K-12 education will result in significant loss of student achievement and a reversal of the gains that have made.

Our world is becoming more competitive, not less. No child can afford to lose even one year of academic progress. There is a documented correlation between the funding schools receive and the gains made in student achievement. The Cost Study Analysis completed by Legislative Post Audit in January 2006 found that a 1% increase in district performance outcomes was associated with a 0.83% increase in spending. With the increases in funding over the past four years, and some extremely hard and impressive work on the part of dedicated education professionals, we have narrowed an achievement gap that existed for generations. I would like to highlight three of these areas from Salina USD 305:







Which of course brings us to this discussion today. The first issue I would like to address is the impact of budget reductions made for the 09-10 school year. The budget adjustment public schools were asked to realize was a 5% cut, with the Local Option Budget (LOB) held harmless. This amounted to \$1.9 million from Salina USD 305's general fund budget. In addition, special education costs increase each year. Fixed costs, such as insurance and utilities, also increase each year. Therefore, the district targeted approximately \$2.3 million in cuts for the 09-10 school year. An additional \$566,000 was cut from our capital outlay fund because the state legislature removed equalization aid from the fund.

The impact of these cuts can be felt in various ways. For example, we cut the position of director of at-risk and federal programs – at the same time that requirements in both of these areas continue to rise. The position's responsibilities were shifted to two other individuals, who in turn shifted some of their responsibilities to others. We cut 1.2 Full Time Equivalency (FTE) foreign language teachers from our two high schools. This eliminated the second year German class, and required a compression in the class schedule with the combination of two or more levels of foreign language in the same class period.

We did not fill a bilingual social worker position. This has resulted in a reduction in the services our schools can provide to families in need. We did not fill 2.0 FTE custodial positions. Facility maintenance is an integral part of protecting our community's investment in facilities and property. Fewer staff members mean facilities are not cleaned or maintained on a regular basis. We reduced and consolidated bus routes. This has forced a number of students to walk through dangerous intersections or across railroad tracks. The budget reduction list also includes a technology teacher at one of our middle schools, a reduction in building budgets and education resources and cuts in staff development. The list I have just shared with you equated to a little over \$1 million.

In Kansas it has been apparent for several years that state revenues were diminishing as the state routinely borrowed from funds such as KPERS and the state's highway fund, and multiple legislative sessions came and went without any plan or even real discussion on ways to increase revenues to meet constitutional obligations. Conservative fiscal management is a hallmark of Salina USD 305. The district uses a long-range planning process that includes forecasting revenue and expenditures in three- to five-year increments. We maintain a continuous cycle of program evaluation and staffing levels.

We began last school year, at the urging of the state legislature, to build our cash reserves. This was accomplished in various ways, including reducing expenditures for technology and educational resources, delaying repairs and maintenance and not filling open staff positions.

It is important to remember that the preponderance of our cash reserves are in restricted-use funds. These include capital outlay and bond and interest. Also included in these restricted funds are gifts and grants, special education and Federal funds. The board of education adopted a four-year plan in May 2009 to use available cash reserves to offset state funding cuts. We will spend down our available cash balances, but protect a 4% contingency fund and cash flow for the special education and at-risk funds. A school district of any size must maintain adequate cash reserves for a multitude of reasons, including meeting payroll when state aid payments are delayed.

By using a combination of cash reserves, staff reductions, reducing building and department budgets and freezing salaries and benefits for all staff members, we were able to balance the budget. We weathered this year's cuts without wide-spread reductions in force or increasing class sizes. However, the use of cash reserves for on-going operating expenses is not wise fiscal management policy.



Kansas used American Recovery and Reinvestment Act (ARRA) funds to supplant existing funding and mitigate deeper cuts this school year. However, this funding structure will evaporate in two years. For Salina USD 305, this funding equates to \$218 per student, or \$1.9 million total. This funding also means \$1.7 million to our special education cooperative. These are significant looming budget reductions.

Further compounding our budgetary issues is the fact that fixed costs are not static. We budget approximately \$250,000 a year for increased costs in property and liability insurance, utilities and transportation costs. A number of state and Federal unfunded mandates must also be implemented and maintained. For example, it costs Salina USD 305 approximately \$35,000 to implement the anti-bullying program mandated by the state legislature two years ago.

Because of the cuts in our staff development fund we have curtailed training that helps sustain ongoing programs such as Literacy First, Kagan Cooperative Learning and Ruby Payne's work on "A Framework for Understanding Poverty." These programs are embedded into our educational programming at all levels and require ongoing training for maximum effectiveness.

Meeting the needs of our students in regards to 21<sup>st</sup> Century Technology Skills will be hampered by the derailment of our 5-year technology purchasing plan. We are now behind in that plan, and the impact of this will increase exponentially as both hardware and software become outdated.

Maintaining our community's investment of close to \$100 million in facilities through the 1998 bond issue has become a considerable cause of concern. The district raised the capital outlay mill levy by 2 mills last year, generating close to \$800,000. Replacing the track at Salina Stadium – which is used by two Class 5-A high schools, a local liberal arts college and the community – will cost close to \$800,000. This track has been unusable for the last three years, and because of past deferred maintenance the district must completely replace the track instead of undertaking a less-costly repair project.

In the face of budget cuts it is often not easy to remember that we operate public schools for today and tomorrow. Furthermore, I am not a proponent of 'business as usual.' I believe we can always improve what we are doing. Our staff and board of education are reviewing proposals for flexible scheduling for our high school students, the merits of virtual education and the revitalization of alternative education programs. We have completed an initial costs analysis to implement all day kindergarten. Responding to the demands for educational reform and improvement will become virtually impossible with dwindling resources. Progress will inevitably falter, and whatever competitive edge Kansas currently has will quickly fade.

Staff salaries and benefits comprise approximately 80 percent of the district's operating budget. We began a formal evaluation of staffing levels in our elementary and secondary schools two years ago. We have standardized both FTEs and length of contracts in positions in all twelve attendance centers. We are already at what we believe to be the basic or minimal staffing levels required to provide a suitable education for our students.

To provide additional context, I would like to note that Salina USD 305 cut close to \$6 million from the school district's operation budgets from 2001 to 2004. Programs and services were reduced or eliminated, and the district eliminated 83 FTE staff positions. The district also increased fees for textbook rentals, student activity participation, admission and meals; delayed textbook adoptions; reduced employee benefits; and reduced budgets for supplies, technology, staff development, maintenance, transportation, at-risk, school-to-career and special education programs. I offer this background as a means to illustrate that Salina USD 305 has, for many years, been cost-conscious and efficiency-minded.

Salina USD 305 closed six buildings as part of a restructuring plan following the passage of our 1998 bond issue. We now operate eight elementary schools, two middle schools and two high schools. We have a student population of 7,432 students in our pre-Kindergarten through grade 12 programs.

A number of efficiency studies are a part of our current processes. These include collaborating with other community agencies in an energy conservation competition sponsored by the Climate and Energy Project called the "Take Charge Challenge." We completed an exhaustive analysis of the kilowatt usage in all of our buildings, and are now beginning to implement additional energy conservation measures.

The number of mandates from the state and Federal governments certainly create difficulty for Salina USD 305. One of the things the state of Kansas could do would be to advocate at the Federal level that special education be funded at the level specified in Public Law 91-142. We will of course be watching with great interest the reauthorization of the elementary and secondary schools act, commonly known as "No Child Left Behind."

The concepts of school consolidation or dramatic reductions in staff may be popular topics of conjecture, but these are long-term solutions to a very immediate problem. I submit to you that while we must continue the philosophical debates, becoming bogged down in the politics of consolidation or what is and isn't the correct pupil-teacher ratio will not shelter our classrooms and students from the impact of the storm on the horizon.

In conclusion, I would like to offer the following observations. In Salina USD 305 we have shifted our focus from 'what students need help?' to 'what help does each student need?' Our staff is dedicated to making sure all of our students, including our most vulnerable students, receive an excellent education and the skills they need to prosper. Demographic shifts in Salina USD 305 mirror those seen state-wide. We began approximately five years ago implementing several interrelated safety nets to support struggling students and their families. Full-time nurses and counselors now staff each attendance center. We employ social workers and other support staff to provide supplementary family support.

One of our most recent programs, "Community Solutions," began as a partnership between Salina USD 305 and SRS. The program is housed at one of our two middle schools and provides both school and community-based support for a student and his or her family. These services can include something as straightforward as connecting the family with an agency to help them pay their rent to devising a long-term solution for the student of a parent caught up in drug abuse.



Salina USD 305 has expanded both the Migrant and English as a Second Language (ESL) programs by adding bilingual staff and translators to serve all buildings. A series of family engagement evenings that began last year led to the formation of a group called "Parents Helping Parents." The goal is to increase the number of Hispanic parents who are active participants in their child's educational process.

In 2001 the district piloted a new truancy program and implemented a community-based Truancy Review Board to work in tandem with court services. The program began in two schools and is now a district-wide program. Both the truancy program and the Truancy Review Board are characterized by highly structured interventions that escalate depending on the frequency and severity of truancy infractions. Average daily attendance has increased for students who are involved in the program.

Our special education student population also continues to increase. A special day school, "Opportunity Now," provides a self-contained setting for students who were unsuccessful in their general education high school setting due to mental illness or other challenges. Staff actively partner with students to bring both achievement and accomplishment into their lives. For our younger special education students the district has now added a second special education pre-school classroom. This program supports an increasing number of students who benefit from both Head Start and special education services.

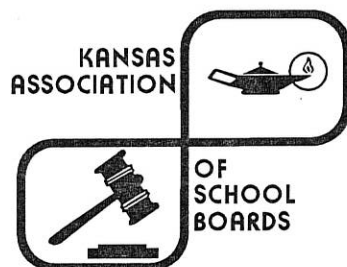
The common thread throughout Salina USD 305 is 'people.' It would be wholly inappropriate for me to forecast what people and programs we might potentially step away from if we continue to experience draconian cuts to our funding. A more pressing question is this: what students is the State of Kansas willing to give up on? Sometimes very hard choices must be made. But the consequence of those choices should not be the sacrifice of our children's future.

I thank you for allowing me to present these thoughts and comments this afternoon, and I stand ready to provide any additional information you may require or answer any questions you may have.

Testimony before the  
**House Committee on Appropriations**  
by

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

**November 23, 2009**



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

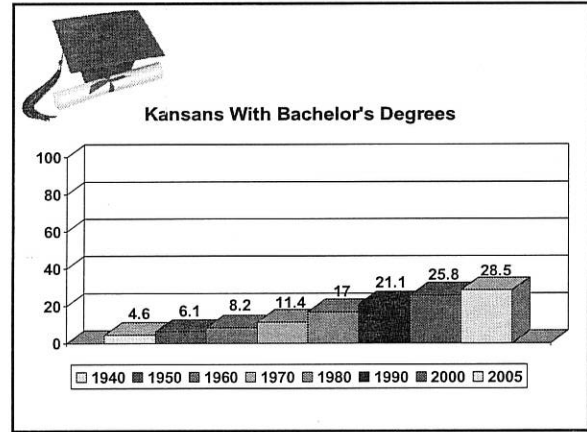
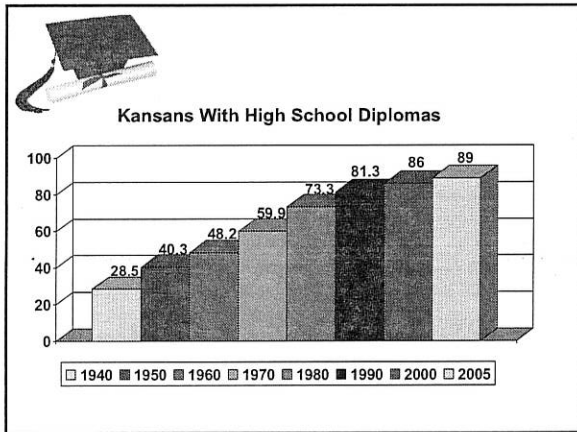


## Kansas Constitution: Education

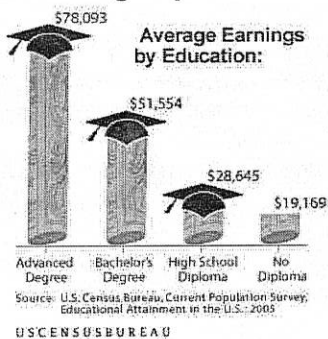
- Article 6, revised by the People in 1966.
- Legislature is directed to provide public schools for educational *improvement*.
- *Elected* State Board – general supervision.
- *Elected* Legislature – provide suitable finance.
- Locally *Elected* Boards – maintain, develop and operate public schools.
- No religious control of education funding.

## How has our system worked?

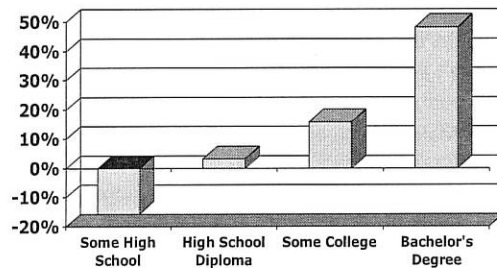
- Decades of consistent improvement for both K-12 and higher education.
- Economic value of education is growing.
- Kansas ranks high nationally and regionally.
- Rank in outcomes exceeds ranks in spending.
- Spending in line with Kansas income growth.
- Spending = costs = expectations and requirements.



## Learning Equals Earning



## Change in Family Income by Education 1973-2007



## Regional Prosperity/Education Ranking

(With National Rank)

Per Capita Income	Lowest Poverty Rate	High School Graduates	Bachelors Degree	Advanced Degree
Colorado (8)	Minnesota (9)	Minnesota (1)	Colorado (4)	Colorado (8)
Minnesota (12)	Iowa (15)	Nebraska (8)	Minnesota (12)	<b>Kansas (13)</b>
<b>Kansas (21)</b>	<b>Kansas (17)</b>	Iowa (11)	<b>Kansas (17)</b>	Minnesota (20)
Nebraska (23)	Nebraska (18)	<b>Kansas (13)</b>	Nebraska (22)	Missouri (29)
S. Dakota (30)	Colorado (19)	S. Dakota (15)	N. Dakota (26)	Nebraska (30)
Iowa (30)	N. Dakota (20)	N. Dakota (16)	S. Dakota (32)	Iowa (41)
Missouri (31)	Missouri (29)	Colorado (17)	Missouri (36)	S. Dakota (43)
N. Dakota (32)	S. Dakota (30)	Missouri (31)	Iowa (37)	Oklahoma (43)
Oklahoma (33)	Oklahoma (39)	Oklahoma (33)	Oklahoma (42)	N. Dakota (49)

## State Spending and Results

### Top 10 States on six education measures:

• Vermont	\$12,614
• Massachusetts	\$11,981
• New Hampshire	\$10,079
• Minnesota	\$9,138
• New Jersey	\$14,630
• Connecticut	\$12,323
• <b>Kansas</b>	<b>\$8,392</b>
• Montana	\$8,581
• Virginia	\$9,447
• Maryland	\$10,670
Average	\$10,786

### Top scoring states, students at Proficient or higher, National Assessment of Education Progress

• Massachusetts	\$11,981
• New Jersey	\$14,630
• Vermont	\$12,614
• New Hampshire	\$10,079
• Minnesota	\$9,138
• <b>Kansas</b>	<b>\$8,392</b>
Average	\$11,270

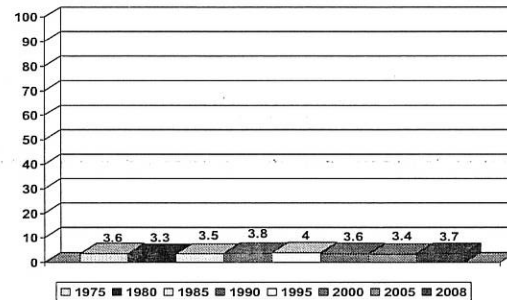
**U.S. Average \$9,138**

## Regional Ranking and Results

Spending Academic Results

Total Revenue	Current Spending	High school Completers	2008 ACT Score	NAEP Basic or Above	NAEP Proficient or Above
Minnesota	Minnesota	N. Dakota	Minnesota	N. Dakota	Minnesota
Nebraska	Nebraska	<b>Kansas</b>	Iowa	<b>Kansas</b>	<b>Kansas</b>
<b>Kansas</b>	N. Dakota	Minnesota	Nebraska	Minnesota	N. Dakota
N. Dakota	<b>Kansas</b>	Nebraska	<b>Kansas</b>	S. Dakota	S. Dakota
Iowa	Iowa	Iowa	S. Dakota	Iowa	Iowa
Missouri	Missouri	S. Dakota	N. Dakota	Colorado	Colorado
Colorado	Colorado	Missouri	Missouri	Nebraska	Nebraska
S. Dakota	So. Dakota	Colorado	Oklahoma	Missouri	Missouri
Oklahoma	Oklahoma	Oklahoma	Colorado	Oklahoma	Oklahoma

## School Operating Budgets as % of Kansas Personal Income



## Changing Expectations

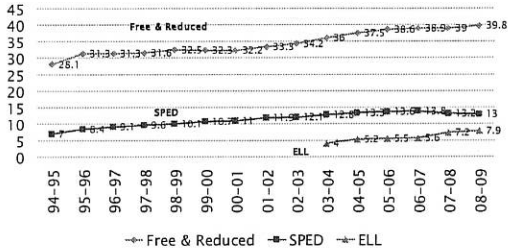
- Traditional model: teachers taught; it was up to the students to learn. Results:
  - Roughly "top third" excelled, went to college, got high skill/high wage jobs.
  - "Middle third" learned skills for middle class jobs and lifestyle.
  - "Bottom third" dropped out or acquired few skills, but found work in low skill jobs.

## Changing Expectations

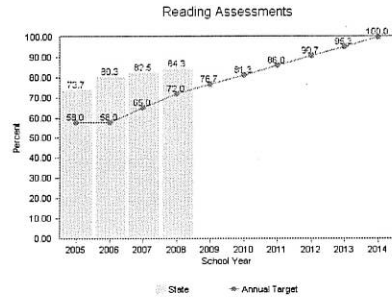
- Old model doesn't work any more.
  - Low skill jobs disappearing (low wage, foreign competition, automation); wages can't support basic needs.
  - U.S. economy needs more high skill jobs.
  - Other countries catching up to U.S. education levels.
- Created need to bring all students to higher levels than ever before.



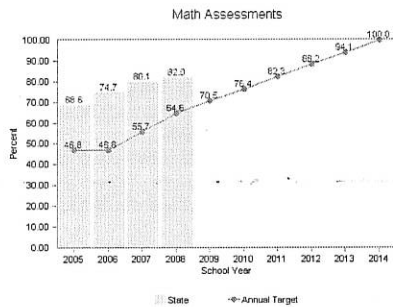
### Kansas Student Population Trends (Percent of K-12 Enrollment)



### No Child Left Behind Requirements



### No Child Left Behind Requirements



### LPA Outcomes Cost Study

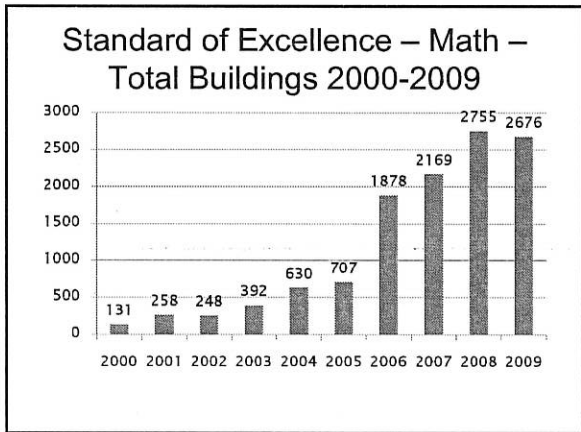
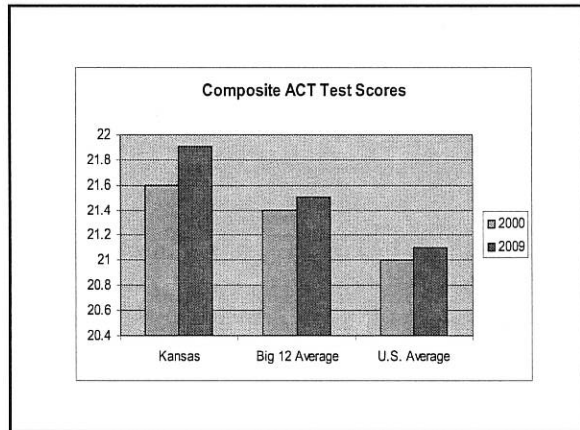
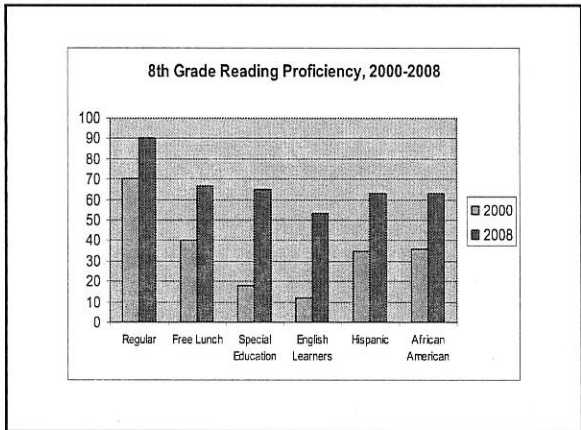
"We found a strong association between the amounts districts spend and the outcomes they achieve. In the cost function results, a 1.0% increase in a district performance outcomes was associated with a 0.83% increase in spending – almost a one-to-one relationship. This means that, all other things being equal, districts that spent more had better student performance....we can be more than 99% confident there is a relationship between spending and outcomes."

### Additional K-12 Funding 2003-09

- Over \$1 billion in state aid.
  - Nearly half (\$475 million) for at-risk and bilingual weighting; transportation aid and Special Education aid.
  - \$123.7 million for KPERS contributions (including past underfunding), not current costs.
  - \$212 million for Local Option Budget aid.
- "Per pupil" increases don't explain how new funding was used for different purposes; produced different results.

### How was the new money spent?

- More early childhood
  - +828 Pre-K and Kindergarten teachers and aides
- At-risk programs, lower class sizes
  - +1,932 regular classroom teachers and aides
- Helping teachers improve
  - +170 support positions
- Special education
  - +2,435 teachers and aides
- School safety; student transportation
  - +58 security, social services positions
- Enhance technology instruction and support
  - +923 technology positions

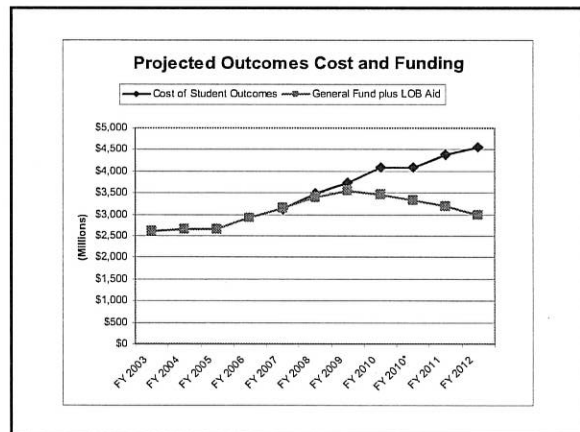


### Summary: State Report Card

- ▶ Student achievement in math and reading continues to increase for the ninth year in a row despite the targets also increasing
- ▶ Student achievement for our most challenged students continues to increase
- ▶ More students are in the top three performance levels in reading & math
- ▶ Participation & graduation rates continue to increase
- ▶ Kansas teachers are highly qualified with nearly 98% of elementary teachers and 93% of secondary teachers

### Projected Costs and Funding

- Following chart compares actual and projected state funding with Legislative Post Audit estimated cost of meeting performance outcomes (**Attachment 1**).
- Adds \$100 million to cost FY 2010 through 2012 for higher weighted enrollment, special education.
- Funding is general state aid plus local option budgets state aid (Legislature's definition).
- FY 2010 includes both current funding and estimated reduction of \$133 million (52% of \$256 million)
- FY 2011 reduced \$137 million (52% of \$264 million)
- FY 2012 reduced \$194 million (ARRA replacement)





## Projected Costs and Funding

- State aid peaked at about \$3.5 billion in 2009 – about \$200 million below costs.
- For 2011-12, cost of students outcomes will exceed \$4.5 billion.
- If school funding is reduced proportionally within the State General Fund, state aid could drop to \$3 billion.
- \$500 below 2009; \$1.5 billion below costs.
- **Wipes out “three-year plan.”**

## What will districts have to cut?

- Programs and positions recently added to help students but not legally required.
- Personnel – 70-80% of district operating budgets – substantial economic impact (KASB report – **Attachment 2**).
- Local and state expenditures for goods and services.
- Cuts in district employment and spending will offset private sector growth.

## Issue: Efficiency

- LPA studies show variation in non-instructional costs, but didn't link to *impact on instruction*.
- KASB believes ALL district expenditures should positively influence student achievement.
- General Fund spending is set by the state, so high spending in one area is offset by low spending in another area.
- Variation in LOB is determined by local school boards and voters.
- 90% of LOB authority is being used.

## “Efficiency” Really Means:

- Fewer districts and community schools.
- Fewer neighborhood schools.
- Fewer teachers, support staff, supervision.
- Fewer electives, programs and activities for students.
- Reduced salaries and purchases.
- Lower student achievement.
- *Is this the future we want for Kansas?*

## Issue: Mandates

- Attached is a copy of the Post Audit study of input costs (**Attachment 3**), and memo from KASB on state mandates and reducing costs (**Attachment 4**).
- We have received very little input on state requirements that could be removed without affecting educational quality.
- The most costly, significant mandates are increasing student achievement and providing required programs and services.

## Issue: Mandates

- Recommendations:
  - Modify state use law (Legislature has been trying to make this mandate stronger).
  - Allow public notices to be posted on internet instead of in newspapers.
  - Stop passing new mandates (bullying, financial education, disabilities awareness).
  - Ask for study of state special education regulations compared to federal (there will be pressure to increase this requirements).

### Issue: Consolidation

- KASB supports incentives for consolidation and cooperation; which are already happening.
- State only saves money when Low Enrollment Weighting is reduced (when districts are larger).
- TOTAL LEW less than \$200 million (subtracting high enrollment weighting); would barely replace cuts already made.
- Little overall disparity in spending by size.
- Benefits of smaller schools and districts.

### Issue: Cooperation

- KASB supports incentives; believes decisions should be made by local boards.
- Numerous cooperative programs exist; have previously been criticized by business groups.
- KASB exists to provide cooperate activity.
- “Efficiency” vs. local buying and supervision.
- Most small district administrators have multiple duties (principal, etc.).
- Only significant savings is closing schools.

### Issue: “Dollars to Classroom”

- No evidence that spending more of budget on instruction improves student achievement.
- Kansas outperforms states spending more on instruction – almost always at lower cost.
- Spending more to do the same doesn’t produce better results – which is why more money *doesn’t* always result in improvement.
- Legislature should focus on results of funding, not micro-managing how money is spent.

### Issue: District Cash Balances

- Two-thirds of funding restricted or committed.
- Most of the rest for cash flow, like “operating capital.”
- Contingency funds increased because districts know more cuts possible, reacted to Legislature.
- Any of these funds are “one time” solutions that would have to be replaced with on-going revenue.
- KASB statement (**Attachment 5**).

### Other Information

- KASB memo on School District Budgets, Efficiency and Outcomes (**Attachment 6**)
  - Responds to various issues raised in this committee and elsewhere.
- Chart ranking states on education attainment and spending per pupil. (**Attachment 7**)
- Chart ranking states on per capital income with tax burden and education ranking (**Reverse**)
- Additional slides on tax issues, public opinion.

### Taxes and the Kansas economy

- Kansas is not a high tax state.
- The Kansas tax burden has changed little in decades (although tax exemptions may have shifted the burden).
- Educational attainment matters more for state income levels than tax rates.
- Tax increase for schools stays in Kansas.



## Kansas Relative Tax Burden

Kansas ranks 23<sup>rd</sup> of 50 states in tax burden.

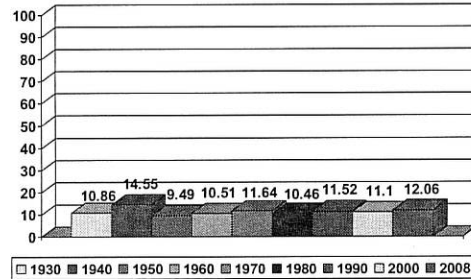
Tax burden in state and local taxes as percent of personal income.

(Source: National Association of Tax Administrators)

### Regional Tax Burden:

Nebraska	11.9%
Minnesota	11.8%
North Dakota	11.7%
<b>Kansas</b>	<b>11.7%</b>
Iowa	11.0%
Oklahoma	10.6%
Missouri	10.1%
Colorado	9.8%
South Dakota	9.1%

## State and Local Taxes as Percent of Kansas Personal Income



## Income, Taxes and Education

State Per Capita Income	Average taxes as percent of personal income	Average rank in taxes as percent of income	Average rank in Education Attainment
Top 10	12.2%	22.4	12
Second 10	11.9%	23.9	21
Middle 10	11.6%	25.6	24.8
Fourth 10	11.2%	29.4	29.6
Bottom 10	11.3%	26.3	39.2

## Kansas Economic Assets

- Strong education system, preschool to postsecondary.
- Skilled workforce.
- Good transportation system.
- High quality of life (safety, social services).
- Public services depend on public tax support.

## Public Opinion

### • Kansas Speaks 2009

Statewide Public Opinion Poll, Docking Institute of Public Affairs.

- 52% favor *increased* state funding for K-12 education; 41% favor keeping funding *at the same level*.
- Only 7% favor *decreasing* state funding for K-12 education.
- Just slightly lower support for higher education.



**ATTACHMENT A (\$59 Version)**  
**Comparison of Foundation-Level Funding**  
**Current Law vs. Estimated Cost of Meeting Future Performance Standards**  
 2006-07 to 2013-14 School Years  
 (all dollar amounts are in millions)

	SCHOOL YEAR							
	2006-07 (actual)	2007-08 (actual)	2008-09 (estimated)	2009-10 (estimated)	2010-11 (estimated)	2011-12 (estimated)	2012-13 (estimated)	2013-14 (estimated)
<b>FOUNDATION LEVEL</b> (Outcomes-Based Estimate)								
Not Adjusted for Inflation	\$3,151.3	\$3,349.4	\$3,477.0	\$3,604.5	\$3,732.7	\$3,860.2	\$3,983.4	\$4,108.5
Inflation Index (compounded)	1.0000	1.0371	1.0711	1.1062	1.1425	1.1800	1.2187	1.2586
<b>Outcomes-Based Foundation Level</b> (adjusted for inflation)	<b>\$3,151.3</b>	<b>\$3,473.7</b>	<b>\$3,724.2</b>	<b>\$3,987.4</b>	<b>\$4,264.6</b>	<b>\$4,554.9</b>	<b>\$4,854.4</b>	<b>\$5,171.0</b>
<b>FOUNDATION LEVEL</b> (Current Funding Formula)								
General Fund Authority	\$2,883.6	\$3,079.9	\$3,201.2	\$3,261.4	\$3,286.9	\$3,312.4	\$3,337.9	\$3,363.4
State Equalization Aid for LOB (a)	\$266.9	\$308.2	\$323.2	\$339.2	\$341.8	\$344.5	\$347.1	\$349.8
<b>Current Formula Foundation Level</b>	<b>\$3,150.5</b>	<b>\$3,388.1</b>	<b>\$3,524.4</b>	<b>\$3,600.6</b>	<b>\$3,628.7</b>	<b>\$3,656.9</b>	<b>\$3,685.0</b>	<b>\$3,713.2</b>
<b>Difference in Foundation Level</b> (Current Formula vs. Outcomes-Based Estimate)	<b>(\$0.8)</b>	<b>(\$85.6)</b>	<b>(\$199.8)</b>	<b>(\$386.8)</b>	<b>(\$635.9)</b>	<b>(\$898.0)</b>	<b>(\$1,169.4)</b>	<b>(\$1,457.8)</b>
<b>ACCREDITATION STANDARDS</b>								
<b>Math</b>								
K-8	67%	73%	78%	82%	87%	91%	96%	100%
High School	56%	65%	70%	76%	82%	88%	94%	100%
<b>Reading</b>								
K-8	70%	76%	80%	84%	88%	92%	96%	100%
High School	65%	72%	77%	81%	86%	91%	95%	100%
<b>Graduation Rate</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>	<b>75%</b>

(a) State equalization aid for 2007-08 was estimated using school district budget data.

Source: LPA cost study results, KSDE State aid reports, school district budget data, KSDE and KLRD funding estimates for 2008-09 and 2009-10, and State accreditation standards.

See pages 2-3 of this memo for a list of the assumptions used for this analysis.



Economic Impact of Kansas Schools

01-18-10

Kansas Counties	2008 Estimated Census Population	Jobs		Wages and Total Personal Income				Teacher Pay and KPERS Benefits				GF State Aid
		2007 Total Jobs (location of employment)	% of Jobs at USDs	2006 County Per Capita Total Wages	USD General Fund Payroll as % of County Total Wages	2006 County Per Capita Total Personal Income	USD GF Payroll as % of County Total Personal Income	2007 Avg Wage per Job in County	2007 Avg Teacher Salary	Avg Teacher Pay as % of Avg Job	CY2008 KPERS Benefits Paid for School Retirees	2008 State Aid as % of Total GF for USDs in County
Allen	13,319	9,402	4.0%	\$12,313	7.2%	\$26,197	3.4%	\$26,452	\$42,393	160.3%	\$3,148,967	83.1%
Anderson	7,984	4,419	4.1%	\$6,913	12.4%	\$23,703	3.6%	\$24,146	\$45,792	189.6%	\$1,474,404	77.0%
Atchison	16,481	10,837	3.2%	\$12,863	4.9%	\$26,483	2.4%	\$28,654	\$45,291	158.1%	\$3,021,624	78.0%
Barber	4,674	3,538	3.8%	\$10,356	9.4%	\$26,835	3.6%	\$27,001	\$45,080	167.0%	\$1,176,536	46.3%
Barton	27,703	20,533	3.7%	\$14,930	4.9%	\$32,754	2.3%	\$30,484	\$43,063	141.3%	\$5,257,886	75.1%
Bourbon	14,851	10,111	3.4%	\$12,945	5.7%	\$25,440	2.9%	\$26,928	\$43,265	160.7%	\$2,580,451	82.5%
Brown	10,009	7,350	3.2%	\$13,828	6.3%	\$28,795	3.0%	\$27,939	\$46,294	165.7%	\$1,801,947	78.4%
Butler	63,562	31,121	7.4%	\$8,230	13.2%	\$32,774	3.3%	\$28,819	\$48,380	167.9%	\$10,122,015	72.3%
Chase	2,804	3,214	2.4%	\$6,874	14.1%	\$34,065	2.8%	\$22,597	\$44,662	197.6%	\$594,170	58.8%
Chautauqua	3,768	2,441	4.2%	\$5,540	15.3%	\$29,849	2.8%	\$22,089	\$46,176	209.0%	\$488,325	83.7%
Cherokee	21,082	12,056	4.8%	\$8,025	11.5%	\$25,431	3.6%	\$29,605	\$48,639	164.3%	\$3,820,642	84.5%
Cheyenne	2,742	1,793	4.7%	\$7,770	12.1%	\$20,320	4.6%	\$25,359	\$44,046	173.7%	\$608,175	58.9%
Clark	2,108	1,756	4.0%	\$11,083	12.4%	\$24,330	5.7%	\$29,562	\$48,477	164.0%	\$442,959	61.0%
Clay	8,859	6,803	4.0%	\$9,204	8.0%	\$32,241	2.3%	\$22,912	\$43,187	188.5%	\$1,798,973	78.3%
Cloud	9,453	5,947	5.3%	\$10,199	7.0%	\$25,403	2.8%	\$23,797	\$43,635	183.4%	\$2,209,205	78.7%
Coffey	8,409	6,575	5.0%	\$18,939	5.7%	\$33,002	3.3%	\$37,477	\$46,032	122.8%	\$2,084,428	38.2%
Comanche	1,950	1,318	5.0%	\$8,611	12.6%	\$19,849	5.5%	\$20,620	\$41,540	201.5%	\$473,230	44.5%
Cowley	34,065	21,406	5.0%	\$13,302	6.7%	\$29,102	3.0%	\$30,180	\$44,199	146.4%	\$6,173,601	84.3%
Crawford	38,868	21,353	3.5%	\$13,625	5.2%	\$26,444	2.7%	\$26,903	\$48,439	180.1%	\$6,694,303	80.1%
Decatur	2,912	2,116	3.1%	\$7,421	11.3%	\$26,981	3.1%	\$23,676	\$45,524	192.3%	\$741,562	62.1%
Dickinson	19,328	9,787	5.6%	\$9,997	9.1%	\$27,761	3.3%	\$26,223	\$47,719	182.0%	\$3,962,289	76.9%
Doniphan	7,753	4,163	6.5%	\$10,454	10.7%	\$24,923	4.5%	\$31,940	\$41,625	130.3%	\$1,163,891	83.1%
Douglas	114,748	66,191	3.0%	\$13,960	4.0%	\$29,251	1.9%	\$29,007	\$47,569	164.0%	\$14,227,013	56.0%
Edwards	3,082	1,905	4.2%	\$9,214	8.9%	\$29,775	2.7%	\$27,485	\$43,455	158.1%	\$425,499	62.1%
Elk	3,047	1,625	11.4%	\$5,497	20.2%	\$21,947	5.0%	\$19,560	\$43,005	219.9%	\$614,815	79.1%
Ellis	27,801	23,531	2.6%	\$16,375	4.3%	\$33,669	2.1%	\$28,219	\$50,864	180.2%	\$4,708,519	56.4%
Ellsworth	6,250	4,246	3.9%	\$10,369	9.8%	\$25,611	3.9%	\$26,761	\$45,719	170.8%	\$1,458,032	63.8%
Finney	40,998	22,974	5.2%	\$13,700	6.3%	\$23,839	3.6%	\$30,321	\$46,944	154.8%	\$3,211,972	75.9%
Ford	33,293	20,741	4.2%	\$14,461	5.3%	\$25,736	3.0%	\$30,624	\$44,159	144.2%	\$3,569,082	83.2%
Franklin	26,562	14,598	4.3%	\$10,973	8.0%	\$27,082	3.3%	\$28,682	\$48,868	170.4%	\$4,024,780	76.6%
Geary	31,171	31,794	2.9%	\$43,408	2.4%	\$40,095	2.6%	\$42,618	\$43,634	102.4%	\$2,916,735	72.6%
Gove	2,548	2,329	6.7%	\$10,950	13.7%	\$24,749	6.1%	\$25,169	\$39,392	156.5%	\$616,260	68.2%



Economic Impact of Kansas Schools

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Kansas Counties	2008 Estimated Census Population	Jobs		Wages and Total Personal Income				Teacher Pay and KPERS Benefits				GF State Aid
		2007 Total Jobs (location of employment)	% of Jobs at USDs	2006 County Per Capita Total Wages	USD General Fund Payroll as % of County Total Wages	2006 County Per Capita Total Personal Income	USD GF Payroll as % of County Total Personal Income	2007 Avg Wage per Job in County	2007 Avg Teacher Salary	Avg Teacher Pay as % of Avg Job	CY2008 KPERS Benefits Paid for School Retirees	2008 State Aid as % of Total GF for USDs in County
Graham	2,592	2,940	2.3%	\$11,447	8.6%	\$30,334	3.2%	\$26,023	\$47,941	184.2%	\$728,079	47.3%
Grant	7,395	5,199	4.5%	\$16,709	6.2%	\$28,369	3.6%	\$37,277	\$49,332	132.3%	\$1,438,718	23.9%
Gray	5,688	4,182	5.5%	\$12,080	10.1%	\$30,943	3.9%	\$27,729	\$45,161	162.9%	\$1,040,744	78.9%
Greeley	1,266	1,177	4.7%	\$12,319	9.2%	\$26,757	4.3%	\$28,795	\$42,196	146.5%	\$233,683	55.6%
Greenwood	6,861	3,067	6.4%	\$7,014	11.1%	\$25,910	3.0%	\$25,187	\$41,202	163.6%	\$1,790,380	79.2%
Hamilton	2,631	1,755	5.2%	\$10,108	8.9%	\$26,551	3.4%	\$28,081	\$46,248	164.7%	\$359,002	55.4%
Harper	5,857	4,368	3.9%	\$10,736	9.0%	\$27,963	3.5%	\$26,946	\$40,315	149.6%	\$1,352,401	71.0%
Harvey	33,675	24,352	3.6%	\$12,747	6.4%	\$31,771	2.6%	\$29,933	\$46,413	155.1%	\$7,096,413	81.1%
Haskell	3,919	2,373	6.8%	\$11,526	10.7%	\$33,693	3.7%	\$32,539	\$46,753	143.7%	\$727,302	20.5%
Hodgeman	1,948	1,277	5.8%	\$6,517	16.5%	\$27,886	3.9%	\$23,863	\$40,364	169.1%	\$385,494	61.3%
Jackson	13,240	9,598	4.6%	\$9,321	10.2%	\$27,402	3.5%	\$26,627	\$50,105	188.2%	\$2,011,607	84.8%
Jefferson	18,421	6,275	9.5%	\$5,694	21.1%	\$27,304	4.4%	\$29,391	\$49,740	169.2%	\$3,076,368	80.1%
Jewell	3,142	2,337	4.7%	\$6,832	14.3%	\$27,647	3.5%	\$22,581	\$37,388	165.6%	\$795,467	72.2%
Johnson	534,093	413,824	2.7%	\$27,973	2.7%	\$50,758	1.5%	\$45,616	\$55,173	121.0%	\$63,244,357	52.0%
Kearny	4,159	2,130	7.7%	\$9,071	13.4%	\$22,918	5.3%	\$29,884	\$46,155	154.4%	\$984,208	19.9%
Kingman	7,719	5,421	3.5%	\$9,440	9.6%	\$29,078	3.1%	\$27,041	\$44,733	165.4%	\$1,367,980	57.3%
Kiowa	2,541	1,926	5.8%	\$11,010	11.0%	\$29,036	4.2%	\$25,677	\$38,384	149.5%	\$638,603	49.2%
Labette	21,871	14,436	4.1%	\$12,104	7.3%	\$27,420	3.2%	\$26,714	\$45,095	168.8%	\$4,215,838	86.5%
Lane	1,743	1,460	7.0%	\$11,504	11.4%	\$30,916	4.2%	\$29,051	\$41,887	144.2%	\$292,097	49.6%
Leavenworth	74,276	36,136	4.5%	\$14,681	5.2%	\$29,616	2.6%	\$43,495	\$46,698	107.4%	\$8,249,268	72.8%
Lincoln	3,261	2,236	4.1%	\$5,853	15.7%	\$20,072	4.6%	\$20,378	\$42,037	206.3%	\$652,878	70.9%
Linn	9,616	4,182	6.9%	\$7,381	13.6%	\$24,848	4.0%	\$31,567	\$47,126	149.3%	\$1,634,268	63.7%
Logan	2,593	2,337	4.3%	\$10,546	10.5%	\$25,388	4.4%	\$23,952	\$42,350	176.8%	\$479,302	59.7%
Lyon	35,562	21,476	4.4%	\$14,282	5.4%	\$25,118	3.1%	\$27,339	\$48,380	177.0%	\$5,512,980	80.2%
Marion	12,100	6,078	5.6%	\$7,483	12.4%	\$23,625	3.9%	\$23,118	\$43,076	186.3%	\$2,150,845	78.7%
Marshall	10,178	7,894	5.2%	\$14,721	7.1%	\$32,013	3.3%	\$30,844	\$44,729	145.0%	\$1,895,541	75.0%
McPherson	29,044	22,992	3.8%	\$17,116	4.7%	\$33,845	2.4%	\$31,541	\$46,443	147.2%	\$5,892,629	66.2%
Meade	4,359	2,719	4.1%	\$9,504	9.0%	\$27,767	3.1%	\$28,912	\$47,472	164.2%	\$1,022,261	55.1%
Miami	30,989	11,803	7.6%	\$8,222	8.7%	\$32,998	2.2%	\$28,857	\$51,027	176.8%	\$4,527,520	70.2%
Mitchell	6,292	4,741	4.9%	\$14,775	6.6%	\$29,122	3.3%	\$26,784	\$45,363	169.4%	\$1,801,086	76.7%
Montgomery	34,395	21,934	3.0%	\$14,635	4.8%	\$28,291	2.5%	\$29,895	\$47,466	158.8%	\$6,578,239	79.0%



Economic Impact of Kansas Schools

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Kansas Counties	2008 Estimated Census Population	Jobs		Wages and Total Personal Income				Teacher Pay and KPERS Benefits				GF State Aid
		2007 Total Jobs (location of employment)	% of Jobs at USDs	2006 County Per Capita Total Wages	USD General Fund Payroll as % of County Total Wages	2006 County Per Capita Total Personal Income	USD GF Payroll as % of County Total Personal Income	2007 Avg Wage per Job in County	2007 Avg Teacher Salary	Avg Teacher Pay as % of Avg Job	CY2008 KPERS Benefits Paid for School Retirees	2008 State Aid as % of Total GF for USDs in County
Morris	6,037	2,490	4.9%	\$7,266	9.9%	\$25,867	2.8%	\$25,652	\$45,455	177.2%	\$1,354,588	73.1%
Morton	2,978	2,104	8.7%	\$14,193	11.6%	\$24,229	6.8%	\$35,183	\$44,884	127.6%	\$633,992	36.7%
Nemaha	10,112	7,131	4.0%	\$12,099	6.9%	\$29,486	2.8%	\$27,529	\$45,114	163.9%	\$1,657,472	79.8%
Neosho	16,223	11,112	3.1%	\$14,399	4.9%	\$26,809	2.6%	\$28,580	\$47,314	165.5%	\$3,459,394	80.1%
Ness	2,945	2,757	3.5%	\$12,283	7.1%	\$34,511	2.5%	\$29,270	\$40,121	137.1%	\$688,564	46.3%
Norton	5,370	3,896	4.1%	\$12,082	8.2%	\$24,399	4.0%	\$27,125	\$42,688	157.4%	\$1,026,277	77.8%
Osage	16,327	5,518	8.7%	\$4,538	19.7%	\$24,686	3.6%	\$22,235	\$42,967	193.2%	\$3,018,237	83.8%
Osborne	3,804	2,838	1.3%	\$8,133	6.4%	\$25,183	2.1%	\$21,533	\$45,337	210.5%	\$891,473	79.2%
Ottawa	6,026	2,743	6.6%	\$5,749	17.4%	\$24,221	4.1%	\$24,072	\$44,987	186.9%	\$1,142,834	79.3%
Pawnee	6,291	5,381	5.1%	\$14,624	6.4%	\$28,748	3.3%	\$26,347	\$42,885	162.8%	\$1,228,454	76.1%
Phillips	5,339	4,588	3.0%	\$12,179	8.5%	\$31,799	3.2%	\$25,708	\$42,765	166.3%	\$1,071,431	76.3%
Pottawatomie	19,695	15,395	4.3%	\$13,421	6.9%	\$30,223	3.1%	\$30,111	\$42,430	140.9%	\$2,628,813	62.2%
Pratt	9,411	6,954	3.0%	\$14,366	5.9%	\$31,007	2.8%	\$29,481	\$47,345	160.6%	\$2,086,264	72.8%
Rawlins	2,503	2,810	2.3%	\$8,357	10.3%	\$26,073	3.3%	\$23,683	\$47,240	199.5%	\$621,635	65.4%
Reno	63,427	37,042	4.0%	\$13,616	5.1%	\$27,679	2.5%	\$30,162	\$48,875	162.0%	\$12,366,214	75.4%
Republic	4,812	3,765	3.8%	\$9,197	10.4%	\$25,478	3.7%	\$20,952	\$43,243	206.4%	\$1,211,666	74.4%
Rice	10,060	5,031	7.1%	\$9,416	10.1%	\$23,529	4.1%	\$27,722	\$44,690	161.2%	\$2,148,956	76.3%
Riley	71,069	35,774	2.8%	\$14,249	3.4%	\$33,986	1.4%	\$28,712	\$46,458	161.8%	\$7,597,736	56.4%
Rooks	5,136	3,149	5.6%	\$10,720	9.2%	\$26,426	3.7%	\$26,847	\$43,126	160.6%	\$1,110,691	46.8%
Rush	3,232	2,186	4.1%	\$9,684	9.4%	\$24,361	3.7%	\$27,412	\$39,850	145.4%	\$722,652	64.8%
Russell	6,641	3,953	6.1%	\$10,278	8.8%	\$27,195	3.3%	\$26,172	\$43,819	167.4%	\$1,611,411	59.4%
Saline	54,657	40,260	4.0%	\$18,442	3.9%	\$32,338	2.2%	\$31,552	\$49,687	157.5%	\$9,668,196	68.7%
Scott	4,577	3,238	3.7%	\$12,267	8.4%	\$33,073	3.1%	\$28,691	\$42,391	147.8%	\$654,998	58.2%
Sedgwick	482,863	323,166	3.1%	\$22,787	3.1%	\$38,674	1.8%	\$40,530	\$53,470	131.9%	\$59,605,400	74.4%
Seward	23,016	15,302	5.1%	\$16,220	5.2%	\$26,126	3.2%	\$30,903	\$47,781	154.6%	\$1,656,708	78.1%
Shawnee	174,709	118,419	3.4%	\$21,085	3.2%	\$33,093	2.0%	\$37,558	\$47,035	125.2%	\$27,103,813	70.8%
Sheridan	2,510	1,886	3.3%	\$8,908	7.8%	\$30,147	2.3%	\$25,538	\$47,523	186.1%	\$552,796	55.5%
Sherman	6,013	4,270	4.2%	\$11,599	7.3%	\$28,302	3.0%	\$25,062	\$46,463	185.4%	\$1,302,268	69.5%
Smith	3,901	2,645	4.2%	\$8,599	11.2%	\$28,859	3.3%	\$22,062	\$45,713	207.2%	\$938,872	78.3%
Stafford	4,326	2,497	7.3%	\$8,032	14.8%	\$27,837	4.3%	\$24,716	\$42,317	171.2%	\$804,499	64.5%
Stanton	2,148	1,532	4.7%	\$10,999	10.3%	\$33,092	3.4%	\$31,824	\$45,304	142.4%	\$292,437	32.2%



Kansas Counties	Jobs			Wages and Total Personal Income				Teacher Pay and KPERS Benefits				GF State Aid
	2008 Estimated Census Population	2007 Total Jobs (location of employment)	% of Jobs at USDs	2006 County Per Capita Total Wages	USD General Fund Payroll as % of County Total Wages	2006 County Per Capita Total Personal Income	USD GF Payroll as % of County Total Personal Income	2007 Avg Wage per Job in County	2007 Avg Teacher Salary	Avg Teacher Pay as % of Avg Job	CY2008 KPERS Benefits Paid for School Retirees	2008 State Aid as % of Total GF for USDs in County
Stevens	5,056	3,296	5.5%	\$11,798	11.4%	\$27,685	4.9%	\$30,371	\$51,267	168.8%	\$679,664	3.6%
Sumner	23,616	9,550	7.7%	\$7,009	11.9%	\$29,914	2.8%	\$27,926	\$44,314	158.7%	\$5,330,157	82.8%
Thomas	7,277	5,366	4.6%	\$15,097	6.3%	\$29,513	3.2%	\$25,662	\$43,279	168.7%	\$1,598,188	72.8%
Trego	2,882	1,903	4.0%	\$9,655	8.0%	\$21,164	3.7%	\$24,691	\$42,984	174.1%	\$687,258	65.2%
Wabaunsee	6,922	2,944	5.9%	\$5,430	13.9%	\$28,056	2.7%	\$25,507	\$43,443	170.3%	\$1,228,571	73.3%
Wallace	1,404	1,177	5.9%	\$8,752	16.4%	\$24,408	5.9%	\$24,101	\$44,638	185.2%	\$226,432	71.6%
Washington	5,791	3,490	5.6%	\$8,141	14.6%	\$24,371	4.9%	\$21,069	\$44,667	212.0%	\$1,168,149	73.9%
Wichita	2,148	1,700	5.3%	\$11,500	10.5%	\$34,830	3.5%	\$28,131	\$47,565	169.1%	\$281,142	71.9%
Wilson	9,698	6,061	4.5%	\$12,631	7.9%	\$26,077	3.8%	\$28,223	\$45,649	161.7%	\$1,614,131	76.4%
Woodson	3,285	1,492	4.8%	\$5,338	12.5%	\$21,931	3.1%	\$23,947	\$42,648	178.1%	\$637,968	77.0%
Wyandotte	154,287	98,139	3.9%	\$22,742	3.6%	\$24,538	3.3%	\$40,846	\$49,406	121.0%	\$16,508,102	76.1%
<b>State Totals</b>	<b>2,802,134</b>	<b>1,855,548</b>	<b>3.7%</b>	<b>\$18,473</b>	<b>4.2%</b>	<b>\$34,695</b>	<b>2.3%</b>	<b>\$36,695</b>	<b>\$49,210</b>	<b>134.1%</b>	<b>\$408,606,354</b>	<b>69.0%</b>

**Percentile Rank:**

<b>HIGH</b>	534,093	413,824	11.4%	\$43,408	21.1%	\$50,758	6.8%	\$45,616	\$55,173	219.9%	\$63,244,357	86.5%
<b>90th %tile</b>	40,146	28,413	6.9%	\$15,771	14.2%	\$33,093	4.5%	\$31,894	\$48,872	192.9%	\$6,935,569	81.9%
<b>80th %tile</b>	27,723	16,423	5.8%	\$14,299	12.4%	\$31,776	4.0%	\$30,208	\$47,566	183.5%	\$4,062,992	79.0%
<b>70th %tile</b>	16,306	9,588	5.2%	\$12,929	10.9%	\$29,595	3.7%	\$29,226	\$46,742	173.2%	\$2,859,151	77.0%
<b>60th %tile</b>	9,649	6,068	4.8%	\$12,089	10.0%	\$28,520	3.4%	\$28,610	\$45,888	168.7%	\$1,801,431	75.6%
<b>MEDIAN</b>	6,922	4,419	4.3%	\$10,999	8.9%	\$27,679	3.3%	\$27,485	\$45,161	164.3%	\$1,458,032	72.8%
<b>40th %tile</b>	5,750	3,519	4.1%	\$10,163	7.9%	\$26,674	3.1%	\$26,775	\$44,652	161.5%	\$1,166,446	69.2%
<b>30th %tile</b>	4,192	2,768	3.9%	\$9,198	6.7%	\$25,763	2.9%	\$25,665	\$43,312	157.4%	\$821,894	62.2%
<b>20th %tile</b>	3,033	2,310	3.5%	\$8,113	5.7%	\$24,828	2.7%	\$24,137	\$42,861	147.1%	\$650,023	56.4%
<b>10th %tile</b>	2,544	1,771	3.0%	\$6,890	4.8%	\$23,992	2.3%	\$22,723	\$41,947	138.6%	\$482,911	47.0%
<b>LOW</b>	1,266	1,177	1.3%	\$4,538	2.4%	\$19,849	1.4%	\$19,560	\$37,388	102.4%	\$226,432	3.6%



## 1.1 ESTIMATING BASE-LEVEL COSTS FOR REGULAR EDUCATION USING AN INPUT-BASED APPROACH

Conducting a cost study using an input-based approach involves identifying the type and number of resources needed to provide a certain level of services, then “pricing” those resources to determine their estimated cost. The study we conducted using the input-based approach was required by law to identify the following for regular K-12 education in Kansas:

- the estimated costs of providing the curricula, programs, and services mandated by State statute or specified in high school graduation requirements and State scholarship and college admission requirements. These could be considered the costs related to a basic education; they do not take student performance outcomes into account.
- an estimate of the reasonable costs for operating schools and school districts, including costs for instruction, administration, support staff, supplies, equipment, and building operations and maintenance.

The reader should be aware there are likely to be some district expenditures unrelated to the cost of a basic education that cannot be separately identified in the data districts report to the Department of Education. Also, previous audit work we’ve done has shown that some districts’ internal accounting records don’t treat expenditures uniformly. In this cost study, we took steps to try to minimize the impact of these factors on our cost estimates.

### **BACKGROUND: MANDATED REQUIREMENTS FOR REGULAR EDUCATION**

The major requirements we identified are summarized in *Figure 1.1-1*. Most mandated requirements relate to the educational curricula school districts are required to provide, either at the elementary or high school level.

Figure 1.1-1 Summary of Statutory and Other Mandates, Attendance and Curriculum Requirements			
		Minimum Requirement	Mandated in...
<b>Attendance Requirements</b>	School Days per Year	K - 11 Grade 12	K.S.A. 72-1106
		186 days per year 181 days per year	
School Hours per Year	Kindergarten	465 hours per year (2.5/day)	K.S.A. 72-1106
	Grade 1-11	1,116 hours per year (6/day)	
	Grade 12	1,086 hours per year (6/day)	



<p><b>Elementary Curriculum Requirements</b></p>	<p>Reading Writing Math (including arithmetic) Geography Spelling English (grammar and composition) History (U.S., Kansas) Civil Government (and Citizenship) Health and Hygiene Such other subjects as the State Board of Education may determine:     Science     Language Arts     Computer Literacy     Fine Arts     Physical Education (incl. health &amp; human sexuality)</p>	<p>K.S.A. 72-1101            Board of Education Quality Performance Accreditation criteria K.A.R. 91-31-32(c)(9)</p>
<p><b>High School Curriculum Requirements</b></p>	<p>21 units of credit are required for graduation. High schools must offer and teach 30 units of instruction.  4 units English 4 units Math 3 units Science 3 units History / Government 2 units Foreign Language 1 unit Computer Technology 1 unit Physical Education 1 unit Fine Arts Electives to fill out required hours/units</p>	<p>K.A.R. 91-31-35(b) K.S.A. 72-8212   K.A.R. 91-31-35(a) K.S.A. 72-116, 76-717, 72-6810, 72-1103, 72-1117(a)</p>
<p>Source: Kansas Statutes, Kansas Administrative Regulations, Quality Performance Accreditation criteria.</p>		

Two other statutory requirements related to basic education had to do with student health exams and assessment tests.

- health exams - State law requires districts to periodically perform vision, hearing, and dental screenings for students.
- student assessments - K.S.A. 72-6439 requires assessment tests to be administered to three grade levels in the core academic areas of mathematics, science, reading, writing, and social studies. Beginning with the 2005-06 school year, the State's Quality Performance Accreditation standards required additional grades to be tested each year. Because our charge was to look only at statutory requirements, we did not consider costs that may be related to testing additional grades.

In addition to these requirements, we identified numerous other requirements in law, such as those relating to providing Special Education, transportation, and food service. These areas are addressed in other parts of this cost study, and are summarized in **Appendix 6**.

**INPUT-BASED APPROACH: METHODOLOGY**

The methodology we followed in estimating the cost of delivering the curricula, related programs, and services mandated by State statute, as well as reasonable costs for operating schools and school districts, is summarized below. More detail is presented in **Appendix 1.1**.



<b>APPENDIX 6 Additional Requirements for School Districts</b>	
Area	Requirement (with citation)
Health Exams	<ul style="list-style-type: none"> <li>• vision screening</li> <li>• hearing screening</li> <li>• dental inspection</li> </ul>
Transportation	<ul style="list-style-type: none"> <li>• each district must provide basic vision screening of every pupil not less than once every 2 years; the screening may be performed by a teacher (KSA 72-5205)</li> <li>• each district must provide basic hearing screening during the first year of admission and not less than once every 3 years thereafter; the screening must be performed by someone competent in the use of a calibrated audiometer (KSA 72-1205)</li> <li>• each district must provide free dental inspection annually for all children; the inspection must be performed by a licensed dentist (KSA 72-5201, 72-5202)</li> </ul>
Food Service	<ul style="list-style-type: none"> <li>• the district must provide transportation to any student who lives more than 2.5 miles from the school the child attends, unless the student and the school building are in the same city (KSA 72-8302)</li> <li>• if a district provides transportation to children who attend public schools, it must also provide the same service for students who attend accredited private or parochial schools (KSA 72-8306)</li> </ul>
Special Education	<ul style="list-style-type: none"> <li>• the State accepts the provisions and benefits of federal acts relating to food service programs (KSA 72-5113)</li> <li>• participation is voluntary; participation means that the USDA's Food and Nutrition Service reimburses participating schools (through KSDE) for the meals served to students if the meals meet federal nutritional requirements, if the schools offer free or reduced price meals to eligible children, and if schools meet additional requirements (7 CFR Parts 210, 220 and 245)</li> <li>• each district must enter an agreement with the State Board of Education to maintain a school breakfast program (KSA 72-5125)</li> </ul>
Vocational Education	<ul style="list-style-type: none"> <li>• each district must provide education for children with disabilities, in the regular educational environment whenever possible (KSA 72-976)</li> </ul>
Bilingual Education	<ul style="list-style-type: none"> <li>• vocational education programs are optional; however, with KSA 72-4408, the State accepted the provisions of the federal Carl D. Perkins Vocational and Technical Education Act of 1998</li> <li>• a state plan required under the Perkins Act must describe activities and levels of performance (20 USC 2342); it also is the state plan for vocational education (KSA 72-4408); state and federal moneys may be spent only for purposes specified in federal or state law (KSA 72-4415)</li> <li>• under the state plan, courses may be in one of 7 major areas: Agriculture, Business and Computer Technology, Family and Consumer science, Health Occupations, Marketing, Technology, Trade and Industry; teachers must be endorsed in relevant areas (Kansas Department of Education guidance)</li> </ul>
Programs for At-Risk Students	<ul style="list-style-type: none"> <li>• federal courts have interpreted Title VI of the Civil Rights Act of 1964 to protect access to education for students with limited English proficiency, and the federal No Child Left Behind Act of 2001 requires states to establish standards for raising the level of English proficiency</li> <li>• the State Board of Education may set standards for such programs that districts must meet (KSA 72-9504) to receive State funding for bilingual education</li> <li>• district programs must employ teachers who are certified and endorsed English as a Second Language or Bilingual Education teachers to instruct students with limited English proficiency or paraprofessionals qualified to assist certificated teachers, according to standards established by the State Board of Education (KSA 72-9501 and 72-9502, Kansas Department of Education guidance)</li> </ul>
Student Assessments	<ul style="list-style-type: none"> <li>• districts receive additional funding based on the number of students eligible for free meals under the National School Lunch Act (KSA 72-6414 and 72-6407a)</li> <li>• districts must use about 5.2% of the additional funding to provide programs that allow students to master basic reading skills by the end of third grade (KSA 72-6414)</li> </ul>
	<ul style="list-style-type: none"> <li>• assessments of student performance in mathematics, science, reading, writing, and social studies must be administered at three grade levels; the State Board of Education determines the grade levels and is to provide for assessments (KSA 72-6439)</li> </ul>



## **State Mandates and Reducing School District Costs**

### **Kansas Association of School Boards**

Mark Tallman, Assistant Executive Director/Advocacy

*June, 2009*

School districts across Kansas are planning budgets for the upcoming school year. The base budget per pupil for 2009-10 has been reduced 3.5 percent from one year ago, and is 5.6 percent less for next year than previously promised by the Legislature. With state revenues continuing to decline in May, it is very possible further reductions will be required.

In light of these reductions, some school leaders are looking for mandates, requirements, expectations or policies that could be rolled back in order to take pressure off district budgets. The following are examples of state and federal requirements that impact school district costs.

It should be noted KASB does not necessarily endorse any of these options.

#### **Adequate Yearly Progress (No Child Left Behind and Quality Performance Accreditation)**

Under the federal No Child Left Behind Act, states must test all students in specified grades in reading and math each year, and set annual targets for the percentage of students in each school, district and the state must meet the state's standard for proficiency on those tests. The targets must increase each year until 2014, when all students must score proficient or better. These targets increase 4-5 percent per year.

In order to receive federal funding, Kansas has adopted the provisions of NCLB, and uses the same targets to determine whether a school is meeting performance standards under the state Quality Performance Accreditation system. The Legislative Post Audit Division used those targets in its 2006 outcomes-based cost study, which was then used by the Legislature to develop the "three-year plan" for increased school funding. Much of that funding was targeted to increase student achievement. The budget cuts for 2010 are reducing funding provided by that plan to meet performance standards.

- **Options:** The Legislature could revise the state law that requires the Kansas State Board of Education use a school accreditation system based on improvement in student performance, including the mandates for state standards and assessments. The State Board could seek to revise the AYP standards in light of reduced school funding. However, if the state is not in compliance with NCLB, it could jeopardize at least \$250 million in federal education aid.

The State Board also requires tests in history/government, science and writing that are not required by NCLB. Suspending these tests could reduce some administrative and instructional costs in these areas, but student learning could decrease as well.

Reducing testing targets and requirements would reflect the impact of reduced funding. But it would also reflect acceptance of lower achievement by students, with long-term consequences.

#### **Professional Development Programs**

Under state law, school districts are required to provide professional development programs for teachers and administrators. The state is supposed to provide matching funds for these programs, but all state aid has been eliminated this year. (It had been significantly underfunded for many years.)



- **Option:** The Legislature could suspend this requirement. Without state aid, it will be even more difficult for districts to operate these programs. However, many school leaders believe these programs are critical to school improvement.

### **National Board Certification Stipends**

Also under state law, school districts are required to pay a \$1,000 annual bonus or stipend to teachers who receive national board certification. The state is supposed to reimburse districts for this cost, but all funding was eliminated, meaning school districts will have to pick up this cost. (Some districts have agreed to provide additional compensation to these teachers in their collective bargaining contracts.)

- **Option:** The state could suspend the requirement to pay bonuses when funding is not provided. However, this would reduce compensation to teachers who have taken steps to improve their performance.

### **Special Education Services**

Under the Individuals with Disabilities Education Act (IDEA), school districts are required to provide extensive services to students with disabilities. The cost of these services increased 167 percent from 1993-94 to the estimate for 2009-10 – about double the increase in school district operating budgets. In most cases, state special education law mirrors federal law. However, there may be some State Board regulations or guidelines that could be modified. It should also be noted there are at least two very organized groups pushing for MORE state requirements in the areas of autism and dyslexia.

- **Options:** The State Board, with legislative encouragement, could look for ways to revise special education requirements that exceed federal law without putting federal aid (\$170 million) at risk. However, any such changes would likely be strongly opposed by special education and disability rights advocates.

One area where state law clearly does exceed federal requirements is the mandate for gifted services. This provision, too, is strongly supported by a well-organized advocacy effort.

### **State Use Law**

Under state law since the 1950s, school districts are supposed to purchase products, regardless of price, offered by approved entities that employ the disabled, although there are questions about how widely districts comply with this law.

- **Option:** The Legislature could repeal or modify this law and allow districts to buy the most cost effective products. However, this provision is also strongly supported by organizations offering these products as well as the disability community. The Legislature has recently been more interested in strengthening this law rather than providing flexibility.

### **Public Notices**

State law requires school districts and other local units of government to pay to publish certain legal notices in the official newspaper of the jurisdiction.



- **Option:** Local government organizations have proposed allowing legal notices to be “published” over the Internet, rather than in traditional newspaper. This effort has been strongly opposed by the newspaper industry – which is also in the business of making political endorsements.

### **Curriculum and Program Mandates**

Two years ago, the Legislature added a requirement that school districts adopt policies and programs to combat bullying. This session, the Legislature passed new requirements for financial education and disabilities history and awareness. In fact, none of these mandates require specific actions with particular costs, but to be meaningful, they require staff training, new materials, and revised policies. If districts ignore them, local boards and administrators are open to public criticism and possibly tougher requirements.

State law and State Board regulations spell out specific curriculum requirements for school districts. High schools must offer 30 units of instruction and students must pass 21 units of credit for graduation. School districts are prohibited from paying individuals for teaching courses if they do not have a license from the State Board.

State law also requires districts provide vision, hearing and dental screenings for students.

Finally, school districts must offer an annual school term of at least 186 days or 1,116 hours.

- **Options:** The Legislature or State Board could reduce or waive any of these requirements, which could reduce district costs. However, each was enacted with compelling public policy justifications or strong support from powerful interests. Reducing courses, time in school and even health exams could have a negative impact on students.

### **Employee Compensation and Rights**

The largest single cost for school districts is employee salaries and benefits, usually at least 70 percent or more. It is very difficult to substantially reduce school district budgets without reducing staff costs.

State law specifies procedures school boards must follow in negotiating contracts with teachers, which include salaries and terms and conditions of employment. After certain procedures are exhausted, school boards may issue “unilateral” contracts to teachers; however this is rarely done.

State law also specifies a process for removing teachers. The courts have held teachers are entitled to some “due process” before they can be terminated or non-renewed, but it is up to the states to determine how that due process is conducted. In Kansas, experienced teachers are entitled to a hearing before an independent hearing officer. This can be an expensive and time-consuming process, making it difficult to remove teachers even for budget reasons.

- **Options:** The Legislature could make it easier to adopt teacher contracts or to remove teachers and still provide due process protections. Any changes, however, would be strongly opposed by the Kansas National Education Association; and any proposals in recent years have been defeated. Many school leaders have also been reluctant to support these changes. School boards have increased salaries significantly in recent years to attract and retain qualified, effective educators.



# Cash Balances Not the Answer to School Budget Problems

*Kansas Association of School Boards*

November, 2009

Suggestions that school districts could use unencumbered cash balances to replace cuts in state funding are unrealistic and would create far more problems than they would solve, says the Kansas Association of School Boards.

On July 1, school districts had almost \$1.5 billion in cash balances. A conservative think tank and a member of the Kansas State Board of Education have suggested these funds could offset legislative cuts, or even indicate districts have received more money than they needed to operate.

But a close analysis shows those funds are either already committed; restricted to non-operating costs; needed by districts to cover expenses until state or federal aid arrives later in the year; or for "one time" emergencies and not to replace on-going support.

KASB warned these proposals ignore Constitutional limitations, prudent budget procedures and long-term funding needs.

**Over two-thirds of the cash balances are restricted to particular purposes.** The largest fund balance (\$451.7 million) is Capital Outlay, primarily raised from local mills dedicated to construction, repair and equipment. Many districts build up these funds to avoid issuing bonds and paying interest on capital projects. Because the Kansas Constitution says taxes can only be used for the purposes authorized when they were raised, it would take a constitutional amendment to use these funds for general operations.

The same is true for the second largest fund, Bond and Interest (\$344.3 million). These are revenues from local property taxes dedicated to scheduled bond payments. Essentially, this is tax money levied before July which is required for payments due after July 1. "Freeing up" this money would result in defaulting on debt payments, damaging both state and local bond ratings.

Other restricted funds include Gifts and Grants contributed for specific purposes (such as scholarships), Special Liability funds set aside for paying fees and judgments, and Federal Funds. A few larger districts have \$86 million in Special Revenues Funds for health care, uninsured losses and workers compensation. Another \$42.1 million in the Supplemental General Fund is carried over to reduce the next year's property tax levy for Local Option Budgets. Finally, \$43.3 million in textbook funds are student fees and transfers set aside to purchase new textbooks and materials as needed, often on a replacement schedule.

**Other balances cover costs until districts receive revenue.** The third largest fund balance is Special Education (\$207.5 million). Because the first state aid payment is not made until Oct. 15, districts must have funds on hand to pay expenses when the school year starts three months earlier in August. The special education cash balance is less than the average cost of three months' special education expenditures. Likewise, districts have cash in Food Service (\$42.2 million) for costs before students begin paying lunch fees or federal lunch reimbursements arrive. There are about a dozen other small funds with balances on July 1. Most cover expenses over the summer, such as summer school, driver's education or professional development; or are for unexpected costs in certain programs.

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To say districts have "extra" cash in these funds is like looking at your bank balance on the first of the month and ignoring the bills due before your next paycheck, said KASB. It is the same short-sighted approach that led to so many other financial problems facing the state and nation.

**Districts increased their Contingency Funds to prepare for state budget cuts.** Last session, the Legislature voted to expand the maximum amount districts can have in this fund from 6 percent of the district general fund to 10 percent, and encouraged districts to build their reserves. On July 1, districts had \$175.7 million in these funds (about 5.4 percent of general fund budgets), up from \$119 million one year ago. According to KASB, many districts increased their Contingency Funds knowing cuts in state support for public education were highly likely. Unfortunately, to increase contingency reserves this year, districts had to make deeper cuts in programs in order to prepare for additional reductions.

Since July 1, districts lost \$39 million in general aid, or \$62 on the base budget per pupil. The school finance formula is currently estimated at \$100 million short of authorized budgets, which would require an additional \$150 base budget cut. Based on the latest state revenue estimates, the Governor and Legislature must deal with a further \$250 million shortfall in the current school year. An across-the-board spending cut of that amount could reduce school aid an additional \$130 million, or \$200 per pupil. These reductions would significantly exceed the total amount of contingency reserve statewide.

**School leaders say using reserve funds simply delays the impact of cuts for one year.** Like a family budget that uses savings to pay bills when income drops, using district balances is at best a short-term solution. Unless state funding is restored, districts will eventually be forced to lay off teachers and support staff, end successful programs, and close school buildings.

KASB notes a second problem with reducing cash balances. Districts receive state payments during the year and have to plan their monthly expenditures for salaries and purchases to accommodate that schedule. But during the current fiscal crisis, state payments are frequently late, sometimes by weeks. Without having cash balances, districts would have to delay paying employees and vendors. This would, in turn, make it harder for employees to make their own payments for mortgages, rent, credit cards and student loans.

Instead of being treated like unnecessary slush funds, district balances should be viewed as prudent financial management decisions by local school districts, said KASB. Expecting school districts to use these funds to make up for severe cuts in state funding will only delay addressing the real problem. School districts need reliable, on-going revenues to meet their legal obligations to increase student achievement.



# School District Budgets, Efficiency and Outcomes

Kansas Association of School Boards

October 2009

As the state of Kansas prepares for another round of deep budget cuts, a number of proposals have been advanced concerning K-12 education, the largest area of the state budget. The Kansas Association of School Boards prepared the following responses to the most frequent questions.

## **Should districts be allowed or required to use contingency funds to offset state funding cuts next year?**

- School districts already have authority to spend contingency funds in FY 2011, or any other year. The actual amount of funding available on June 30, 2009, won't be known until later this fall when the Kansas State Department of Education reports are completed.
- Requiring districts to spend contingency funds to offset set funding this year would reverse years of legislative support to increase the *maximum* contingency fund, which was originally only 1 percent of the general fund budget. This session, **SB 161** expanded the maximum contingency fund from 6 percent to 10 percent through 2012. It passed the House 121-4 and the Senate 38-0. The Senate also voted 35-2 to pass **SCR 1616**, which encourages school districts to *increase* the amount in their contingency funds.
- The Legislature and school districts have supported higher contingency fund limits to promote prudent business practices: allowing savings to be carried over; managing cash flow when state aid payments or other revenues are delayed; and for one-time emergencies.
- Requiring schools to spend down those balances next year would use one-time money, creating the same shortfall the following year in FY 2012 when \$240 million in federal stimulus funding for education expires.

## **Should school districts be required to use the same budgeting system to provide greater transparency for school spending?**

- All districts are already required to use the same method for accounting and budgeting as provided in the Kansas Accounting Handbook for School Districts.
- However, rather than a single state system, school districts may purchase various accounting systems on the open market. This allows vendors to compete, while still requiring districts to report data uniformly. A single state system could be extremely expensive.
- In any system, including the state system, different judgments may be made about assigning expenditures, and occasional errors in entering transactions will occur.

## **Could school districts save money through greater administrative efficiency (including consolidation and cooperation)?**

- KASB supports *incentives* for consolidation and cooperative efforts, but believes the decisions should be made at the local level, rather than through state mandates.



- School districts are involved in many efforts to reduce costs, including joint purchasing pools, interlocal cooperatives and regional service centers. In fact, some of those efforts have been criticized in the past as intrusion into the private market.
- In many cases, school spending may be less “efficient” because the school board wishes to support local merchants and service providers. In fact, KASB and its members have repeatedly supported legislation to give districts more authority to operate efficiently, and such changes have been opposed by local or state business interests.
- The only way to significantly reduce costs is to close schools, not simply consolidate administrative functions, because in most small districts, district administration is also school building administration and those schools are already involved in cooperative administrative efforts. Few districts have multiple administrative positions that could be eliminated.

#### **What have Legislative Post Audit studies of school districts operations found?**

- The Legislative Post Audit Division has already done a thorough examination of school finance, which was the basis of the “three-year plan” passed to settle the *Montoy* case. That LPA study indicated the need for substantially higher levels of funding if Kansas schools are going to meet rising performance standards required by the No Child Left Behind Act.
- LPA also found a nearly “one-to-one” correlation between increased school district spending and academic results.
- A more recent study of school district efficiency found considerable variation in “non-instructional” spending, but did not examine the link between these expenditures and the impact on student outcomes.
- Under the school finance formula, similar districts receive the same amount of state funding (the base budget per pupil and pupil weightings are set by the state). Therefore, higher spending in certain areas does not result in overall higher spending – it is a local choice which is offset by lower spending in other areas of the budget.
- The only variation is the Local Option Budget (LOB), which is determined by local school boards based on the level of educational services supported by the community. Districts are currently using almost all of the LOB authority allowed by state law.

#### **Are Kansas school districts “top-heavy” with too many administrators and too little money getting to classrooms?**

- National reports indicate Kansas spends a slightly higher percentage of school district budgets on school and district administration – as well as on student and teacher support – than national or regional averages. However, all studies show Kansas has much higher student achievement (educational outcomes) than national or regional averages.
- Despite arguments districts should spend more “in the classroom,” there is no evidence increasing the percent of funding spent on instruction *alone* improves student achievement. In fact, simply spending more for the same kind of classroom instruction is unlikely to deliver better results. As in business, effective leadership (management, administration) in education is key to improvement and efficiency.



- School leaders believe virtually all non-instructional spending can and should have a positive impact on student achievement, because these funds provide leadership, evaluation and support for teachers, students and families.
- KASB believes the Legislature should evaluate education funding and other state government programs based on their effectiveness in achieving results; not by micro-managing how money is spent.

**Should school district employees working after retirement laws be examined in light of the funding problems facing the Kansas Public Employees Retirement System?**

- KPERS employees working after retirement has been thoroughly studied by various legislative bodies and the law was amended this past session. If a school district hires a retired employee, that district must pay a special surcharge of approximately 20 percent of salary to KPERS. The school board negotiates the employee's salary, which may be reduced by all or part of that surcharge.

**Could changes be made in the school finance formula to lower costs and reduce State General Fund support?**

- Both the current base budget per pupil and funding for at-risk and disabled students are below the levels determined by the Legislative Post Audit study as necessary to meet state outcomes. Unless the Kansas State Board of Education withdraws from compliance with the Federal No Child Left Behind Act, school requirements for Adequate Yearly Progress continue to rise every year, even if funding is reduced. (Withdrawal from NCLB would cost at least \$200 million in on-going federal funds, plus \$200 million in stimulus funds.)
- Reducing reliance on the state general fund means increasing reliance on local funding sources. For the overwhelming majority of districts, this means increasing property taxes. It also raises constitutional questions about the equity of the system.

**Should the state change the use of free lunch students as the basis for at-risk funding?**

- Free (not reduced) lunch counts are used for at-risk funding because state assessments have consistently demonstrated free lunch status is associated with lower student achievement.
- As at-risk funding is increased, assessment results for free-lunch eligible students have also increased.
- The number of free lunch students is expected to increase significantly this year (as it did last year), which is exactly what would be expected in a severe economic recession.

**Would encouraging more students to enter vocational training programs save money and better prepare students for careers in the workplace?**

- Students already have the option of emphasizing academic or vocational studies. Placing more students in vocational programs is unlikely to save money because vocational courses receive an additional 0.5 weighting under the school finance formula due to their higher cost.



- Educational experts have increasingly stressed that for the new economy, all students need to acquire high level skills, whether they are planning on college or technical training.
- Increasing vocational, career and technical programs will require more administrative support, more teacher retraining and curriculum re-design, and more student counseling (at least in the short run); and do nothing to lessen other student support needs such as transportation.
- Perhaps the reason fewer students and parents choose vocational and technical courses is that salaries for jobs requiring college and post-graduate degrees have increased far faster in recent decades than jobs that do not require college degrees.

**What do Legislative Post Audit and other studies show about the link between educational spending and student achievement?**

- The Legislative Post Audit Division has already demonstrated a very close relationship between spending and achievement.
- Both the LPA and the 2010 Commission – the legislative body created to monitor school finance and student achievement – have issued reports on the increase in student achievement both before and since the *Montoy* case. Funding for at-risk and special needs students was increasing even before the Supreme Court order in 2005.
- Student achievement and other data over time are documented in the state, district and school report cards and accountability reports issued annually by the Kansas State Board of Education. These reports are all available on the Kansas State Department of Education Web site.

**Should school districts be prohibited from using public tax funds for lobbying purposes? This would presumably apply to KASB and school district lobbyists, but not groups representing school district employees. Individual school board members could make contributions for lobbying.**

- Prohibiting the use of public funds for lobbying would eliminate a voice in the legislative process for local schools and the communities and interest they represent and reduce the quality of the decisions ultimately made. School districts are affected by far more than tax and budget issues. KASB and other organizations are frequently asked by legislators to comment on and evaluate policy options.
- KASB and other school district lobbyists represent school boards, not individual board members. Decisions are made by the board, not individuals. Local school board members are the only elected officials in the state that cannot receive compensation under state law.
- The logic of this position would be to prohibit any lobbying by other local governments, by state agencies, and by the Legislature itself. It should equally apply to lobbying by the state at the federal level, or participating in organizations such as the National Conference of State Legislatures, unless funded by individual state officials.
- If the public disagrees with lobbying activities funded by its schools boards, there is a simple remedy: vote for different board members.



### State Ranking of Educational Attainment

State Name	2007 NAEP Combined Basic	2007 NAEP Combined Proficient	18-24 High School Completers	High School Grads	Bachelors Degree	Advanced Degree	Average Rank All Measures	2005-06 Total Current Expenditures Per Pupil	Quintile Average
Vermont	3	3	3	6	7	6	4.7	\$12,614	
Massachusetts	1	1	10	19	1	2	5.7	\$11,981	
New Hampshire	5	4	19	5	8	10	8.5	\$10,079	
Minnesota	8	4	11	1	11	19	9.0	\$9,138	
New Jersey	6	2	9	26	5	7	9.2	\$14,630	
Connecticut	19	9	6	17	4	3	9.7	\$12,323	
Kansas	7	6	8	13	16	17	11.2	\$8,392	
Montana	3	8	5	4	19	29	11.3	\$8,581	
Virginia	13	13	18	28	6	5	13.8	\$9,447	
Maryland	25	20	16	23	2	1	14.5	\$10,670	\$10,786
Colorado	21	17	30	17	3	7	15.8	\$8,057	
Utah	27	26	4	2	16	22	16.2	\$5,437	
Washington	22	15	34	9	10	13	17.2	\$7,830	
North Dakota	2	10	2	16	25	48	17.2	\$8,603	
Maine	11	17	15	12	24	26	17.5	\$10,586	
Pennsylvania	15	7	13	24	27	19	17.5	\$11,028	
Wisconsin	20	11	7	14	30	29	18.5	\$9,970	
Nebraska	23	22	11	8	21	29	19.0	\$8,736	
New York	26	23	26	34	9	4	20.3	\$14,884	
Hawaii	44	44	1	9	12	17	21.2	\$9,876	\$9,501
Iowa	12	15	13	11	36	40	21.2	\$8,360	
Wyoming	10	17	21	3	39	40	21.7	\$11,197	
South Dakota	9	12	25	15	31	43	22.5	\$7,651	
Illinois	32	31	21	30	15	12	23.5	\$9,149	
Oregon	31	28	28	20	18	16	23.5	\$8,545	
Ohio	14	11	24	24	38	32	23.8	\$9,598	
Delaware	16	25	46	27	20	14	24.7	\$11,633	
Rhode Island	39	35	19	37	13	9	25.3	\$11,769	
Alaska	34	33	44	7	21	21	26.7	\$11,460	
Michigan	36	33	17	22	34	23	27.5	\$9,572	\$9,893
Idaho	18	23	30	21	37	45	29.0	\$6,440	
Missouri	28	30	27	31	35	28	29.8	\$8,107	
Florida	29	31	35	32	28	26	30.2	\$7,759	
Indiana	17	21	38	29	42	35	30.3	\$8,793	
North Carolina	30	28	39	39	31	32	33.2	\$7,388	
California	49	46	33	45	14	15	33.7	\$8,486	
Georgia	38	39	48	38	23	23	34.8	\$8,565	
Arizona	43	41	41	36	26	23	35.0	\$6,472	
Texas	24	27	46	49	33	35	35.7	\$7,561	
New Mexico	48	48	45	40	28	11	36.7	\$8,086	\$7,766
Oklahoma	35	40	36	33	41	42	37.8	\$6,961	
South Carolina	40	36	39	41	39	37	38.7	\$8,091	
Kentucky	33	36	37	47	47	34	39.0	\$7,662	
Tennessee	42	41	29	43	42	39	39.3	\$6,883	
West Virginia	41	43	23	42	50	47	41.0	\$9,352	
Arkansas	37	38	32	44	49	49	41.5	\$7,927	
Louisiana	46	48	41	28	46	46	42.5	\$8,402	
Nevada	45	45	50	35	45	42	43.7	\$7,345	
Alabama	47	47	43	45	44	38	44.0	\$7,646	
Mississippi	50	50	49	50	48	50	49.5	\$7,221	\$7,749



### State Per Capita Income, Tax Burden and Education Attainment

State Rank	State Name	Per Capita Income 2007	Tax Collections: % of Personal Income	Taxes: % of Personal Income (State Rank)	Education Attainment Ranking
1	Connecticut	\$54,981	11.9	15	2
2	New Jersey	\$49,511	12.5	9	9
3	Massachusetts	\$48,995	10.9	35	3
4	Wyoming	\$47,047	16.6	1	27
5	Maryland	\$46,471	11.1	30	5
6	New York	\$46,364	15.7	2	16
7	California	\$41,805	12.1	13	28
8	Virginia	\$41,727	10.5	42	11
9	New Hampshire	\$41,639	9.2	49	5
10	Washington	\$41,203	11.2	28	14
<b>10 State Average</b>			<b>12.17</b>	<b>22.4</b>	<b>12</b>
11	Colorado	\$41,192	9.8	46	11
12	Minnesota	\$41,105	11.8	19	5
13	Illinois	\$41,012	11.2	27	18
14	Delaware	\$40,112	11.6	23	28
15	Alaska	\$40,042	15.1	3	24
16	Nevada	\$39,853	10.8	38	48
17	Rhode Island	\$39,829	12.2	12	18
18	Hawaii	\$39,242	14	6	4
19	Pennsylvania	\$38,793	11.4	25	22
20	Florida	\$38,417	10.8	40	32
<b>10 State Average</b>			<b>11.87</b>	<b>23.9</b>	<b>21</b>
21	Vermont	\$37,483	13.5	7	1
22	Texas	\$37,083	10	45	45
23	Kansas	\$36,525	11.7	22	10
24	Nebraska	\$36,372	11.9	14	15
25	Wisconsin	\$36,272	12.3	11	20
26	North Dakota	\$36,082	11.7	21	23
27	South Dakota	\$35,760	9.1	50	30
28	Oregon	\$35,143	10.8	39	21
29	Louisiana	\$35,100	14.3	5	43
30	Oklahoma	\$34,997	10.6	41	40
<b>10 State Average</b>			<b>11.59</b>	<b>25.5</b>	<b>24.8</b>
31	Iowa	\$34,916	10	34	26
32	Ohio	\$34,468	11.8	17	31
33	Michigan	\$34,423	10.9	37	25
34	Maine	\$33,991	14.3	4	17
35	Missouri	\$33,964	10.1	44	32
36	North Carolina	\$33,735	11.3	26	38
37	Georgia	\$33,499	10.9	36	36
38	Tennessee	\$33,395	9.3	48	41
39	Montana	\$33,225	11.1	32	11
40	Indiana	\$33,215	11.9	16	39
<b>10 State Average</b>			<b>11.16</b>	<b>29.4</b>	<b>29.6</b>
41	Arizona	\$32,833	11	33	35
42	Alabama	\$32,419	9.6	47	47
43	Idaho	\$31,804	11.2	29	37
44	South Carolina	\$31,103	10.3	43	42
45	Kentucky	\$30,824	11.5	24	46
46	New Mexico	\$30,706	12.9	8	34
47	Arkansas	\$30,177	11.7	20	49
48	Utah	\$29,831	11.8	18	8
49	West Virginia	\$29,385	12.3	10	44
50	Mississippi	\$28,541	11.1	31	50
<b>10 State Average</b>			<b>11.34</b>	<b>26.3</b>	<b>39.2</b>



Office of the Revisor of Statutes  
300 S.W. 10th Avenue  
Suite 24-E, Statehouse  
Topeka, Kansas 66612-1592  
Telephone (785) 296-2321 FAX (785) 296-6668

MEMORANDUM

To: House Committee on Appropriations  
From: Jill Ann Wolters, Senior Assistant Revisor  
Date: November 23, 2009  
Subject: Repealing the statute requiring each county to have a resident judge

At the October Committee meeting, the Committee voted to introduce a bill to repeal the statute requiring a judge in each county, and have the assignment of judges determined by the Judicial Branch. The statute in question is K.S.A. 20-301b which states: " In each county of this state there shall be at least one judge of the district court who is a resident of and has the judge's principal office in that county."

The proposed bill draft would repeal such statute and amend other statutes to provide that the Supreme Court would determine if a district magistrate judge position is unnecessary, due to the ability of the remaining judges in the judicial district to assume the workload of the district. If such determination is made, the position shall be eliminated or reassigned. Current law allows the Supreme Court to make such a decision upon the death, resignation, retirement or removal of a district magistrate only if such county has two or more district magistrates or a district court judge. The amendments further provide for when the district magistrate judge's term would expire and allows counties where district magistrates are eliminated or reassigned to retain the position and pay the salary. Other revisions include giving the Chief Judge of the district court the ability to assign cases filed in the district court to any county within the judicial district; providing that if a county has district magistrate position eliminated, the county remains responsible for all expense incurred as that county's share of the operations of the district court within the judicial district, as determined by the Chief Judge of the judicial district; and providing that district magistrates, if assigned to more than one county, would be selected/retained by the electors of the judicial district, not the county. The bill draft would need to amend approximately 90 sections, however many of the sections are amended to reflect the policy concerning venue and jurisdiction in the judicial district, elections and jury lists.

During the last three decades, bills to amend or repeal the statute have been introduced. [1986 HB3120; 1990 HB 3093; 1991 SB 433, SB 436 and HB2604; 1996 SB 724; 2000 SB 618 and HB 3008; 2003 SubSB18, HB2307, Sub HB 2307 and HB 2418; 2004 HB 2495] In 2003, Sub HB 2307, as amended by House Committee of the Whole, took another approach which repealed the statute and required assignments based on caseloads. [Caseload statistics available on the Judicial Branch website,

current through fiscal year 2008.] The substitute bill provided that the Supreme Court would determine if a district magistrate judge position is unnecessary based on the yearly average caseload of the district magistrate judge being less than 1,200 cases and the ability of the remaining judges in the judicial district to assume the workload of the district. [See attached list of caseload numbers in 2003; also, caseload was not defined.] In the bill, venue remains in the county and a district magistrate judge within the judicial district will be assigned to the county where the position was eliminated. If a district magistrate is assigned to more than one county, the voters in those counties will vote to retain or elect, whichever the case may be. This bill had the same provisions as the original bill concerning the counties which have district magistrate position eliminated, such county's remain responsible for all expense incurred as that county's share of the operations of the district court within the judicial district, as determined by the Chief Judge.

The substitute bill was amended on the House floor as follows:

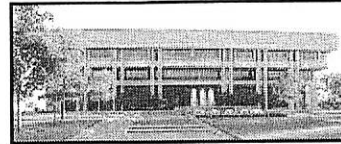
1. The number of cases was changed from 1,200 to 600.
2. Allows counties where district magistrates are eliminated or reassigned to retain the position and pay the salary.
3. Clarifies that yearly average caseloads do not include traffic violations.
4. Clarifies that yearly average caseloads do include child in need of care cases, juvenile offender cases and probate cases.
5. Allows the Supreme Court to eliminate a district court judge position, in order to effectively expedite the business of the district court in any judicial district, and add a district magistrate judge position.





# Kansas Judicial Branch

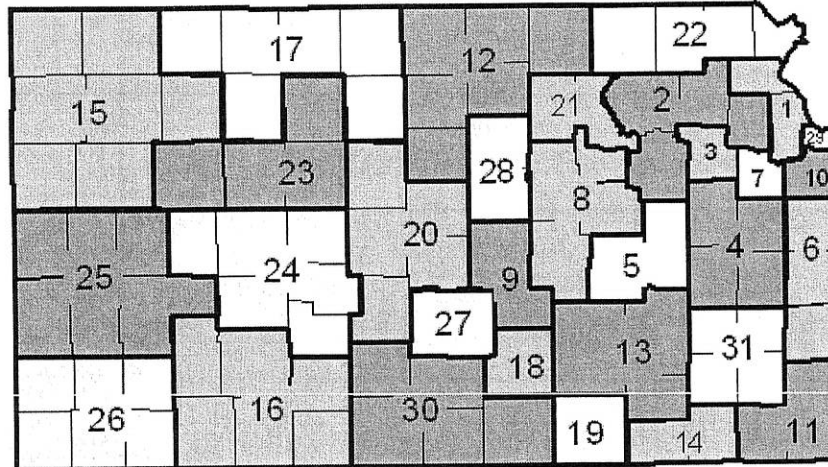
Robert E. Davis, Chief Justice



## Kansas Interactive Map by Judicial District

Return to Kansas Judicial Branch Home  
Return to Judicial District Page

The State of Kansas' 105 counties are organized into 31 Judicial Districts. Clicking on a Judicial District from the map or Judicial District listing below the map will open a Court Management Information page for the specified district in another browser window. Caseloads statistics for the Judicial District and all included counties can be accessed from the Court Management page or by selecting the county name from the Judicial District listing below the district map. If you are unable to view files, download free Excel Viewer using link below.



Download Microsoft Excel Viewer

### County Listing by Judicial District:

<b>District 1</b>	Atchison, Leavenworth	<b>District 17</b>	Decatur, Graham, Norton, Osborne, Phillips, Smith
<b>District 2</b>	Jackson, Jefferson, Pottawatomie, Wabaunsee	<b>District 18</b>	Sedgwick
<b>District 3</b>	Shawnee	<b>District 19</b>	Cowley
<b>District 4</b>	Anderson, Coffey, Franklin, Osage	<b>District 20</b>	Barton, Ellsworth, Rice, Russell, Stafford
<b>District 5</b>	Chase, Lyon	<b>District 21</b>	Clay, Riley
<b>District 6</b>	Bourbon, Linn, Miami	<b>District 22</b>	Brown, Doniphan, Marshall, Nemaha
<b>District 7</b>	Douglas	<b>District 23</b>	Ellis, Gove, Rooks, Trego
<b>District 8</b>	Dickinson, Geary, Marion, Morris	<b>District 24</b>	Edwards, Hodgeman, Lane, Ness, Pawnee, Rush
<b>District 9</b>	Harvey, McPherson	<b>District 25</b>	Finney, Greeley, Hamilton, Kearny, Scott, Wichita
<b>District 10</b>	Johnson	<b>District 26</b>	Grant, Haskell, Morton, Seward, Stanton, Stevens
<b>District 11</b>	Cherokee, Crawford, Labette	<b>District 27</b>	Reno
<b>District 12</b>	Cloud, Jewell, Lincoln, Mitchell, Republic, Washington	<b>District 28</b>	Ottawa, Saline
<b>District 13</b>	Butler, Elk, Greenwood	<b>District 29</b>	Wyandotte
<b>District 14</b>	Chautauqua, Montgomery	<b>District 30</b>	Barber, Harper, Kingman, Pratt, Sumner
<b>District 15</b>	Cheyenne, Logan, Sheridan, Sherman, Rawlins, Thomas, Wallace	<b>District 31</b>	Allen, Neosho, Wilson, Woodson
<b>District 16</b>	Clark, Comanche, Ford, Gray, Kiowa, Meade	*Comprehensive Statistics are published annually by the Office of Judicial Administration and are available online at <a href="http://judicial.kscourts.org:7780/stats/">http://judicial.kscourts.org:7780/stats/</a>	

**KANSAS AVERAGE CASELOAD PER JUDGE COMPARISONS  
DISTRICTS WITH MAGISTRATE JUDGES  
JULY 1, 2002 -- JUNE 30, 2003**

	Total Judges	Total Caseload		Total Less Traffic		Civil and Criminal		District Judges	Chapter 60, Felony, Domestic Relations	
		per judge	rank	per judge	rank	per judge	rank		per judge	rank
District 28	5	2,924	1	1,483	3	1,108	4	4	599	4
District 6	4	2,772	2	1,364	5	1,025	5	3	690	2
District 5	4	2,635	3	1,495	2	1,312	1	3	349	23
District 30	7	2,582	4	721	18	530	18	4	365	21
District 8	7	2,458	5	1,393	4	1,155	3	5	526	10
District 23	5	2,380	6	979	15	773	13	2	549	8
District 2	5	2,357	7	1,141	8	937	8	2	687	3
District 4	5	2,228	8	1,093	9	859	10	3	576	5
District 20	7	2,159	9	987	13	779	12	3	573	6
District 10	21	2,115	10	1,496	1	1,235	2	18	562	7
District 31	5	2,100	11	1,009	12	724	16	3	447	13
District 21	4	2,003	12	1,151	6	952	7	3	429	17
District 13	6	1,868	13	985	14	748	14	4	442	15
District 14	4	1,820	14	1,148	7	914	9	3	420	19
District 16	8	1,672	15	806	17	656	17	3	365	21
District 26	8	1,657	16	882	16	743	15	3	404	20
District 11	7	1,613	17	1,065	11	785	11	6	432	16
District 25	11	1,582	18	1,091	10	980	6	4	427	18
District 15	8	1,539	19	432	20	329	20	2	447	14
District 12	7	1,103	20	389	21	264	22	1	738	1
District 22	5	1,085	21	630	19	452	19	2	492	12
District 24	7	894	22	376	23	262	23	1	525	11
District 17	7	812	23	382	22	273	21	1	528	9
Total Caseload	157	1,883		992		792		83	501	
Statewide Caseload	234	2,185		1,296		1,088		160	504	



**KANSAS AVERAGE CASELOAD PER JUDGE COMPARISONS  
DISTRICTS WITH DISTRICT JUDGES ONLY  
JULY 1, 2002 -- JUNE 30, 2003**

	Number of Judges	Total Caseload		Total Less Traffic		Civil and Criminal		Chapter 60, Felony, Domestic Relations	
		per judge	rank	per judge	rank	per judge	rank	per judge	rank
District 3	14	3,847	1	3,015	1	2,835	1	491	3
District 9	3	3,616	2	2,003	2	1,630	2	415	7
District 27	4	3,239	3	1,863	3	1,453	4	605	1
District 18	26	2,744	4	1,735	4	1,522	3	593	2
District 7	5	2,480	5	1,512	7	1,293	7	420	6
District 1	6	2,393	6	1,594	6	1,323	6	480	4
District 29	16	2,128	7	1,615	5	1,428	5	433	5
District 19	3	1,928	8	1,223	8	981	8	386	8
Total Caseload	77	2,800		1,914		1,690		507	
Statewide Caseload	234	2,185		1,296		1,088		504	



State of Kansas

## Office of Judicial Administration

Kansas Judicial Center  
301 SW 10<sup>th</sup>  
Topeka, Kansas 66612-1507

(785) 296-2256

November 13, 2009

Jill Ann Wolters  
Senior Assistant Revisor  
Office of Revisor of Statutes  
300 SW Tenth Avenue, Suite 010-E  
Statehouse  
Topeka, KS 66612-1592

Dear Jill:

You asked why some judicial districts have district magistrate judges and some do not, and for the reasoning behind this policy.

Rather than being an official "policy," the addition of new judge positions, whether district judge positions or district magistrate judge positions, is a process that begins with the local judicial districts. Requests from local judicial districts are made to the Supreme Court during the budget preparation process and are considered by the Court. Diverse judicial district needs mean that different districts may reach different, yet very reasonable and appropriate, solutions concerning the type of judges needed and how those judges are used. Because of these local considerations, the Court gives a great deal of deference to a local judicial district's determination as to the type of judge position that would best serve that judicial district's needs.

Some history regarding the court system and its judges may be helpful. Prior to court unification in the late 1970's, all district court operations were funded by the counties, with the exception of district judge and court reporter positions, which were funded by the state. Local districts were free to establish and fund county judge positions. The decision as to the type of judge needed was made on a local basis and could be funded on a local basis. With court unification, the state assumed the cost of all district court salaries, including those of previously locally funded judges, and the Supreme Court became involved in the process of determining the need for new judge positions. At the same time, the approval of funding for all new judge positions became the role of the Legislature. The judicial positions in the Judicial Branch today are those that were present at the time of court unification plus those positions that have been specifically added by the Legislature since the time of unification.

Prior to 1998, there was no statutory provision allowing the addition of district magistrate judge positions. Attachment 1 is a copy of the 1998 *Session Laws of Kansas*, Ch. 195, Sec.1, which amended K.S.A. 20-355 to provide that the Supreme Court shall examine the need for additional district magistrate judge positions, as well as the need for additional divisions of the



## District Magistrate Judge Positions

November 13, 2009

Page 2

district court (*i.e.*, additional district judge positions). This amendment was sought by the Court in 1998 SB 577 because the Court's budget request for that year included two district magistrate judge positions for Shawnee County. These were the first district magistrate judge positions requested since the time of court unification, and would have been the first district magistrate judge positions located in an urban judicial district.

The request for the district magistrate judges in Shawnee County was not without controversy. There was some opposition at the local Shawnee County District Court level before the request was made to the Supreme Court, and that opposition is reflected in the House Judiciary Committee minutes and in testimony from the then-Shawnee County District Attorney and a district judge, which are included as Attachment 2. Although 1998 SB 577 passed the Senate on a vote of 39 to 0, the bill died in the House Judiciary Committee after a hearing that can be described as somewhat contentious. Committee discussion included whether to require all district magistrate judges to be attorneys, which is not a requirement under current law. A copy of the 1998 Senate and House Actions Report for SB 577 is included as Attachment 3. The provisions of 1998 SB 577 were later inserted into 1998 SB 262 and were enacted into law. However, the Shawnee County district magistrate judges positions were not funded by the Legislature.

Since 1998, the Supreme Court has supported adding district magistrate judge positions where caseload and other factors permit because the district magistrate judge salary is less than that of a district judge, and every effort is made to keep budget requests to a minimum. A total of ten district magistrate judge positions have been added statewide since 1998. These include four district magistrate judge positions in the 10<sup>th</sup> Judicial District (Johnson County), two district magistrate judge positions in the 25<sup>th</sup> Judicial District (for Finney County), one district magistrate judge position in the 8<sup>th</sup> Judicial District (for Geary County), one district magistrate judge position in the 9<sup>th</sup> Judicial District (Harvey and McPherson Counties), one district magistrate judge position in the 27<sup>th</sup> Judicial District (Reno County), and one district magistrate judge position in the 21<sup>st</sup> Judicial District (for Riley County).

Although the addition of district magistrate judges has worked well in these districts, some of the same issues cited in testimony in opposition to 1998 SB 577 regarding the addition of district magistrate judges remain. One concern noted is that decisions of district magistrate judges may be appealed to district judges. This means that the same case could be heard twice at the district court level. Another concern noted is that district magistrate judges are not required to be attorneys.

The six judicial districts that do not have district magistrate judges are the 1<sup>st</sup> (Atchison and Leavenworth Counties), the 3<sup>rd</sup> (Shawnee County), the 7<sup>th</sup> (Douglas County), the 18<sup>th</sup> (Sedgwick County), the 19<sup>th</sup> (Cowley County), and the 29<sup>th</sup> (Wyandotte County). Of these districts, the 19<sup>th</sup> and 29<sup>th</sup> have not added any new judge positions (either district judges or district magistrate judges) since 1998. A new district judge position was added in the 1<sup>st</sup> Judicial District in 1998, the same year as the statutory amendment noted above. It appears that the additional discussion might be helpful regarding the district judge positions added in the 7<sup>th</sup> Judicial District (with one district judge position added in FY 2005), the 3<sup>rd</sup> Judicial District (with one district

District Magistrate Judge Positions

November 13, 2009

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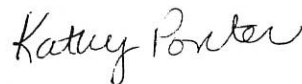
judge position added in FY 2007), and the 18<sup>th</sup> Judicial District (with one new district judge position added in FY 2001 and two new district judge positions added in FY 2009).

As legislative subcommittees and committees have discussed the Judicial Branch's requests for new judge positions in recent years, their discussions have included questions about whether to add district judges or district magistrate judges. In each case, the Legislature has added the type of judicial position requested. Attachment 4 is a copy of the testimony from then-Chief Judge Michael Corrigan of the 18<sup>th</sup> Judicial District, in which he requests the two district judge positions added in FY 2009. Although the reasons for asking for district judges are not specifically noted in his written testimony, Chief Judge Corrigan was asked why he was requesting district judges, rather than magistrates. Notes indicate that he mentioned the "politics" of the issue, meaning that, historically, Wichita has had experience with judges from courts of lesser jurisdiction (the Court of Common Pleas) challenging district judges in elections after the lesser jurisdiction judge has had a chance to establish some name recognition. Chief Judge Corrigan also noted the fact that magistrates are not required to be attorneys, and that the possibility of non-attorney judges would not be well accepted in the community.

It also must be noted that Douglas, Shawnee, and Sedgwick Counties fund judges pro tem to hear many of the types of cases that are within the jurisdiction of a district magistrate judge. These include a child support docket, criminal first appearances, traffic, juvenile offender, and small claims cases in Douglas County. In Sedgwick County, pro tem judges hear the child support docket, small claims, protection from abuse, and protection from stalking cases. In Shawnee County, a child support and paternity docket and limited actions, small claims, criminal misdemeanor, and traffic cases (including DUIs) are heard by judges pro tem. Of the major types of cases heard by district magistrate judges in some other districts, child in need of care cases are heard by district judges in Douglas, Shawnee, and Sedgwick Counties. However, these cases are also heard by district judges, rather than district magistrate judges, in the other urban districts. The volume of these cases, as well as community needs and desires, are relevant factors in determining whether a district judge position or district magistrate judge position is appropriate. County funding of the pro tem judges in Sedgwick and Shawnee Counties means that fewer cases that could be heard by a district magistrate judge are being heard by state-funded district judges.

I have tried to give you some of the history, as well as some practical and political considerations of this issue. Please let me know if there are other questions or if any additional information would be helpful to you.

Sincerely,



Kathy Porter  
Executive Assistant to Judicial Administrator

KP:mr  
Attachments



Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.

Approved May 18, 1998.

### CHAPTER 195

#### SENATE BILL No. 262

AN ACT concerning courts; relating to additional district magistrate positions; election filing requirements; jurors, qualifications and questionnaires; amending K.S.A. 20-355, 25-205, 43-158 and 43-161 and repealing the existing sections.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 20-355 is hereby amended to read as follows: 20-355. (a) On or before April 15 of every even-numbered year, the supreme court shall examine the need for more or less divisions or *district magistrate judge positions* of the district court in each judicial district which has not approved the proposition of nonpartisan selection of ~~district judges of the district court~~, as provided in K.S.A. 20-2901, and amendments thereto; ~~and, except that on or before May 15, 1998, the supreme court shall examine the need for more or less divisions or district magistrate judge positions of the district court in each judicial district which has not approved the proposition of nonpartisan selection of judges of the district court.~~ On or before May 15 of each year, the supreme court shall examine the need for more or less divisions or *positions* of the district court in judicial districts which have approved such proposition. Whenever the supreme court shall determine that in order to effectively expedite the business of the district court in any judicial district in this state, the need exists for an additional ~~district judge of the district court~~ and an additional division ~~of or position in~~ such court, the supreme court shall so certify to the secretary of state, and where the need for such additional ~~district judge of the district court~~ and division or *position* is in a judicial district in which such proposition of nonpartisan selection of ~~district court judges of the district court~~ has been approved, such certification also shall be made to the chairperson of the district judicial nominating commission of such judicial district. Any additional division or *position* so certified shall be designated as the next numbered division or *position* of such court.

(b) Upon certification of an additional ~~district judge of the district court~~ and an additional division or *position* of the district court in any judicial district which has not approved the proposition of nonpartisan selection of ~~district judges of the district court~~, the first ~~district judge of the district court~~ of such new division or *position* shall be elected at the general election held in November of the year in which the division or *position* is determined to be necessary and such judge shall take office on the second Monday in January of the following year. No judge of any such new division shall be appointed pending the first election to fill such office.

(c) Upon certification of an additional ~~district judge of the district court~~ and an additional division or *position* of the district court in any

judicial district which has approved the proposition of nonpartisan selection of ~~district~~ judges of the district court, the additional division or position shall be created on July 15 of the year in which such certification is made, and the additional district judge shall be selected and take office in the manner prescribed by subsection (b) of K.S.A. 20-2913, and amendments thereto. *The additional position shall be created on July 1 of the year in which the position is approved, and the additional district magistrate judge shall be selected and take office in the manner prescribed by K.S.A. 20-2914 and amendments thereto.*

(d) *The supreme court shall determine the county or judicial district in which the newly created division or position shall be placed.*

(e) Any additional district judge or district magistrate judge position created by this section shall be considered a position created by the supreme court and not a civil appointment to a state office pursuant to K.S.A. 46-234, and amendments thereto.

Sec. 2. K.S.A. 25-205 is hereby amended to read as follows: 25-205.

(a) Except as otherwise provided in ~~subsection (h)~~ *this section*, the names of candidates for national, state, county and township offices shall be printed upon the official primary ballot when each shall have qualified to become a candidate by one of the following methods and none other: (1) They shall have had filed in their behalf, not later than 12:00 noon, June 10, prior to such primary election, or if such date falls on Saturday, Sunday or a holiday, then before 12:00 noon of the next following day that is not a Saturday, Sunday or a holiday, nomination petitions, as provided for in this act, *except that in 1998, candidates for judge or district magistrate judge of the district court for positions created in 1998 in those judicial districts that have not approved the proposition of nonpartisan selection of judges of the district court shall have filed in their behalf, not later than 12:00 noon, July 1, 1998, nomination petitions, as provided for in this act;* or (2) they shall have filed not later than the time for filing nomination petitions, as above provided, with the proper officer a declaration of intention to become a candidate, accompanied by the fee required by law. Such declaration shall be prescribed by the secretary of state.

(b) Nomination petitions shall be in substantially the following form:  
 I, the undersigned, an elector of the county of \_\_\_\_\_, and state of Kansas, and a duly registered voter, and a member of \_\_\_\_\_ party, hereby nominate \_\_\_\_\_, who resides in the township of \_\_\_\_\_ (or at number \_\_\_\_\_ on \_\_\_\_\_ street, city of \_\_\_\_\_), in the county of \_\_\_\_\_ and state of Kansas, as a candidate for the office of (here specify the office) \_\_\_\_\_, to be voted for at the primary election to be held on the first Tuesday in August in \_\_\_\_\_, as representing the principles of such party; and I further declare that I intend to support the candidate herein named and that I have not signed and will not sign any nomination petition for any other person, for such office at such primary election.

(HEADING)

Name of Signers.	Street Number or Rural Route (as registered).	Name of City.	Date of Signing.
------------------	---	---------------	------------------

All nomination petitions shall have substantially the foregoing form, written or printed at the top thereof. No signature shall be counted unless it is upon a sheet having such written or printed form at the top thereof.

(c) Each signer of a nomination petition shall sign but one such pe-

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Approved: 4/10/98  
Date**MINUTES OF THE HOUSE COMMITTEE ON JUDICIARY.**

The meeting was called to order by Chairperson Tim Carmody at 3:30 p.m. on March 24, 1998 in Room 313-S of the Capitol.

All members were present except: Representative Kline (excused)  
Representative Mayans (excused)  
Representative Powell (excused)  
Representative Wilk (excused)

Committee staff present: Jerry Ann Donaldson, Legislative Research Department  
Mike Heim, Legislative Research Department  
Jill Wolters, Revisor of Statutes  
Jan Brasher, Committee Secretary

**Conferees appearing before the committee:**

Franklin R. Theis, District Judge, Shawnee County  
Joann Hamilton, District Attorney, Shawnee County  
Attorney General Carla Stovall  
Wendy McFarland, ACLU

Others attending: See attached list

The Chair called the meeting to order. The Chair noted that there was written testimony from Marion Bourell on HB 3003 that will be placed into the minutes for March 19, 1998.

**SB 577-Additional district magistrate judge positions of district courts**

Kathy Porter, Executive Assistant to the Judicial Administrator, testified in support of SB 577. The conferee stated that this bill will provide a mechanism for creating new district magistrate judge positions. The conferee stated that the Judicial Branch budget for FY 1999 includes a request for nine new district magistrate positions. The conferee stated that the House Appropriations subcommittee and Appropriations Committee have approved all nine magistrate positions. The conferee stated that the Senate Ways and Means Committee approved all three district magistrate judges' positions that were included in the Governor's budget. The conferee requested an amendment which would provide that the new magistrate positions be filled in the manner provided by K.S.A. 20-2014 for filling vacancies in existing magistrate positions. The conferee stated that if less than nine positions are approved then the Supreme Court will determine which district or districts to place the new district magistrate judges. (Attachment # 1)

The Committee members and conferee discussed whether an elected judge would be replaced by a magistrate judge. Conferee Porter stated that in the short term the Governor would appoint the magistrate judges, but subsequently in the districts where there are elections for those positions, magistrates will be elected. Conferee Porter stated in response to a question that currently there is no legislation that specifies how to create magistrate judge positions. Conferee Porter discussed with the Committee the caseload and caseload mix that will be used to determine in what district magistrate judges will be used. Conferee Porter stated that there has been a significant increase in the caseload and that those judge positions are needed now.

Judge Buchele testified in support of SB 577. Judge Buchele stated that this legislation was proposed as a result of a post-audit report. The conferee stated that it was probably a mistake to go to the single tier system and that the two tier system should be reconsidered. Judge Buchele stated that there are very few "sideway appeals" statewide. Judge Buchele stated that currently pro tems are used in child support or domestic violence cases. The conferee stated that it would be a better use of resources to use magistrate judges.

Conferee Buchele discussed with the Committee members policy issues concerning the one or two tier system.

Judge Theis, District Judge, Third Judicial District, testified in opposition to SB 577. Judge Theis stated that this bill will establish the power of the Kansas Supreme Court to place magistrates in urban areas. The conferee stated that the legislature should preserve the right to establish magistrates on a case by case basis. The conferee stated that the Supreme Court's authority to appoint magistrate judges was eliminated in 1974 or 1976. The conferee discussed salary disparities when district judges and magistrate judges are working side by side. The conferee discussed potential problems with the appeals system if this bill were to pass. The

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individual appearing before the committee for editing or correction.

3-24-98

conferee discussed problems that could occur with caseload assignments. The conferee stated that the two tier system by design signals to people the significance of their case. The conferee stated that more funding needs to go to increase wages and positions for support staff. Judge Theis stated that the use of pro-tems is a matter of preference. The conferee suggested that the statistics be critically reviewed concerning the need for these magistrate positions. The conferee stated that someone should have the information on the number of cases and the caseload mix. Judge Theis referred to material included in his written testimony containing more detailed information. (Attachment 2)

During discussion with Committee members the conferee stated that this is a philosophical issue concerning the placement of power.

Joan M. Hamilton, District Attorney, Kansas Third Judicial District, testified in opposition to SB 577. The conferee stated that if this bill passes, victims will have to go through yet a longer process for justice. The conferee stated that the passage of this bill will mean a lot more work for the prosecution and a plea for more personnel at the county level for manpower. The conferee stated that she had experienced the two tier system and it did not work. The conferee stated that while this bill may be touted as a technical change, it is highly political and would provide inadequate justice for victims. The conferee stated that with this bill the judges do not have to be attorneys, yet, they make major decisions for the prosecution of crimes within the counties. District Attorney Hamilton stated that the current system of using retired district judges in traffic cases, domestic violence cases, preliminary hearings and with other hearings works well for Shawnee County. The conferee stated that she is not opposed to continuing with the practice of adding experienced and qualified retired district judges. (Attachment 3)

The Chair closed the hearing on SB 577.

#### SB 671-Civil commitment of sexually violent predators.

Carla Stovall, Kansas Attorney General, testified in support of SB 671. The Attorney General discussed current law and stated that the law needs to be improved to provide for the conditional release of sex predators. The conferee referred to a two page outline of SB 671 attached to her written testimony. The conferee stated that the technical/procedural changes are very basic. The conferee stated that changes with legal significance are in accord with the United States Supreme Court decision finding this a civil commitment law and not criminal law. The Attorney General stated that substantive changes deal with the evaluation and release procedures. The conferee stated that this law mirrors the conditional release provisions in the traditional mental illness commitment statutes. The Attorney General stated that another change deals with the evaluation and release procedures and authorizes the Secretary of SRS to convene an Evaluation Panel to provide input into the assessments and recommendations required under the act. The conferee requested that this bill be named, "Stephanie's Law" after Stephanie Schmidt who was a rape and murder victim of a previously convicted sex offender. The conferee requested that her office maintain exclusive jurisdiction over these cas. s. (Attachment 4)

The Committee members and conferee discussed how this law might apply to juveniles. The conferee discussed with Committee members the current population of those convicted as sex predators. Discussion regarding the civil burden and placement safeguards followed.

Wendy McFarland, ACLU, testified in opposition to SB 671. The conferee stated that the ACLU opposes this bill because: it relaxes the burden of proof required to civilly commit a sex offender; changes the current requirement of an unanimous jury vote to commit; eliminates the requirement of a formal hearing in front of a judge and replaces it with an annual evaluation and review of the report by a judge; and adds a five year minimum time requirement to the commitment before release is possible. The conferee stated that the burden of proof should be beyond a reasonable doubt. The conferee stated that this bill will very vulnerable to challenge and will increase costs to the counties. The conferee stated that the ACLU objects to the inclusion of juveniles. The conferee noted that a number of cases were included in her written testimony. (Attachment 5)

The Committee members discussed with the conferee the current standard of proof and the safeguards for placement of those convicted as sex predators.

The Chair closed the hearing on SB 671.

Secretary Simmons agreed with the Chair to postpone the scheduled hearing on SB 516 until the next meeting.

The Chair adjourned the meeting at 5:30 p.m.



**Testimony to the House Judiciary Committee**

**March 24, 1998**

**Senate Bill 577**

**Kathy Porter  
Office of Judicial Administration**

I appreciate the opportunity to discuss and support SB 577, which would authorize creating new district magistrate judge positions. Although K.S.A. 20-355 specifies the manner in which new district judge positions are to be created, there currently is no statutory mechanism to create new district magistrate judge positions.

Since court unification, the Judicial Branch has not created any new district magistrate positions. However, the FY 1999 Judicial Branch budget includes a request for nine new district magistrate positions, including three for the Third Judicial District (Shawnee County), three for the Tenth Judicial District (Johnson County), two for the 25th Judicial District (Finney, Greeley, Hamilton, Kearny, Scott, and Wichita Counties), and one for the 29th Judicial District (Wyandotte County). Of the nine positions requested, the Governor recommended three, but did not specify the district or districts to which the magistrate judges would be assigned.

SB 577 would provide that, in districts that have not approved the nonpartisan method of selection, magistrate judges are selected in the same manner provided for selecting district judges found in K.S.A. 20-355. The new district magistrate judge would be elected at the next general election held in November of the year in which the position is determined to be necessary. However, any new positions created in 1998 for districts that have not approved the nonpartisan selection process would be filled in accordance with the provisions for filling a vacancy as set forth in K.S.A. 25-312a. That statute provides for the position to be filled by appointment by the Governor, with the successor to be elected at the next general election to serve the remainder of the term. This option is offered simply because it appears the timing requirements of the primary and possibly the general elections could not be met for the first year the new magistrate positions are created, given the fact that the 1998 appropriations bills authorizing and funding any new magistrate positions would not be signed by the Governor and enacted into law until mid-May. We do note, however, that this differs from the current language of K.S.A. 20-355.

House Judiciary  
3-24-98  
Attachment 1

Testimony to the House Judiciary Committee  
Senate Bill 577  
March 24, 1998  
Page 2

The bill currently provides that, in districts that have approved the nonpartisan selection method, the current method for creating a new division of the district court would be used to select the new magistrate. Briefly summarized, the District Judicial Nominating Commission would nominate not less than two nor more than three persons and submit those names to the Governor for selection (K.S.A. 20-2909 - 2911). However, a requested amendment (attached) would provide that the new magistrate positions be filled in the manner provided by K.S.A. 20-2914 for filling vacancies in existing magistrate positions. That method provides for the district magistrate judge to be selected by the district judicial nominating commission. The selection method included in the amendment is the method preferred by the Supreme Court.

Finally, the SB 577 would provide that the Supreme Court shall determine the county or judicial district in which the newly created division or position shall be placed. If less than the full number of magistrate judge positions and district judge positions requested are approved by the 1998 Legislature, the Supreme Court would be faced with the responsibility of deciding which districts will be assigned the new positions.

Again, thank you for your consideration of SB 577. I would be happy to stand for any questions.

Attachment



#3  
First / District Attorney  
Joel W. Meinecke

Assistant District Attorneys

Athens E. Andaya  
James A. Brown  
Nancy S. Brumbelot  
Edward M. Collazo  
Gwynne E. Harris  
E. Bernard Hurd  
Lisa C. Kelly  
Cynthia J. Long  
Gene J. K. Miller  
Kenneth J. Morton  
Katherine K. Murray  
Alexandra T. Nguyen  
Tony W. Rues

Joan M. Hamilton

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Director of Victim Services  
Suzanne H. Jam

Investigators  
Donald M. Murphy  
Ken Hendrix  
Mick Meyer  
Bob Burke

TO: Honorable Members of the House Judiciary Committee

FROM: Joan M. Hamilton, District Attorney

Date: March 24, 1998

RE: OPPOSITION TO SB 577

I am writing as the District Attorney of Shawnee County, Kansas, as well as a former legislative member (51st Representative, 1991-92) who is opposed to this bill. I am strongly opposed to this bill for TWO main reasons:

1) Victims will have to go through yet a longer process for justice. If a defendant loses his/her case before a Magistrate, it can be appealed to a District Court. Our county has a long history of many appeals. My office appeals has increased over 300% in the past three years.

On the otherhand, if the State loses our case (for the victim) before a less trained or less experienced judge, we have no alternative but to refile the case, i.e. starting over. I know that it has been indicated that these magistrates, if used in our county, will not be used for serious cases, but once again, the practice has been to have them hear preliminary hearings (felony cases). In addition, many of our misdemeanors are VERY serious cases, particularly to the victims. Some of those cases are assaults, batteries, sexual battery, assault of a law enforcement officer, unlawful restraint, disorderly conduct, lewd and lascivious behavior and more.

2) It means a lot more work for the PROSECUTION and a plea for more personnel to the county level for manpower. When you increase the ability of the courts to expand personnel for "hearing cases", it means expansion for "doing the cases". Additionally, because of the appeal ability of the suspect/defendant, we will need to respond for the VICTIMS.

From a Prosecutor's point of view, this is a nightmare. The salary of these magistrates are lower if you are wanting to "save budgets". However, in exchange, we get inexperienced persons. From a Victim's point of view, it is extremely unjust and cruel to have to redo their tragedy over and over.

-1-

Justice for All

House Judiciary  
3-24-98  
Attachment 3

20-10

Page 2 -- joan/LEGISLATUR/SB577a

We do NOT need more judges in Shawnee County nor do we need the powers of the supreme court to authorize the use of magistrate judges. This would put us BACK in time over 20 years. I have been involved in the criminal system since 1974. We had magistrates then, and we did major reform in 1976. Under the magistrate statute, these judges do not have to be attorneys and they can't arraign a defendant, yet they make major, major decisions for the prosecution of crimes within our county.

Currently, Shawnee County has a RETIRED District Judge doing all the traffic cases (Adrian Allen); a RETIRED Municipal Judge doing the domestic violence accelerated dockets (James Wells); a RETIRED District Judge assisting with preliminary hearings (E. Newton Vickers); an attorney who does the small claims (Bruce Harrington), and numerous pro-tems who come in to assist with hearings.

You, as Legislators, gave the powers to the court to add retired DISTRICT judges to each jurisdiction. IF we are to add more judges, I am not opposed to continuing with the practice of adding experienced and qualified retired DISTRICT JUDGES. That would eliminate the powers of appeal for the suspect/defendant, and enable the VICTIMS TO HAVE THE JUSTICE THEY DESERVE ALSO.

Thank you. If there are any questions, please feel free to call me at (785) 233-8200, Ext. 4140 (voice mail) or 4398 (Nida, legal assistant).

JoAn Hamilton  
District Attorney



**KANSAS DISTRICT COURT**

**Third Judicial District**

Chambers of  
FRANKLIN R. THEIS  
District Judge

Shawnee County Courthouse  
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Officers:  
MARLENE PERCEFULL  
Official Court Reporter  
(913) 233-8200 Ext. 4421  
LINDA CARRICK  
Administrative Assistant

March 20, 1998

Representative Tim Carmody  
Chairman, House Judiciary Committee  
Room 115 -S  
Statehouse  
Topeka, KS. 66612

Re: 1998 SB 577

Dear Representative Carmody:

Please find enclosed a copy of a letter sent to members of the Shawnee County legislative delegation expressing my opposition to SB 577 and the funding for permanent magistrates in urban areas.

I apologize for its length, but it dealt, in part, with the foundation for the claim of a need for magistrates in Shawnee County. However, I think the same critical analysis is necessary and apropos to the request by the Kansas Supreme Court for authority to place magistrates in urban areas generally. Hopefully, you will act to preserve the right to establish magistrates exclusively with the legislature on a case by case basis as it now is (K.S.A. 20-338) by killing SB 577 or holding it over for further critical study in the interim.

I have asked your committee secretary to notify me of any hearings on SB 577. I look forward to testifying, if my schedule permits, concerning the ramifications of SB 577 on urban judicial districts.

If my schedule should not permit me to appear, I would request you consider this letter with enclosures as my basis for opposition to SB 577.

Thanking you and with every good wish, I remain

  
Franklin R. Theis

House Judiciary  
3-24-98  
Attachment 2

20-12

#2  
To: Members of the House Judiciary Committee

3/24/98

1. I support the judicial budget but without urban magistrate funding.
2. I believe the issue of magistrates in urban areas violates a well-studied policy decision recommended by highly qualified interested citizens and adopted by the legislature over 20 years ago. Here it is before you without study supported by one Chief Justice whose position derives solely from tenure and three administrative judges appointed by her. I know in Shawnee County there was no formal discussion or vote or decision to ask for magistrates. Whether that is true elsewhere or in the Supreme Court, I do not know, ~~but my information is no or certainly not unanimous.~~ *Just*  
Although it is represented Wichita supports



magistrates, my information this is probably incorrect, ~~at least~~<sup>for</sup>, as formal policy. Certainly no budget request exists for magistrates. This bill would effect 9 judicial districts by its breadth, and the Supreme Court could place them, with funding available in any one of them. What is their position.

3. While magistrates may fit in rural areas merely for reasons of practicality based on reduced caseloads and public convenience, urban area magistrates raise these problems:
  - A. Caste system in the same building  
(associate/district tenure, exp.) (Not a judge on this floor, exp.)
  - B. Appeals within the same family of judges raise questions of the appearance of justice.
  - C. Restricts flexibility in assignment of cases - also inhibits spreading out of a difficult work load - unlikely district judges assist (caste system) (Schroeder letter, exp.) (salary disparity).
  - D. Urban work load of magistrate cases is

significantly heavier - thus whereas in most rural areas slower pace would compensate for lack of legal skills and experience - urban areas would provide no such luxury.

- E. Once begin segregation of judges by caseload, more opportunity for influence as to what judge hears and more opportunities for developing court "regulars" around the court = influence (pre-1977 magistrate, exp).
- F. A court system designed to tell people their cases are not as important as others is a bad public message. Then to insert lesser qualified judges as reflected by lower salary is reinforcement to this belief. This equals not only a lower quality of justice in fact but the perception of it. Appeal rights illusory because of costs and by perception individuals that appeals are discouraged or compromised already. Erodes concepts of judicial independence.
- G. Two courts give those with money opportunity to wear out an opponent and those with little



money put at a disadvantage. At same time - public resources for prosecution and defense have increased, further squeezing principles of justice and its necessary components.

H. With powers of assignment of district judges over magistrates, magistrates judicial independence is compromised. Thus persons of influence by complaint can control judge who hears a case important to them, not by appeal, but by complaint, perhaps unjustified. Will courthouse space be available or will this require a new courthouse?

I. Appellate status of district judges would prohibit the valuable mentoring received, by example, by me from great jurists, like Michael Barbara and Wm. Carpenter and others in the 3rd judicial district since close association would breed questions of fairness and also lead to disqualifications, (would ask, did you talk with judge X about this case.)

4. Lastly, money better spent on staff as they are persons impacted by the case load cited. Upgrade

salary (Shirley, exp., Barb, Rosie, exp.) and numbers (clerks). Proponents should be ashamed to come in and ask for more judges when adequate staff and staff pay lacking. In fact, magistrates requested puts more stress on existing staff if assume remaining judges remain as productive.

Conclusion:

Proponents proposal is upside down. Staff upgrades first, then judges. The concept of magistrates in urban areas is equivalent of returning to feudal times, providing lords with serfs - this is a "powered wig" concept of court organization.

The public will be the one to suffer and the 80% of those who come to court will face off with magistrates and take their impressions with them - downgrading concepts of societal fairness and soundness of the judicial system as a fair dispute resolution system. Please don't allow contact with our urban district judges to become as unlikely as getting an audience with the Pope.

Thank you,

Franklin R. Theis



Chambers of  
FRANKLIN R. THEIS  
District Judge

## KANSAS DISTRICT COURT

### Third Judicial District

Shawnee County Courthouse  
Division Seven, Suite 324  
Topeka, Kansas 66603-3922  
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LINDA CARRICK  
Administrative Assistant

March 20, 1998

Representative Annie Kuether  
Statehouse  
Topeka, Kansas 66612

Re: SB 577 and funding for magistrates in  
Shawnee County and judicial districts  
where magistrates now do not exist.

Dear Representative Kuether:

I am writing concerning the power sought to be accorded the Kansas Supreme Court to create magistrate positions in judicial districts where such positions do not now exist such as Shawnee County. The mechanism to transfer this power - a power that was retained by the Legislature to preserve a state policy issue from encroachment by the Court - is 1998 SB 577. (See, K.S.A. 20-353; K.S.A. 20-354; K.S.A. 20-354a; K.S.A. 20-338). Funding is also sought through the budget of the Kansas Supreme Court to implement this new power to create magistrate positions. Presently, the Supreme Court intends to place three magistrates in Shawnee County, three in Johnson County, and one in Wyandotte County, but the power SB 577 would give is unlimited.

Effective in 1977, a series of well-studied, citizen recommended steps were taken by the legislature to improve the efficiency of the judiciary. A detailed and well- considered report was made by the Kansas Judicial Study Advisory Committee in 1974 as a result of the passage of the new Judicial Article of the Kansas Constitution. It is reprinted in 13 Washburn Law Journal 271 (1974) (pages 305-306 attached). In 1976, HB 2729 (Chap. 146, L. 1976) was passed implementing recommended reforms in the trial courts of this state.

A principal step was to begin to eliminate the concept of second-tier courts, particularly within the larger judicial districts, thus creating flexibility and averting duplication of work. It would not have condoned "in-house" appeals within the same urban trial court absent exigent circumstances. The concept of two trials in the same case was discarded and appeals were correctly directed to a true appellate court - the new Kansas Court of Appeals - or the Kansas Supreme Court. The costs involved in going to court even once are significant, much less twice. The study expressed the concept that lawyer judges were to be preferred unless wholly impractical. Additionally, one intent in eliminating the separate limited jurisdiction of magistrates was to free the district court to use its personnel where the caseload warranted and not in accordance with some artificial pre-set jurisdictional limitations.



These changes in judicial districts, where implemented, particularly in the larger districts, promoted the efficiency of the district courts and created a mind-set that the whole of the business of the court was the business of all of the court. As with any change, there were a few who had to be pulled along. Shawnee County, after a four-year period of continuing organizationally as it had pre-1977, evolved into a system whereby everyone carried an "equal bucket" of work and a broad mix of cases. For those who thought the public deserved a full day from its judges, or at least an equal work load for each district judge, the system proved very satisfactory and efficient. The full acceptance of the concept of a group of equals doing all the work of the court probably explains why, regardless of traditionally high caseload statistics for Shawnee County, the judiciary in Shawnee County has not grown as fast, in terms of judicial personnel, as it has in some districts which formed into departments in order to conduct the court's business.

Departmentalization provides some judges a refuge from particular cases which a judge might not like or wish to have an affinity for or otherwise can be a perquisite of seniority. Without an exceptional expeditor capable of predicting the often unpredictable, an unfortunate consequence of such a sequestering of judicial resources can be inefficiency. By example, criminal cases are generally resolved by in-court proceedings. Thus, a judge in a criminal department who is not hearing

cases has nothing productive to fall back on when a criminal case pleads out. On the other hand, where case assignments are mixed, particularly civil and criminal, work can be done in processing civil cases which require opinions and research when the criminal case assignment falls through. Equally a judge who does only major Chapter 60 civil cases, if not superintended, has the power to decide wholly his work schedule, or even when to come to work, since there is generally an absence of mandatory settings in such civil cases. This is particularly true now with the advent of case management orders. In districts such as Shawnee County, this unfortunate route to inefficiency never got a broad foothold. Magistrates would impose an artificial and inefficient form of departmentalization by law.

Of late, however, in Shawnee County, the "equal bucket" system has somewhat eroded and for whatever reason, whether to select or limit their own case assignment or otherwise, there is now an attempt to retreat to the past back into the inflexible jurisdictional abyss of a two-tiered court system, which, coincidentally, would leave only the choicer cases and a more leisurely lifestyle for some.

The cover for this radical change in judicial personnel and organization is a plea to just look at the statistics. Of course, statistics can be helpful only if carefully analyzed. A look at the Shawnee County's latest statistics from 1997 reveals the statistics used to advance this proposed radical change in court organization to be



impressive in the gross, but minimal in terms of application of judicial resources.

Gross statistics only effect judicial staff, particularly clerks.

A good example of the misperception that can be created by the reliance on raw statistics rests in Shawnee County's statistics in regard to Chapter 61 or limited action cases where facially such cases have increased from 4,370 cases in 1978; to 5,323 in 1982; to 7,179 cases in 1988; to 17,258 cases in 1995; and now to 22,547 cases in 1997. However, the fact is the judicial time needed to process and resolve these limited action cases has actually decreased or, at the very worst, remained static. By example, what took one day in 1978 to dispose of all docket calls for limited action cases and to hear eviction trials still only takes one day in 1998. Total average time for trials in any remaining cases is the same or less and divided among nine judges. Thus, what appears by caseload statistics to be overbearing is not that in terms of the judicial time to process this limited action caseload in Shawnee County.

Further, the jurisdictional limitations for such limited action cases was released in 1990 for most unsecured claims which aided to increase the filings, but which correspondingly created a stabilization of Chapter 60 civil cases in the statistics for these cases since 1990. As shown by the Court's historical statistics (a portion of which is attached), these major civil cases represented 1,425 cases in

1978; 1,578 in 1982; 2,130 in 1988; then dropping to 1,385 cases in 1995, and then in 1997 up to 1,635 cases. The caseload is handled by nine district judges giving approximately 50% of their time or 164 cases per judge with Judge Bullock taking an extra 164 cases, but who does no criminal cases. Further, only 24 civil cases of any kind were tried to a jury in 1997. As any lawyer will tell you most civil cases settle or are disposed of on a summary judgment or other motion. Correctly, judicial effort is necessary to facilitate the latter form of disposition for many cases.

Cases classified under traffic in 1978 were 17,136; were 17,553 in 1982; were 9,207 in 1988; were 10,625 in 1995; and decreased to 9,173 in 1997. The judicial time allotted to resolve them completely has remained the same throughout. Senior Judge Allen handles this traffic docket, including trying traffic cases, one day per week and conducts a DUI docket one-half day twice a month. DUI cases, which historically average about 318 cases a year, if set for trial, are assigned to judges in the criminal rotation.

Domestic cases were 1,717 in 1978, were 1,592 in 1982, were 1,888 in 1988, were 3,109 in 1995, and 3,079 in 1997, however, whereas the 1978-1982 statistics were divorce and paternity cases principally, the statistics after 1987 include protection from abuse cases totaling from 380 in 1988 to 881 cases in 1997 which are generally summarily disposed of as part of a weekly docket now funded by a



grant and conducted by a pro tem judge paid by the grant. The combined time in these dockets is no more than one day per week or .2 of a judicial position. Thus, true domestic cases were only 1,508 cases in 1988, and 2,353 in 1995, and down to 2,198 cases in 1997. The balance of the domestic case assignment is now handled by two district judges for an average caseload of 1,099 cases each.

Probate cases have gone from 1,078 in 1978, to 1,099 in 1982, to 1,451 in 1988 down to 1,184 in 1995, and in 1997 were 1,039, the latter decrease largely due to the demise of the Topeka State Hospital in our district and other mental health measures. One district judge handles this caseload.

Juvenile cases were 1,402 in 1978, 1,166 in 1982, 1,483 in 1988, 1,492 in 1995, and 1,786 in 1997, plus 449 juvenile tobacco cases that are otherwise handled as part of the traffic docket in the overwhelming majority of cases. One district judge handles this caseload with some assistance from the judge assigned to probate.

In Shawnee County criminal cases filed in 1978 totaled 1,893, were 2,610 in 1982, were 2,740 in 1988, were 4,511 in 1995, and in 1997 decreased to 3,903. Further, an estimated one-half of the average 318 DUI cases are set for trial or 159 cases. During the past approximately three years, eight district judges devote approximately 50% of their time to handle the criminal caseload completely and one

judge gives full time, partly administrative. The judges assigned to juvenile, probate, and domestic cases, and also Judge Bullock do not participate in the criminal assignment. This is a criminal caseload, including DUI cases, of 450 cases per judge in 1997. Prior to 1994, this caseload was handled by ten judges including then administrative judge William Carpenter. Since 1994 two senior judges have contributed .3 of a judicial position to assist with preliminary hearings.

Additionally, just coincidentally with the pending request for permanent magistrates, beginning January 1, 1998, at the request of the administrative judge, temporary magistrates have been assigned "to assist" in handling preliminary hearings and misdemeanors here.

If Shawnee County misdemeanor cases are shifted to the City of Topeka, as has been requested and/or if pending 1998 HB 2976 were passed, the criminal caseload in this district would drop by approximately one-half impacting workload significantly and leaving magistrates, if permitted under SB 577, a substantial void in the principal workload they could statutorily do as well.

Lastly, the total caseload of this district was 30,231 cases in 1978, 32,383 in 1982, 27,995 in 1988, 41,693 in 1995, and 45,141 in 1997, a 33% increase over two decades during which three additional district judge positions were created. However, the entire statistical increase in overall caseload over the last decade (1988-1997) of 17,146 cases



can be substantially equated to the limited action case increase during the same period of 15,368 cases, as noted above, of which the judicial time to dispose of them, as noted, has not increased since 1978. In 1978 we had eleven judges, beginning in 1982 we had twelve judges until 1988 when we increased to thirteen judges until 1995 when we had fourteen judges. Thus, over the last decade (1988-1997) we have had two additional district judges to pick up a caseload increase of 1,778 cases exclusive of the limited action cases noted.

Thus, analyzing the true work load for 1997 one fairly has to remove 22,547 limited action cases handled by Senior Judge Vickers who contributes .2 of a judicial position (1 day a week) to handle these cases and one has to remove 9,173 traffic cases handled by Senior Judge Allen who contributes .2 of a judicial position (1 day a week) on a traffic docket and one-half day twice a month on a DUI docket (.1 of a judicial position) to handle these cases and remove 881 protection from abuse cases handled by a judge pro-tem paid by grant (.2 of a judicial position) to arrive at the true existing caseload of the regular fourteen judicial positions in Shawnee County. To be fair, one can add 5% of limited action cases that would probably be actually set for trial, or 1,127 cases.  $(22,547 \times 5\%)$  and 159 DUI cases set for trial. Thus, now in 1997, fourteen judges actually handle, at best, only 13,717 remaining cases or an average of only 979 cases per judge while the two

for judges and one judge on a grant, totaling overall one additional district judge  
icial position, handle the remaining 31,315 cases of our 1997 total of 45,141  
es.

If we treat 1988 statistics as we did 1997 statistics, that is, remove limited  
ion cases for that year (7,179) except for 5% that might be set for trial (358),  
ther remove traffic cases (9,207) except for approximately 159 DUI cases set for  
i, and remove 380 protection from abuse domestic cases and assume all these  
es were assigned to one outside judicial position, this would leave thirteen judges  
t were then available to hear the balance of 11,746 cases (27,995 - 16,249) in  
88. Accordingly, this would yield a caseload per judge in 1988 of 903 cases and  
aseload of 16,249 for the assumed outside judge. Thus compared, the actual  
eload per judge figured on the basis of work load has risen by 76 cases per judge  
3 vs. 979) since 1988. If, in 1997, we did not have the senior judges and grant  
ge for the total of the one extra position, we would have to assign one of our  
rteen judges, thus leaving thirteen for comparison purposes. If this is done, then  
caseload comparison per judge would be 1,055 cases per judge and its 1988  
ivalent would be 979 cases per judge, similarly figured.

Thus, while certainly it is impressive to state, on a gross statistical basis, that  
es have increased from 27,995 cases in 1988 to 45,141 cases in 1997 and thus



increased on a gross statistical basis per judge from 2,153 in 1988 to 3,225 in 1997, or a purported 1,072 cases per judge (a 50% increase), the actual work load increase of 76 cases per judge (an 8% increase) belies the gross statistics. Further, this caseload/work load increase of 76 cases per judge ignores the assistance we received (and continue to receive) from the senior judge program and grant monies which totally absorbed this statistical caseload increase and made the real work load completely static from 1988 to 1998 at 979 cases per judge, given we had no outside help in 1988 which then required one judge amongst us to do the work which was done by our senior judges and a grant judge in 1997. (1997:  $13,717 \div 14 = 979$  vs. 1988:  $11,746 \div 12 = 979$ ).

As any lawyer will tell you only a small percentage of cases actually go to trial whether civil or criminal. In fact in 1997, Shawnee County only had 42 criminal jury trials handled by the nine different district judges. The criminal trials to the court would reflect a similar percentage. While it is correct a judicial system has to have a sufficient contingency of judicial personnel and time available to make the threat of the actual necessity of going to trial credible, it must be considered an absurd concept, as shown by the number of civil and criminal cases actually tried to a jury, to base such a threat organizationally on a one-to-one basis (average caseload per judge based on raw statistics) as a loyalty to statistics might suggest.

One of the great concepts of the 70's court reform was its recognition that obviously some judicial districts might be busier than others and, hence, the Kansas Supreme Court was provided with the authority to shift judicial resources from overserved areas, or in periods of slack, to districts that might be experiencing a temporary overload without the necessity of adding permanent personnel, particularly, without first establishing some consistent certainty or standard of need in a judicial district. At several points in the past, Shawnee County was a beneficiary of this court reform policy with distinguished, yet not fully calendared, jurists, both district court and magistrate judges, from other areas of the state, aiding us by temporary assignment providing, as needed, a continuing assistance for temporary case overloads. However, for some reason this policy was abandoned, to the chagrin of all, by the Kansas Supreme Court until just recently. Now additionally the legislature has provided a salutary and inexpensive senior judge program whereby retired judges may continue to work for 25% of the pay in return for 40% of their time per year.

I have a genuine and great fear, based on experience, that if permanent magistrates are introduced into Shawnee County, an overwhelming portion of our caseload will shift down to them. Judge Bullock now asks for three magistrates, but he has been quoted publicly as eventually "needing" as many as six. In 1978, out of



30,231 cases, the then six district judges handled almost all of the Chapter 60 civil cases (1,425), perhaps 5% or 50 felony cases out of a total of 1,893 criminal cases - felony and misdemeanor - and 75% of the total domestic cases of 1,717 or 1,288 cases. (Two associate district judges did domestic cases as well.) This was a total caseload of 2,763 for six district judges or an average caseload of 461 cases per judge. All other cases out of the 30,231 were handled by five associate district judges of which I was one. This represented 90% of the caseload of the district. We had an average caseload of 5,493 cases ( $30,231 - 2,763 = 27,468 \div 5$ ).

However, since the associate district judge doing probate cases only did probate cases which consisted of 1,078 cases and the associate district judge doing juvenile cases only did juvenile cases consisting of 1,402 cases, this meant three of us - Associate District Judges Dowd, Hope, and myself - had a raw statistical caseload of 24,988 cases or 8,329 cases each. This policy existed from 1977 - 1980 when our system finally begin to change in recognition of this unfair distribution of cases and work load.

Now unfortunately only then District Judge, now Chief Justice, Kay McFarland, Judge Bullock, Judge Macnish, Judge Dowd, and myself remain as still active judges who know why this circumstance was permitted to exist. For whatever reason this inbalance was permitted to exist, notwithstanding, it should

never be permitted to reoccur.

While the reluctance of the Legislature to be too introspective of court requests is understood as a component of the doctrine of separation of powers, it is another thing altogether to bury, without major and broad thought and discussion, an adopted policy of court reform in effect for over twenty years which the Legislature purposefully retained for itself based on the report of the Judicial Study Advisory Committee report of 1974. Ask yourselves, should you allow an efficient court system to be made inefficient merely because the court system as a whole is not as efficient as it should be statewide or in other areas of the state by virtue of the practicalities there existing. Certainly, the Shawnee County court system is a model of efficiency and its ability to handle its work load is one to which other judicial districts should aspire. While certainly it is unfair that in the judicial system as a whole equal pay does not equate to equal work, that itself is not a reason to sanction that we should work less or that in order to be able to work less our local judicial system must become saddled with the inefficiency limited jurisdiction magistrates bring to a fully integrated urban judicial district. Such a decision would be, as a practical matter, permanent and irrevocable once instituted. To put judicial positions in place without corresponding staff itself is a tacit recognition that current individual judicial work load is merely being substituted for and in a most inefficient



way since all judicial positions need staff to be fully effective. Thus, the proposal can be seen as it is, one to substitute others to do the current work of some or otherwise, in part, to shield some from a distasteful caseload mix. Ask, if the existing judges are to remain busy, what overburdened staff will assist these new judges. Particularly, ask others below the level of judge who are familiar with our court whether it is necessary to establish some new jurisdictionally limited court entity to benefit our local court system. I believe uniformly they would tell you that if money is limited, then staff upgrades, both by number and salary, are the things that would enhance the efficiency of the court and then and only then, would an additional district judge position be warranted, not added judicial personnel in the form of limited jurisdiction magistrates which would stunt, rather than benefit, our local court system. It is simply an Alice-in-Wonderland proposition to believe that lesser skilled judges improve a court system. Neither do Shawnee County citizens deserve to have such a cheaper is as good, less is equal, philosophy irrevocably imposed on their quality of justice.

A friend of the court has provided me a copy of a letter sent by Judge Bullock which asserts that thirteen of fourteen district judges in our district believe magistrates, and the number requested, should be approved. However, I assure you that were you to conduct an individual poll (with a traditional democratic guarantee

of anonymity), that while the answer might support a feeling that Shawnee County may be ready for a new district judge to guard against a contingency the senior judge program or grant moneys might not always be available, many would express great concern in altering fundamentally our excellent court system by the introduction of permanent magistrates and express doubt that permanent magistrates would ever be in the best interest of Shawnee County citizens or the future continued excellence of the Shawnee County court.

The request for magistrates from Shawnee County was not the product of a democratic process here in Shawnee County nor was there opportunity for debate or any statistical analysis provided prior to the request being made. No plan, short or long term, exists to address the use of magistrates or their effect on the remaining case assignment of the fourteen district judges. Are magistrates going to supplant our current judge assigned to juvenile cases who has thirteen years experience and is a recognized expert in juvenile matters? Is a magistrate going to be assigned to assist current judges assigned to the same cases, working side-by-side with their disparate judicial salaries? Could a district judge mentor a magistrate knowing the district judge could be called upon to hear an appeal? Would any appeal be perceived as independently considered given the practicalities of association in a single courthouse? Would a magistrate who had "too many" appeals to the district



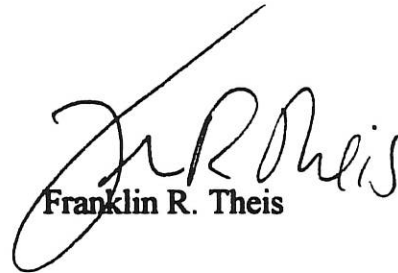
**judges be reassigned, thus threatening judicial independence? These and many other questions, going even beyond assignments, linger unresolved, e.g., what will the Kansas Judicial Initiative recommend in its report due in 1999?; what effect would the acceptance by the City of Topeka of our misdemeanor cases have on the Court, particularly were permanent magistrates in place?**

**Unfortunately this present forum is the only one left in which to speak out on this fundamental policy change that should really receive a broader and more formal public debate. All I can ask is that you inform yourselves fully about the long term consequence of installing permanent magistrate positions in Shawnee County and further ask yourselves whether the Shawnee County District Court caseload increase over the last decade has "tripled" or "doubled" the actual work load of the Shawnee County District Court judges. Being so informed, I believe you will agree that permanent magistrates are neither in the best interest of Shawnee County nor are such positions a reasonable or justifiable present or future solution to the needs of Shawnee County on the record presented.**

**In any manner, I thank you for taking the time to read this letter and review the enclosed materials. My intent is to be a positive force in the debate. I have great respect for each member of our Court, but yet, I have a greater respect for the quality of justice now existing overall in Shawnee County. I deeply regret the**

debate has otherwise been restricted by the private manner of the discussions entered into regarding this important public issue which is being pushed as a technical amendment to court statutes (SB577) and a genuine rescue, both of which it is not.

With every good wish, I remain,



Franklin R. Theis

cc: Chief Justice  
Shawnee County District Judges



*H. Administration of Nonjudicial Personnel*

16. All clerical functions of the unified district court should be under the supervision of the administrative judge of the district under guidelines established by the district and supreme courts.
17. As provided by statute or under guidelines set by the supreme court and the district court, nonjudicial personnel of the district court should be authorized to perform specified quasi-judicial functions.

A principal advantage of the merger of the trial courts of Kansas will be the consolidation of the clerical and support staffs of heretofore separate court units. No longer will actions be filed in different clerical offices of different courts all in the same county. And no longer will judges of separate courts have to rely only on the support personnel allowed their courts. Instead, each district of the unified district court will have a centrally administered support staff serving all the judges of the unified court. It will doubtless be necessary to maintain a district court clerk in each county but there will be no need for a separate probate or juvenile clerk; to the degree that specialized clerical divisions are needed, they will be arms of the unified clerical staff. This consolidation of support personnel should result in savings in court expenditures. As noted above, a partial consolidation of court services, namely probation and social work services, has already been accomplished in Shawnee County (Topeka) and in western Kansas through the Wheatlands Community Services project.

Some aspects of routine traffic cases, such as parking violations and other minor matters, ought to be handled administratively by the courts' clerical offices, as is the case now in the larger cities such as Wichita. The clerical staff ought to be able to accept pleas of guilty and receive fines by mail; the fines would be determined and published in a fixed schedule. The supreme court should determine what aspects of which kind of case might be handled by clerks.

Should a magistrate be temporarily absent from his county, it would be necessary to provide, among other things, for prompt arraignments and the dispatch of temporary commitment orders in juvenile and care and treatment matters. These matters could be attended to by the resident district clerk. This could be properly accomplished by stricter qualification requirements for district clerks and the mandate that the clerk review all requests for orders by telephone with a judge of the district court.

*I. Elimination of Certain District Magistrate Judgeships*

18. If upon the death, resignation, retirement or removal of a district magistrate judge the supreme court determines that the position justifies the services of a full-time lawyer judge, that position should be filled by an associate district judge.
19. As district magistrate judges in counties with more than one district magistrate judge die, resign, retire or are removed from office, their judgeships should be abolished if the supreme court determines that the

remaining magistrate or magistrates in the county can absorb the departing magistrate's workload. If the workload of the remaining magistrate deserves the attention of a full-time lawyer judge, this magistrate, if qualified, should become an associate district judge.

The thrust of these proposals is to replace nonlawyer and part-time lawyer magistrates whenever possible within the judicial system, at the same time guaranteeing a resident judge in each county.

In the future, certain counties of Kansas may be served by district magistrates even though the caseload and time needed to perform judicial duties might justify the employment of associate district judges. The magistrate positions in these counties should eventually be replaced by associate district judgeships. Should the district in which these magistrate positions exist adopt a plan for merit selection of judges, such as is discussed in Chapter V, the magistrate positions could be replaced by associate district judgeships as the incumbent magistrates retire, die or are removed from office. In districts where election remains the mode of selection, the magistrate judgeships could be replaced after fixed terms of years corresponding to the incumbents' retirement ages or upon the death, retirement or removal of the incumbents.

After unification, certain counties (Atchison, Neosho, Cowley, Crawford, Leavenworth and Montgomery) will have more than one judgeship below the level of the district judgeship. For example, Leavenworth will have a district magistrate and an associate district judge and Neosho will have two district magistrates. The supreme court should study the workload of the unified district court in these counties to determine whether some of these judgeships may be phased out or, when there is more than one magistrate judgeship, be replaced by associate district judgeship.

## II. A

This report in the appellate recommendations either present Kansas. The tions. Hence, a proper perspective findings and co

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Total Case Filings

	Total	LA	P/J	Clerk
1984	25,448	17,613	2,102	5,733
1985	26,053	17,094	2,346	6,613
1986	26,789	17,434	2,659	6,696
1987	28,205	17,388	34,898	7,328
1988	27,995	17,903	2,934	7,158
1989	31,944	21,372	2,848	7,774
1990	36,054	25,147	2,951	7,956
1991	36,444	25,724	2,831	7,889
1992	35,058	23,972	2,788	8,300
1993	38,378	26,389	2,816	9,173
1994	41,267	29,019	2,848	9,400
1995	41,693	28,871	2,676	10,146
1996	42,776	30,708	3,175	8,893
1997	45,141	32,745	3,270	9,126

Clerk - Criminal, Municipal Court Appeals, Inquiries  
 Domestic, Chapter 91 C.V. Unassigned, Screening Panel.

LA - Chapter 91, Small Claims, Trial J. 23, - 1  
 Fish + Game

Case Filings

	1988	1989	1990	1991	1992	1993	1994
CV	2,130	2,273	2,427	1,872	1,844	1,542	1,470
D	1,805	1,798	1,957	2,404	2,277	2,648	2,743
U	332	673	638	501	974	1,224	692
R	83	72	113	123	202	180	237
LA	7,179	9,685	11,758	11,851	11,541	14,500	16,218
SC	1,047	1,059	1,134	1,031	957	820	755
TR	9,207	10,083	11,628	12,231	11,007	10,626	11,506
DUI	306	359	360	373	244	227	295
HV	114	133	215	190	115	179	193
F&G	50	53	52	48	108	37	52
FEL	1,292	1,232	1,001	1,061	1,143	1,604	1,861
MISD	1,474	1,687	1,773	1,891	1,950	1,937	2,345
PROB	1,451	1,363	1,319	1,198	1,212	1,284	1,287
JV	1,483	1,485	1,632	1,633	1,574	1,532	1,561

	1995	1996	1997
CV	1,385	1,518	1,635
D	2,885	2,659	2,967
U	1,102	462	471
R	224	202	112
LA	17,258	20,199	22,547
SC	711	717	681
TR	10,625	9,418	9,173
DUI	242	358	313
HV	0	0	0
F&G	35	16	31
FEL	2,201	2,309	2,165
MISD	2,295	1,891	1,728
PROB	1,184	1,176	1,039
JV	1,492	1,999	2,231

\*1994 last year for HV-cases in Traffic



Civil Caseload

	CV	LA	U	SC	SP
1985	1860	6499	632	896	10
1986	1911	5928	509	941	16
1987	2248	6219	466	1091	6
1988	2130	7179	332	1047	15
1989	2273	9885	673	1059	8
1990	2427	11758	639	1134	3
1991	1872	11851	501	1031	6
1992	1844	11541	974	957	12
1993	1542	14500	1224	820	8
1994	1470	16218	692	755	8
1995	1385	17258	1102	711	7
1996	1518	20199	462	717	10
1997	1635	22547	471	681	10

Chapter 60 Documents

	Total	Garn	Wrmts	Summons	Subpoena
1985	2007	2007			
1986	1567	1567			
1987	1512	1512			
1988	9390	1997	347	5238	1808
1989	9098	1795	324	5175	1804
1990	9902	1674	361	5817	2250
1991	7068	874	12	3590	1075
1992	7442	862	8	3304	1121
1993	8426	910	80	2661	1439
1994	6865	622	62	2541	1286
1995	4891	668	10	2476	1222
1996	5140	661	6	2667	1168
1997	5370	674	3	2904	1037

\* 1982-1990 - Civil & Domestic documents combined.  
Effective 1991 Domestic statistics separate from Civil.

Chapter 61 Documents

	Total	Garn	Wrmts	Summons	Aids	Citations
1985	15292	7260	928		4887	2217
1986	18760	8567	892		6671	2630
1987	20198	9382	1063		6379	2874
1988	28685	11691	798	6514	7000	2682
1989	42873	13497	767	16538	7756	4315
1990	51633	14978	1064	16473	10463	8655
1991	58183	14568	1323	16361	11367	12564
1992	56155	13257	1827	15491	11285	14295
1993	66404	15194	1886	18782	14043	16499
1994	90178	18619	2885	20826	15377	20223
1995	96235	20108	4993	21036	15714	24255
1996	113479	24640	2917	24870	17901	31119
1997	117964	25277	2780	26889	22911	35486

Criminal Caseload

	Criminal	Felony	Misdemeanor	MC	Inquisition
1985	2425	1110	1315	71	3
1986	2597	960	1637	77	3
1987	2861	1210	1651	48	2
1988	2740	1292	1448	26	1
1989	2919	1232	1687	27	4
1990	2774	1001	1773	27	2
1991	2952	1061	1891	24	7
1992	3103	1143	1950	38	10
1993	3547	1604	1937	18	6
1994	4215	1861	2345	30	5
1995	4511	2201	2295	21	11
1996	4011	2309	1691	23	8
1997	3903	2185	1728	21	7

Criminal Documents

	Totals	Warrants	Commitment	Summons	Subpoena *
1985	3749	2839	102	412	396
1986	4142	2823	126	554	639
1987	4003	2451	156	792	604
1988	4739	3107	147	679	806
1989	4974	3109	177	896	792
1990	4833	3167	156	634	876
1991	5330	3501	181	662	988
1992	5601	3786	169	575	1071
1993	6614	4520	154	859	1081
1994	8197	5647	171	1158	1221
1995	9042	5901	235	1629	1277
1996	9062	5108	228	1822	1904
1997	8329	5183	194	1820	1132

\* Does not include plaintiff's subpoenas



Total Case Filings

	Total	LA	Prob/Juv	Clerk
1978	30,231	22,156	2,480	5,595
1979	31,746	23,260	2,528	5,958
1980	31,461	22,829	2,278	6,354
1981	30,376	21,909	2,153	6,314
1982	32,383	23,831	2,270	6,282
1983	28,336	20,791	2,071	5,484
1984	25,448	17,613	2,102	5,733
1985	26,053	17,094	2,346	6,613
1986	26,789	17,434	2,659	6,696
1987	28,205	17,388	3,489	7,328
1988	27,995	17,903	2,934	7,158
1989	31,944	21,372	2,848	7,774
1990	36,054	25,147	2,951	7,956
1991	36,444	25,724	2,331	7,889
1992	35,058	23,972	2,786	8,300
1993	38,378	26,389	2,816	9,173

Civil Caseload

	CV	LA	U	SC	SP
1978	1425	4370	481	650	
1979	1586	5469	449	891	6
1980	1538	5369	572	945	3
1981	1638	5286	541	975	3
1982	1578	5323	440	955	5
1983	1499	4419	449	862	2
1984	1617	4739	553	872	3
1985	1860	6499	632	896	10
1986	1911	5928	509	941	16
1987	2248	6219	466	1091	6
1988	2130	7179	332	1047	15
1989	2273	9685	673	1059	8
1990	2427	11758	638	1134	3
1991	1872	11851	501	1031	6
1992	1644	11541	974	957	12
1993	1542	14500	1224	820	8



### Criminal Caseload

	Crim	Fel	Misd	Mc	Inq
1978	1893			79	0
1979	2010			112	6
1980	2352			154	2
1981	2436			90	2
1982	2610			52	3
1983	2067			50	7
1984	1916	999	917	32	4
1985	2425	1110	1315	71	3
1986	2597	960	1637	77	3
1987	2861	1210	1651	48	2
1988	2740	1292	1448	26	1
1989	2919	1232	1687	27	4
1990	2774	1001	1773	27	2
1991	2952	1061	1891	24	7
1992	3103	1143	1950	38	10
1993	3547	1604	1937	18	6

### Criminal Documents

	Totals	Wrnt	Commit	Summon	Subp*
1984	3323	2433	55	243	592
1985	3749	2839	102	412	396
1986	4142	2823	126	554	639
1987	4003	2451	156	792	604
1988	4739	3107	147	679	806
1989	4974	3109	177	896	792
1990	4833	3167	156	634	876
1991	5330	3501	181	662	986
1992	5601	3786	169	575	1071
1993	6614	4520	154	859	1081

\* Does not include plaintiff's subpoenas.

20-44

- 02/26/98 Senate—COW: CR recommending sub. bill be adptd; be am.; Sub. be passed as am.—SJ 1033
- 02/27/98 Senate—FA: Passed as am.; Yeas 37 Nays 2—SJ 1040
- 03/03/98 House—Received and introduced—HJ 1392
- 03/04/98 House—Referred to Business, Commerce and Labor—HJ 1394
- 03/16/98 House—CR: A substitute be passed as am. by Business, Commerce and Labor—HJ 1497
- 03/20/98 House—COW: CR be adptd; be further am.; be passed as am.—HJ 1543
- 03/23/98 House—FA: Passed as am.; Yeas 119 Nays 2—HJ 1553
- 03/24/98 Senate—Nonconcurrent; CC requested; apptd Salisbury, Ranson, Barone—SJ 1205
- 03/25/98 House—Acceded; apptd Lane, Geringer, Pauls—HJ 1588
- 05/01/98 House—Not subject to limitations of joint rule 4(k)—HJ 2113; Adptd CCR; Yeas 118 Nays 4—HJ 2113
- 05/01/98 Senate—Not subject to limitations of joint rule 4(k)—SJ 1691; Adptd CCR on senate bill; Yeas 40 Nays 0—SJ 1700
- 05/05/98 Senate—Enrolled and presented to gov.—SJ 1888
- 05/13/98 —Approved by gov.—SJ 1888
- S 0574** Bill by Financial Institutions & Insurance  
**Sub for S 574 by Committee on Financial Institutions and Insurance — Banks and trust companies; powers of bank commissioner.** Effective date: Statute Bk.
- 02/03/98 Senate—Introduced—SJ 898
- 02/04/98 Senate—Referred to Financial Institutions & Insurance—SJ 916
- 02/18/98 Senate—Withdrawn from Financial Institutions & Insurance—SJ 992; Referred to Ways and Means—SJ 992
- 02/20/98 Senate—Withdrawn from Ways and Means—SJ 1001; Rereferred to Financial Institutions & Insurance—SJ 1001
- 03/17/98 Senate—CR: A substitute be passed by Financial Institutions & Insurance—SJ 1145
- 03/19/98 Senate—COW: CR recommending sub. bill be adptd; Sub. be passed—SJ 1179; EFA: Passed; Yeas 32 Nays 7—SJ 1183
- 03/20/98 House—Received and introduced—HJ 1543
- 03/23/98 House—Referred to Financial Institutions—HJ 1550
- 05/26/98 Senate—Died in House committee
- S 0575** Bill by Financial Institutions & Insurance  
**Accident and sickness insurance policies, terms and provisions.** Effective date: Statute Bk.
- 02/03/98 Senate—Introduced—SJ 898
- 02/04/98 Senate—Referred to Financial Institutions & Insurance—SJ 916
- 05/26/98 Senate—Died in committee
- S 0576** Bill by Education  
**School districts, inservice education funds, allowable expenses.** Effective date: Statute Bk.
- 02/03/98 Senate—Introduced—SJ 898
- 02/04/98 Senate—Referred to Education—SJ 916
- 05/26/98 Senate—Died in committee
- S 0577** Bill by Judiciary  
**Additional district magistrate judge positions of district courts.** Effective date: Statute Bk.
- 02/03/98 Senate—Introduced—SJ 898
- 02/04/98 Senate—Referred to Judiciary—SJ 916
- 02/23/98 Senate—CR: Be passed by Judiciary—SJ 1007
- 02/26/98 Senate—COW: Be passed—SJ 1033
- 02/27/98 Senate—FA: Passed; Yeas 39 Nays 0—SJ 1041
- 03/03/98 House—Received and introduced—HJ 1392
- 03/04/98 House—Referred to Judiciary—HJ 1394
- 05/26/98 Senate—Died in House committee
- S 0578** Bill by Judiciary  
**Changing courtrooms to accessible courtroom without changing venue.** Effective date: Statute Bk.
- 02/03/98 Senate—Introduced—SJ 898

- 02/04/98 Senate—Refer
- 05/26/98 Senate—Died
- S 0579** Bill by Judiciary  
**Juror qualifications re Statute Bk.**
- 02/03/98 Senate—Intro
- 02/04/98 Senate—Refer
- 05/26/98 Senate—Died
- S 0580** Bill by Hensley  
**Consumer protection;** date: Statute Bk.
- 02/03/98 Senate—Intro
- 02/04/98 Senate—Refer
- 05/26/98 Senate—Died
- S 0581** Bill by Federal & State Aff:  
**Sale of liquor by the p**
- 02/03/98 Senate—Intro
- 02/04/98 Senate—Refer
- 03/18/98 Senate—CR: E
- 03/24/98 Senate—COW
- 03/25/98 Senate—FA: P
- 03/25/98 House—Recei
- 03/26/98 House—Refer
- 03/31/98 House—CR: E
- 05/03/98 House—Strick
- 05/26/98 Senate—Rejec
- S 0582** Bill by Judiciary  
**Covered offenses givi child and comp**
- 02/03/98 Senate—Intro
- 02/04/98 Senate—Refer
- 05/26/98 Senate—Died
- S 0583** Bill by Judiciary  
**Increasing penalty for under 16 years**
- 02/03/98 Senate—Intro
- 02/04/98 Senate—Refer
- 05/26/98 Senate—Died
- S 0584** Bill by Judiciary  
**Five-year statute of lin** Statute Bk.
- 02/03/98 Senate—Intro
- 02/04/98 Senate—Refer
- 05/26/98 Senate—Died
- S 0585** Bill by Steineger  
**Elections, blanket pri**
- 02/04/98 Senate—Intro
- 02/05/98 Senate—Refer
- 05/26/98 Senate—Died
- S 0586** Bill by Federal & State Aff  
**Microbrewery license;** tive date: Statute
- 02/04/98 Senate—Intro
- 02/05/98 Senate—Refer
- 03/25/98 Senate—CR: I
- 03/26/98 Senate—Deac
- S 0587** Bill by Judiciary  
**Parole board, member, hearings a**



**Information Relating To The Request of The Eighteenth Judicial District  
For Two Additional Judges**

From: Michael Corrigan, Chief Judge, Eighteenth Judicial District

The Eighteenth Judicial District, located in Sedgwick County, has twenty-six judges and carries the largest caseload of all judicial districts in Kansas.

Despite a continually increasing caseload, this district has added only two judges (in 1996 & 2001) in the past twenty years.

This District is a general jurisdiction trial court. In the criminal area we handle everything from traffic cases to capital murder cases. In the civil area, we handle everything from small collection cases to complex cases involving millions of dollars.

Because of the size of our district we have divided our court into five departments; Civil, Criminal, Family Law, Juvenile and Probate.

Over 74,000 cases were filed in this district in 2006. We have a support staff of 250 employees. We hear cases in three buildings. Sedgwick County has spent more than \$37,000,000 on court construction projects in the past several years.

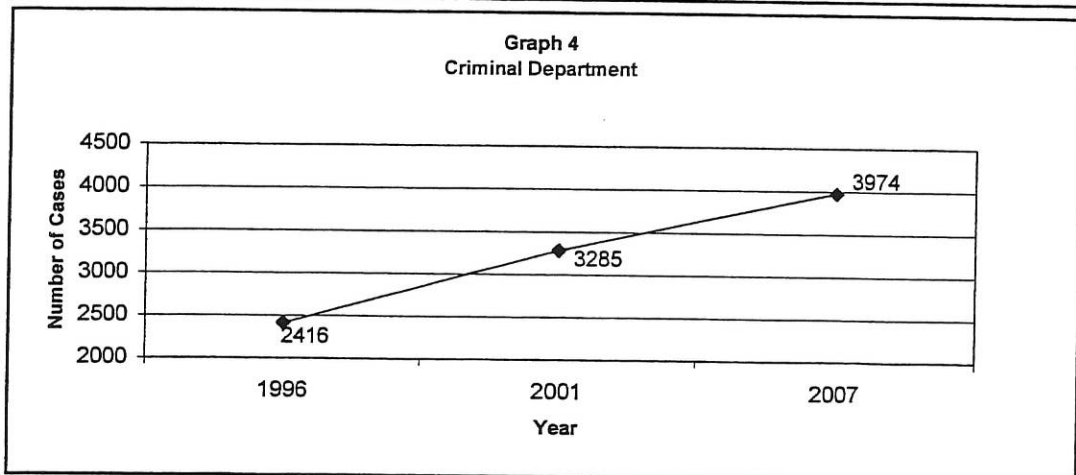
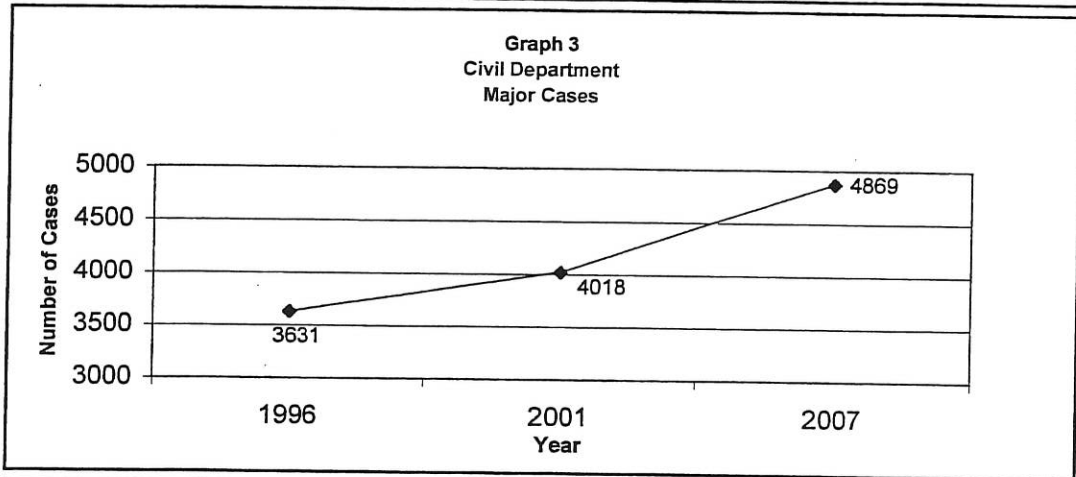
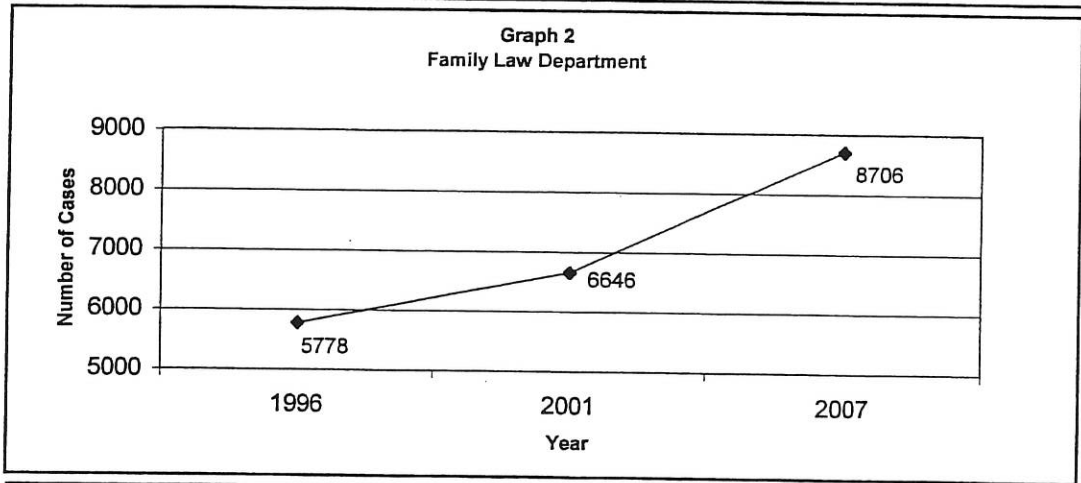
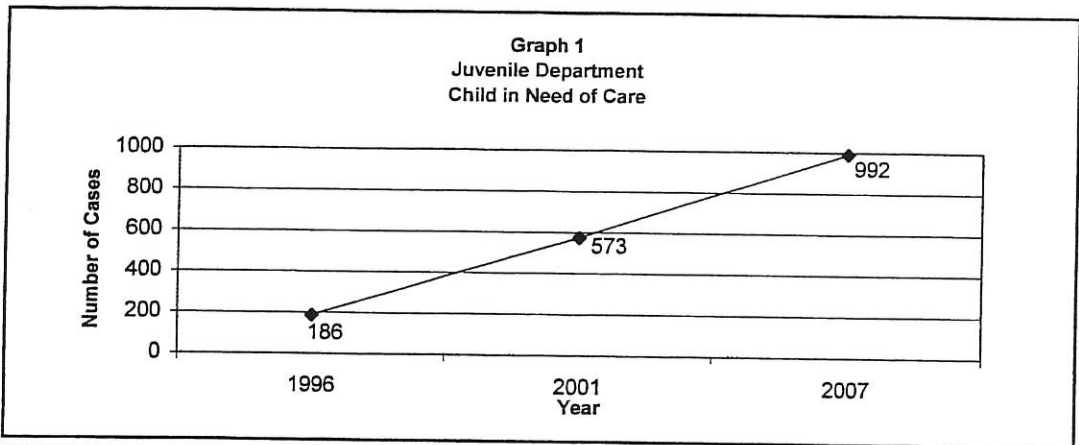
In order to handle an increasing caseload our court has become very efficient. In major civil and criminal cases together with family law cases we average a very high caseload of 621 cases per judge. (See graphs 2, 3 & 4)

Despite our efforts we are now highly challenged in two areas as set forth below.

1. Child In Need of Care section of our Juvenile Department (graph number one) shows the astounding increase in filings of 186 cases in 1996 to 992 in 2007. These are difficult, frustrating and emotional child abuse and neglect cases requiring multiple hearings. These cases require timely decisions. The primary question often is whether the child or children will be permanently removed from the family home and placed elsewhere. Time is often the enemy of children who are temporarily placed.

2. Family Law Department. Graph number 2 shows an increase in Family Law cases from 5,778 in 1996 to 8,706 in 2007. These are also difficult and emotional cases often requiring multiple hearings. The above figures do not show twenty thousand active cases held over from previous years with issues of child custody, child support and visitation.

18th Judicial District  
Calendar Year Case Filings





## REVISED SCOPE STATEMENT

### Judicial Districts in Kansas: Determining Whether Boundaries Could Be Redrawn To Increase Efficiency and Reduce Costs

During the 1970s, court unification significantly altered the structure of the Kansas Court System. At that time, a new Court of Appeals was added and the remaining courts, except the municipal courts, were consolidated into district courts. All of the courts were put under the management and jurisdiction of the Supreme Court. Under the unified system, the State provides funding for salary costs, and counties provide funding for other costs the courts incur.

A 1979 performance audit conducted of the court system shortly after it was unified found, among other things, that unification had little effect on the time it took to process cases, and that caseloads were not evenly distributed. It also found there were wide variations in cases per non-judicial employee and in the number of employees per judge.

A second audit, conducted in 1997, found that statutory constraints prevented the Supreme Court from permanently reallocating existing judgeships to equalize workloads, and because of that, the wide variance in judicial caseloads had changed little since unification. The audit found that judges in some districts had caseloads of less than 400 cases, while judges in other districts had caseloads as high as 2,300 cases.

Currently, Kansas has 31 judicial districts, compared to only eight districts in Utah—a state with a nearly identical population and number of square miles. The state of Iowa, although somewhat smaller in land area, also has only eight judicial districts. Kansas has seven single-county districts that are primarily urban: Johnson, Wyandotte, Douglas, Shawnee, Cowley, Sedgwick and Reno. The remaining 24 districts are multi-county districts.

Recently, legislators have raised questions about whether the boundaries of judicial districts in the State should be redrawn to potentially reduce costs and even-out caseload discrepancies.

A performance audit of this topic would answer the following question.

- 1. What savings could be achieved by re-drawing judicial districts in Kansas to better align resources with caseloads?** To answer this question, we would talk to officials in the Judicial Branch to determine what factors have resulted in boundaries being drawn the way they are, and what factors may need to be considered if boundaries were changed. We would review previous redistricting studies that have been conducted by the Judicial Council to determine issues they identified and what methodologies they used. We would look at the number and size of judicial districts in a sample of other states, and review the literature to determine whether any states recently have redrawn boundaries or reduced the number of judicial districts. We would contact officials from any states that may have changed boundaries to identify any problems they encountered and to find out what benefits or cost savings they might have achieved. We would review available information about the number of judges, non-judicial employees, and the number of cases handled in each Kansas judicial district. Using that information, we would determine where disparities in caseloads exist, and we would look for ways to reconfigure the districts to better match caseloads and resources. We would consider information about travel times and distances when looking at possible district configurations. We would likely come up with one or more scenarios for how the districts could be reconfigured and estimate cost savings that might be achieved by each scenario. In addition, we would look at what the State and the counties are contributing to funding the court system, and the potential implications for changing that system. We would conduct other work as needed.

**Estimated time to complete:** 15-18 weeks



State of Kansas  
**Office of Judicial Administration**  
Kansas Judicial Center  
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(785) 296-2256

## **House Appropriations Committee**

Tuesday, November 24, 2009

Testimony Regarding One Judge per County

Kathy Porter

The Legislature has addressed whether one judge should be located in each county numerous times through the years. Attachment 1 provides a summary of the seven bills introduced since 2000. Copies were compiled and made available to staff.

In past years, legislative discussions have not included much background information regarding district magistrate judges and district court judges, where these judicial positions are located, and other facts. This testimony is intended to provide you this background.

**What Does the Phrase, “One Judge per County” Mean?** “One judge per county” paraphrases the statutory requirement in K.S.A. 20-301b, which provides: “[i]n each county of this state there shall be at least one judge of the district court who is a resident of and has the judge’s principal office in that county.”

The term, “judge of the district court” includes both district judges and district magistrate judges. The qualifications and jurisdiction of both types of judges are discussed in more detail below. Other statutory provisions also are relevant. K.S.A. 20-338 establishes the counties in which many, but not all, current district magistrate judges must be located. K.S.A. 4-202 *et seq.* sets forth the counties comprising the 31 current judicial districts, and specifies the counties in which many of the current district judge positions are to be located.

Past discussions and past legislative proposals focused on the Supreme Court’s authority to either abolish or relocate district magistrate judge positions. However, many other considerations also have been discussed. A potential concern is that public safety might be impacted in the absence of a resident judge in each county because of potential delays in the review of applications for warrants or restraining orders, and in the conducting of criminal first appearances.

Also relevant is the fact that, in recent years, many changes in technology have significantly advanced the ability to communicate and transmit images and documents over



distances. To the extent possible under current funding levels, the Judicial Branch has made use of those technological advancements. There is great interest in increasing the use of technology, where appropriate, including electronic case filing, or e-filing. E-filing is viewed as crucial to future court operation for many reasons, including the fact that it is a way to address growing caseloads and demands for information in a cost-effective manner, provides convenience and efficiency for practitioners and the public, and alleviates the need to store paper documents and files.

However, funding issues make a uniform, statewide approach to technology use difficult. While the state funds district court personnel costs, funding district court operations, including technology, is a county obligation as provided in K.S.A. 20-348. If the one judge per county issue as it has been discussed in the past were to be enacted, funding for technological efficiencies needs to be provided.

**Qualifications of District Judges and District Magistrate Judges:** K.S.A. 20-334 sets the qualifications of both district judges and district magistrate judges. District judges shall:

- Be regularly admitted to practice law in Kansas;
- be a resident of the **judicial district** for which elected or appointed to serve at the time of taking the oath of office and shall maintain residency in the judicial district while holding office; and
- For a period of at least five years, have engaged in the active practice of law as a lawyer, judge of a court of record or any court in this state, full-time teacher of law in an accredited law school, or any combination thereof.

District magistrate judges shall:

- Be a graduate of a high school or secondary school or the equivalent thereof;
- be a resident of the **county** for which elected or appointed to serve at the time of taking the oath of office and shall maintain residency in the county while holding office; and
- if not regularly admitted to practice law in Kansas, be certified by the Supreme Court, in the manner prescribed by K.S.A. 20-337 and amendments thereto, as qualified to serve as a district magistrate judge.

Please note that, although the statute specifies that district magistrate judges must reside in the county from which they are elected or appointed, they can and do travel to other counties within the district to hear cases at the chief judge's direction. District magistrate judges may also be assigned to hear cases in other judicial districts.

All judges must meet continuing judicial education requirements to ensure they remain informed about developments in state and federal laws and maintain and increase their professional competence.

**Jurisdiction of District Judges and District Magistrate Judges:** K.S.A. 20-302b sets the jurisdiction of district magistrate judges. They have concurrent jurisdiction with district judges, with some exceptions.

A district magistrate judge does not have jurisdiction over the following actions: Any Chapter 60 (general civil) action involving more than \$10,000 (except that a district magistrate judge may hear a contract action involving an unsecured debt); actions against state officers for misconduct in office; actions involving real estate (other than those filed as limited cases or under the probate code); and actions for divorce, separate maintenance, or child custody. The statute also provides that a district magistrate judge does not have jurisdiction over petitions for habeas corpus, receiverships, change of name, declaratory judgments, mandamus and quo warranto, injunctions, class actions, rights of majority, and commitment of sexually violent predators.

Despite the limitations in statutory jurisdiction, K.S.A. 20-3026 provides that, in the absence, disability, or disqualification of a district judge, a district magistrate judge may grant a restraining order, appoint a receiver, and make temporary orders in a domestic case. The statute also provides for appeal to a district judge of rulings of a district magistrate judge and reassignment by the chief judge of actions from a district magistrate judge to a district judge upon motion of a party. Reassignment is mandatory upon request in child in need of care cases where termination of parental rights is sought, but otherwise is discretionary with the chief judge. K.S.A. 20-3026 also specifically notes some of the cases that district magistrate judges may hear, including traffic, cigarette and tobacco, and misdemeanor cases. A district magistrate judge may conduct the preliminary examination of felony charges and hear felony arraignments as assigned by the chief judge. A district magistrate judge may hear child in need of care cases and juvenile offender cases; may establish, modify, or enforce orders of support; and may enforce orders granting visitation rights or parenting time.

**Why Do Some Counties Have District Judges, Some Have District Magistrate Judges, and Some Have Both?** Some history regarding the court system and its judges may be helpful. Prior to court unification in the late 1970's, all district court operations were funded by the counties, with the exception of district judge and court reporter positions, which were funded by the state. Local districts were free to establish and fund county judge positions. The decision as to the type of judge needed was made on a local basis and could be funded on a local basis. With court unification, the state assumed the cost of all district court salaries, including those of previously locally-funded county judges, and the Supreme Court became involved in the process of determining the need for new judge positions. At the same time, approving funding for all new judge positions became the Legislature's responsibility. The judicial positions currently in the Judicial Branch are those present at the time of court unification, plus those positions specifically added by the Legislature since unification. Prior to 1998, there was no statutory provision allowing the addition of district magistrate judge positions. In 1998, K.S.A. 20-355



was amended to provide that the Supreme Court shall examine the need for district magistrate judge positions, as well as the need for divisions of the district court.

**What is the Current Number of District Judges and District Magistrate Judges, and Where Are They Located?** There are currently 79 district magistrate judges. The map included as Attachment 2 shows the current location of all district magistrate judges, and specifies whether the judge is an attorney. The map also shows the locations of the 167 district judges.

Of the 79 district magistrate judge positions, ten were added by the Legislature since 2000 in response to caseload demands. Five district magistrate judge positions were added in 2000: three district magistrate judge positions for the 10<sup>th</sup> Judicial District (Johnson County) and two district magistrate judge positions for the 25<sup>th</sup> Judicial District (in Finney County). In 2005, three district magistrate judge positions were added, with one district magistrate judge position each provided for the 27<sup>th</sup> Judicial District (Reno County), the 9<sup>th</sup> Judicial District (in McPherson County), and the 8<sup>th</sup> Judicial District (in Geary County). In 2006, an additional district magistrate judge position was added for the 10<sup>th</sup> Judicial District (Johnson County), and in 2008 a district magistrate judge position was added for the 21<sup>st</sup> Judicial District (in Riley County).

**What Level of Funding Is Required to Support the District Magistrate Judge and District Judge Positions?** Funding has been central to past discussions of the one judge per county issue. The following table provides information on the funding needed for the 79 district magistrate judge positions and 167 district judge positions, including chief judges.

**FY 2010 Cost of District Magistrate Judge Positions\***

Number of District Magistrate Judges		Salary	Benefits	Total
1	District Magistrate Judge	\$61,746	\$25,657	\$87,403
Total 79	District Magistrate Judges	\$4,877,934	\$2,026,903	\$6,904,837

**FY 2010 Cost of District Judge Positions\***

Number of District Judges		Salary	Benefits	Total
1	District Judge	\$120,037	\$42,112	\$162,149
136	District Judges	\$16,325,032	\$5,727,313	\$22,052,345
31	Chief Judges	\$3,758,874	\$1,314,333	\$5,073,207
Total 167	District and Chief Judges	\$20,083,906	\$7,041,646	\$27,125,552

\*Please note that rounding is reflected in some totals.

*Travel Costs.* It is important to note that any savings generated by eliminating the requirement for a judge in each county would be offset, to some degree, by additional Judicial

Branch travel expenditures, depending upon the legislation that might be enacted. For example, if venue in the county is required, rather than in the judicial district, as discussed in more detail below, judges would need to travel from county to county to hear cases in those counties that would not have resident judges.

**How Has the One Judge per County Issue Been Addressed in Past Legislation?**

Some proposed legislation would simply have repealed the one judge per county statute, K.S.A. 20-301b. Other proposed bills included more detail, but were silent regarding many other issues that would arise, such as venue, terms of office, elections, county financial responsibilities, and jury selection, all of which are discussed below. While 2003 HB 2307 and its substitute version did address some of those issues, additional information or discussion might be helpful.

Some past legislative approaches expressly left a great deal of discretion with the Supreme Court, which is consistent with the Kansas Constitution's placement of Judicial Branch administrative responsibility. However, even if it were expected that the Supreme Court would exercise its discretion in some areas, certain other statutory provisions could pose obstacles. For that reason, these issues should be included in any discussion of the one judge per county issue.

**Venue.** If the one judge per county requirement were repealed, should cases continue to be heard in the county in which they are filed, which would sometimes require judges to travel from one county to another, or should venue be anywhere in the judicial district, with the majority of cases being heard in the county in which the judge resides or the county that is the district's population center? 2003 HB 2307 and its substitute version addressed venue by providing that venue would be district-wide. With district-wide venue, the litigants, rather than the judge, would bear the travel burden. Although this would create efficiencies for the district courts, it would mean that the public, law enforcement officers, state agency personnel, and others would have to travel to other counties for hearings, dockets, motions, trials, and other proceedings, including those of an emergency nature, when necessary. Litigants would include petitioners for protection from abuse or protection from stalking orders, parties in child in need of care cases, and criminal defendants for whom the counties would bear the cost of transportation. Limited actions cases, the majority of which are debt collection cases filed by businesses, comprise the second-highest volume category of cases heard in the Kansas court system, and those businesses and cases would be impacted by any change in the current venue requirements.

If venue remained in the county, a judge might need to be present in each county several days per week, even in counties with smaller caseloads, to meet some time-sensitive requirements of federal and state law, as well as potential public and individual safety concerns. Requiring judges to travel imposes inefficiencies in the use of judges' time and additional costs for Judicial Branch travel expenditures.

**Terms of Office.** Whether by direct or retention election, judges of the district court are elected officials who serve four-year terms pursuant to K.S.A. 20-327. Given that, if the one



judge per county requirement were repealed, could a judicial position be abolished or relocated to another county at any time, or must the judge be allowed to serve out the term? In other words, can the term of office of an elected official be shortened by eliminating or relocating that office? Should abolishing or relocating a judicial position be delayed until there is a vacancy in the office?

2003 HB 2307 addressed these questions to some extent by providing that the Supreme Court must designate any district magistrate judge positions to be abolished no later than one year prior to the end of the term for which the current district magistrate judge is serving. (Please note that perhaps this should be amended to refer to any district magistrate judge position to be abolished *or relocated*.) No previously proposed legislation allowed an individual district magistrate judge whose position was relocated to another county to transfer to that county and retain his or her office as a district magistrate judge. That district magistrate judge would have to be selected or elected in the new county to which the judicial position is relocated or in another county if that judge wished to remain a judge.

The terms of office of current district magistrate judges are shown on the map provided as Attachment 3. A total of 18 of the 79 district magistrate judges are currently serving terms that end in January 2011, and the remaining 61 district magistrate judges are currently serving terms that end in January 2013. Of the 167 district judges, 69 are currently serving terms ending in January 2011, and 98 have terms ending in January 2013.

**Elections.** Currently, those district magistrate judges who are elected run for office in the county in which they serve. If a district magistrate judge were to serve several or all counties within a judicial district, should that district magistrate judge be elected by voters in all of the counties in which the district magistrate judge serves? District magistrate judges have argued that running for election on a district-wide basis, particularly in districts in which one county has a significantly greater population than the other counties, places the district magistrate judges from the less populous counties at a distinct disadvantage. Viewed from another perspective, would the voters in a county from which district magistrate judge positions have been abolished be prohibited from voting for the district magistrate judge or judges who hear cases in their county?

**County Financial Obligations.** 2003 HB 2307 included a provision stating that counties for which district magistrate judges were abolished remain responsible for all expenses incurred as that county's share of district court operations within the judicial district, as determined by the chief judge. Either this provision or some other provision may be important so that one county would not be forced to assume expenses formerly assumed by another county.

**Jury Selection.** 2003 HB 2307 provided that venue would be based in the district, rather than in the county, and that jurors would be drawn from the district, rather than the county. If venue is district-wide, it is presumed that one county should not bear an expense previously

assumed by another county, and residents of all counties should share the obligation of jury service.

**Conclusion and Supreme Court Recommendation.** Please note this information is not intended to be an exhaustive analysis. Additional legal issues will emerge, and there are other local concerns and practical considerations to be taken into account. The overriding issue is how to best meet the needs of Kansas citizens for an effective judicial system.

Because of the magnitude of the issues involved, a more comprehensive, detailed review and analysis, perhaps by an independent, "blue-ribbon" type study commission, could be beneficial. This commission should include representatives from all three branches of government, practitioners, the public, nonjudicial personnel, representatives of the business community, and others. Geographic diversity should be considered in making appointments. Funding for travel and other costs would be needed.

There are several potentially instructive precedents for this type of commission. Attachment 4 provides information about some of those precedents.



**Legislation Introduced on the One Judge per County Issue, as Required by K.S.A. 20-301b**

**K.S.A. 20-301b. Judge required in each county.** In each county of this state there shall be at least one judge of the district court who is a resident of and has the judge's principal office in that county. **History:** L. 1983, ch. 105, § 12; L. 1984, ch. 111, § 1; July 1.

Bill and Introduced By	Content	Results
2000 HB 3008 - Introduced by the House Appropriations Committee	Repealed K.S.A. 20-301b	Had a hearing and died in the Appropriations Committee.
2000 SB 618 - Introduced by Sen. Salisbury in the Senate Ways and Means Committee	The major provisions of 2000 SB 618 include: The Kansas Supreme Court shall allocate all judicial resources as the court determines necessary and appropriate. The Court shall assign the number of district judge positions and district magistrate judges as currently provided by law to each judicial district as the court determines necessary. The Court shall determine where each district judge's and district magistrate judge's office is to be located and shall assign the county in which such judge shall serve and hear cases.	Died in the Senate Ways and Means Committee – no hearing.
2002 HB 2755 - Introduced by Reps. Sloan and Findley in the House Appropriations Committee	<p>The major provisions of 2002 HB 2755 that include the one judge per county issue are: The Kansas Supreme Court shall allocate all judicial resources as the court determines necessary and appropriate. The Court shall assign the number of district judge positions and district magistrate judges as currently provided by law to each judicial district as the court determines necessary. The Court shall determine where each district judge's and district magistrate judge's office is to be located and shall assign the county in which such judge shall serve and hear cases.</p> <p>The bill also established the Judicial Caseload Management Fee Fund, funded by assessments on attorneys (\$100 from attorneys licensed less than three years, \$250 from attorneys licensed more than three but less than six years, and \$600 from attorneys licensed more than six years) to fund district court nonjudicial personnel.</p> <p>The bill also included a provision to allow the Chief Justice to increase docket fees as necessary to fund the Judicial Branch.</p>	Died in the House Appropriations Committee – no hearing.
2003 HB 2307 - Introduced by the House Judiciary Committee.	The major provisions of 2003 HB 2307 include: The elimination or reassignment of district magistrate judge (DMJ) positions upon a vacancy; venue and jurisdiction; terms of office; and county financial responsibilities.	Had a hearing in the House Judiciary Committee, with 2003 Substitute for HB 2307 resulting as

	<p><b>Venue</b> for cases pursuant to the statutes amended by 2003 HB 2307 shall be in the applicable judicial district. Under the bill, the word “county” is stricken and replaced with “judicial district.”</p> <p>Section 9 amends K.S.A. 20-331 to strike the language concerning judge of the <b>district court residency requirements</b>.</p> <p>Section 10 amends K.S.A. 20-333 (Abolishment of office of judge upon death, resignation or retirement in certain cases) to add “district magistrate judge” to the statute.</p> <p>Under Section 11, each DMJ shall be elected by the electors of the judicial district where the judge’s position is located.</p> <p>Section 12 states: The terms of office of DMJs determined to be unnecessary or reassigned for district magistrate judges holding office in January of the year following the determination shall expire on the last day of the term for which the district magistrate judge is currently holding office. The Supreme Court must designate any district magistrate positions to be abolished no later than one year prior to the end of the term for which the current district magistrate judge is serving.</p> <p>In counties where district magistrate judge positions are eliminated or from which district magistrate judge positions are reassigned, the county commission may elect to retain the position and pay the salary of the current district magistrate judge. Counties may elect to pay the salary of the successor district magistrate judges in accordance with the provisions of K.S.A. 20-310a (judges pro tem; power and authority; compensation; reports).</p> <p>Section 38 amends the <b>jury selection</b> process to permit a district-wide selection of jurors.</p> <p>Section 75 amends K.S.A. 20-329 to permit the chief judge to assign cases filed in the district courts to any county within the judicial district.</p> <p>Under Section 76, counties from which district magistrate judge positions have been eliminated pursuant to K.S.A. 20-333 (abolishment of office of judge upon death, resignation, or retirement in certain cases) or 20-354 (procedure for the elimination of certain district magistrate judge positions) shall remain responsible for all expenses incurred as that county’s share of the operations of the district court within the judicial district, as determined by the chief judge of the judicial district.</p>	<p>the committee’s work product.</p>
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<p>2003 Substitute for HB 2307 - This bill was recommended following the House Judiciary Committee hearing on 2003 HB 2307.</p>	<p>The major provisions of Substitute for HB 2307 include: Abolishing or reassigning district magistrate judge (DMJ) positions and district judge positions; terms of office for those district magistrate judges who are eliminated; and county financial responsibilities.</p> <p>Under Section 3, <b>election laws</b> applicable to district court judges shall govern the election of district magistrate judges (DMJs). Each DMJ shall be elected by the electors of the county or counties where the judge's position is located and assigned by the chief judge of the judicial district.</p> <p>Under Section 4, notwithstanding the provisions of K.S.A. 20-301b or 20-338 (district magistrate judge positions established), the Supreme Court may determine that the continuation of a DMJ position is unnecessary because the yearly average caseload of the DMJ is less than 600 cases and the judges in the judicial district are able to assume the workload of the county. The yearly average caseload shall not include traffic infractions or violations, but shall include CINC cases and cases pursuant to the Kansas Juvenile Justice Code and the Probate Code.</p> <p>Section 4 also provides that the <b>terms of office</b> for DMJs determined to be unnecessary and reassigned for DMJs holding office in January of the year following the determination shall expire on the last day of the term for which the DMJ is currently holding office.</p> <p>The Supreme Court shall designate any DMJ positions to be abolished no later than one year prior to the end of the term for which the current DMJ is serving. In counties where DMJ positions are eliminated, the chief judge is responsible for assigning a DMJ from another county to hear cases. If a DMJ is assigned to more than one county in a judicial district in which the proposition of nonpartisan selection of district court judges has been approved, the DMJ shall be subject to retention. If a DMJ is assigned to more than one county in a judicial district in which the proposition of nonpartisan selection of district court judges has not been approved, the DMJ shall be elected at the next general election held in November.</p> <p>Section 4 is further amended to permit counties where district magistrate judges are eliminated or reassigned to retain the position and pay the salary of the current DMJ. Counties may elect to pay the salary of the successor district magistrate judge in accordance with K.S.A. 20-310a.</p>	<p>Substitute for HB 2307 was passed by the House Judiciary Committee. Substitute for HB 2307 was considered by the House Committee of the Whole, but failed to pass on a vote of 61-62. A motion to reconsider Substitute for HB 2307 was withdrawn and the bill was killed on final action.</p>
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	<p>Section 6 would require counties where DMJ positions are eliminated to remain responsible for all expenses incurred for that county's share of the operations of the district court.</p> <p>Under Section 7, notwithstanding any other law to the contrary, if the Supreme Court determines that, in order to effectively expedite the business of the district court in any judicial district, the district judge position should be eliminated and that an additional position or positions of district magistrate judge should be created, the Supreme Court shall certify to the Secretary of State the elimination of the district judge position and the creation of the additional position or positions of district magistrate judge. If the position or positions are to be created in a judicial district in which the proposition of nonpartisan selection of district court judges has been approved, certification also shall be made to the chairperson of the district judicial nominating commission of the judicial district. When the certification has been made, the position or division shall be deemed created and the judgeship shall be deemed vacant, to be filled in the manner provided by law for filling vacancies in judgeships in the judicial district. If the position or positions are to be created in a judicial district in which the proposition of nonpartisan selection of district court judges has not been approved, the district magistrate judge shall be selected at the next general election held in November.</p>	
<p>2003 HB 2446 - Introduced by the House Appropriations Committee and referred to the House Judiciary Committee.</p>	<p>The major provisions of 2003 HB 2446 are the same as those found in 2003 Substitute for HB 2307.</p>	<p>Died in the House Judiciary Committee – no hearing.</p>
<p>2004 HB 2495 - Introduced by the Special Committee on Judiciary in the House Judiciary Committee.</p>	<p>The major provisions of 2004 HB 2495 include eliminating the requirement of one judge per county and permitting the Supreme Court to reassign judges based on caseload. Under Section 13, in each county there shall be at least one district court judge who is assigned to that county by the Chief Justice. The language stating that the judge be a resident of and have their principal office in such county was stricken. Section 13 <b>also provides that such judge may be assigned to one or more counties or be appointed to a full-time or part-time position as determined by the Chief Justice.</b></p> <p>Section 18 amends K.S.A. 20-354 to give the Supreme Court the ability to eliminate or reassign district magistrate judge positions if the magistrate's yearly caseload is less than 600 cases and</p>	<p>Had a hearing and died in the House Judiciary Committee.</p>





depending on the ability of the remaining judges of the judicial district to assume the entire workload of the county. The yearly average caseload shall not include traffic infractions or violations, but shall include cases filed pursuant to the CINC code, Juvenile Justice Code, and Probate Code.

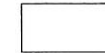
If a district magistrate judge position were eliminated, the chief judge of the judicial district shall assign a magistrate from another county in the district to be the district magistrate judge for both counties. The elimination or reassignment of district magistrate judges would occur at the end of terms, with notice being given the prior year, or upon a vacancy in the office. Counties from which district magistrate judge positions are eliminated would remain responsible for all expenses incurred for that county's share of the operations of the district court within the judicial district.

If a district magistrate judge is assigned to more than one county in a judicial district in which the proposition of nonpartisan selection of district court judges has been approved, the district magistrate judge shall have been subject to retention by the electors of the counties to which such district magistrate judge has been assigned. If a district magistrate judge is assigned to more than one county in a judicial district in which the proposition of nonpartisan selection of district court judges has not been approved, the district magistrate judge shall be elected at the next general election held in November by the electors of the counties to which such district magistrate judge has been assigned.

In counties where district magistrate judge positions are eliminated or from which district magistrate judge positions are reassigned, the county commission may elect to retain the position and pay the salary of the current district magistrate judge. Counties may elect to pay the salary of the successor district magistrate judges in accordance with the provisions of K.S.A. 20-310a.

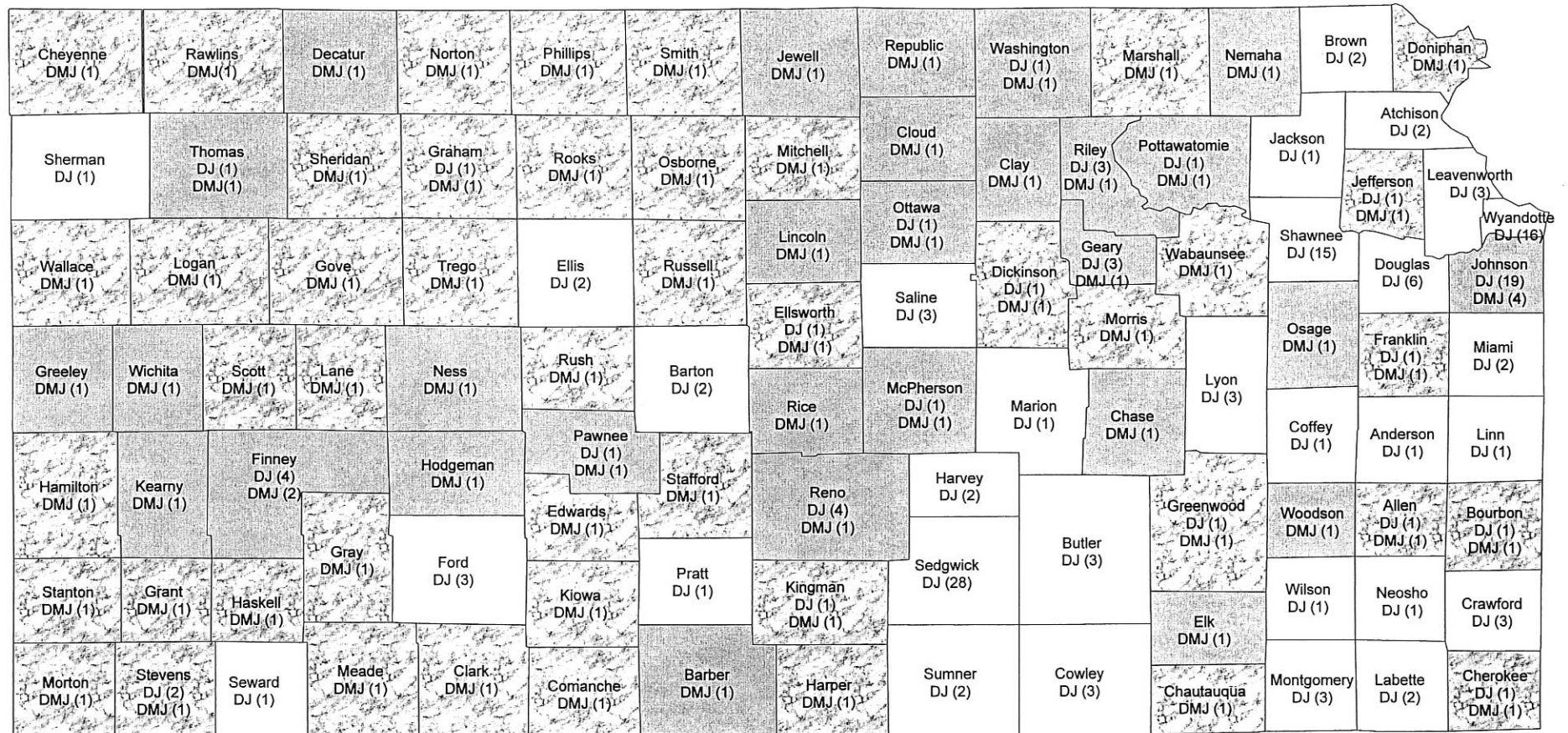
-  = non-attorney DMJ  
- 46 counties  
- 46 DMJs
-  = attorney DMJ  
- 28 counties  
- 33 DMJs

79 = Total District Magistrate Judges (DMJ)  
167=Total District Judges (DJ)

-  = no DMJ  
- 31 counties


# Kansas


## Judges of the District Court





22-14

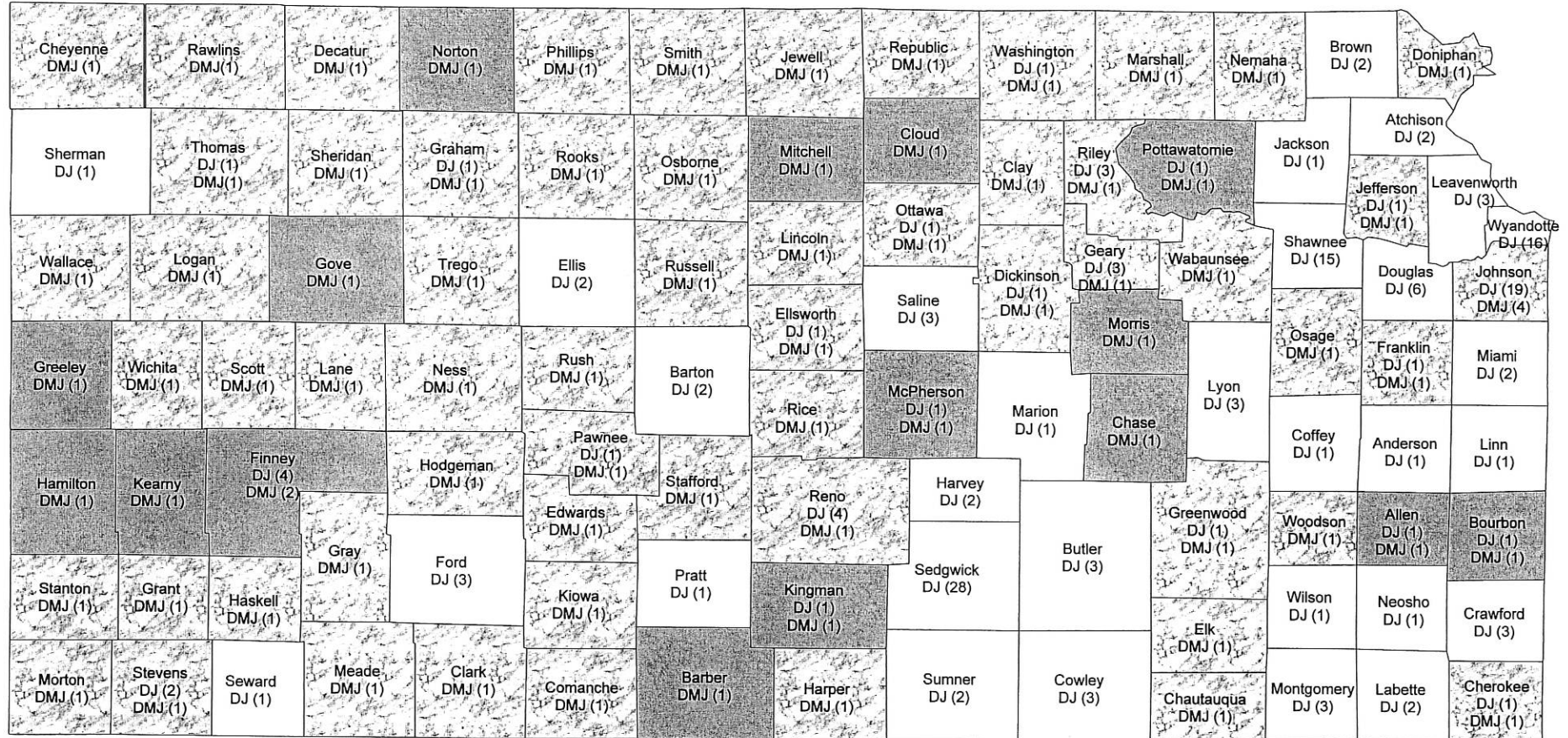
 = 2011  
- 18 DMJs

 = 2013  
- 61 DMJs

# Kansas

 = no DMJ (31 counties)

## District Magistrate Judge Term Expiration\*



\*District Judges' term expiration dates would also be split between 2011 and 2013. While the terms of 167 district judges are more difficult to illustrate in this manner, those term expiration dates are shown in the list included as attachment 3A.

\*Johnson County - 3 DMJ terms expire in 2013 and 1 DMJ term expires in 2011

\*Osage County - District magistrate judge leaves office in 2012 pursuant to K.S.A. 20-2608.

## District Judge Term Expiration

Judicial District	County	Number of District Judges with Terms that Expire in January 2011	Number of District Judges with Terms that Expire in January 2013
1	Leavenworth	2	2
1	Atchison	1	1
2	Jackson		1
2	Jefferson		1
2	Pottawatomie	1	
3	Shawnee	4	11
4	Anderson		1
4	Coffey	1	
4	Franklin		1
5	Lyon	1	2
6	Bourbon		1
6	Linn	1	
6	Miami	1	1
7	Douglas	4	2
8	Dickinson	1	
8	Geary	2	1
8	Marion		1
9	Harvey	1	1
9	McPherson		1
10	Johnson	8	11
11	Crawford		3
11	Cherokee	1	
11	Labette	1	1
12	Washington		1
13	Butler	1	2
13	Greenwood	1	
14	Montgomery	2	1
15	Sherman		1
15	Thomas		1
16	Ford	1	2
17	Graham		1
18	Sedgwick	8	20
19	Cowley	1	2
20	Barton		2
20	Ellsworth	1	
21	Riley	2	1
22	Brown	1	1
23	Ellis		2
24	Pawnee	1	
25	Finney	2	2



**District Judge Term Expiration**

Judicial District	County	Number of District Judges with Terms that Expire in January 2011	Number of District Judges with Terms that Expire in January 2013
26	Seward		1
26	Stevens	2	
27	Reno	2	2
28	Saline	3	1
29	Wyandotte	8	8
30	Pratt		1
30	Kingman	1	1
30	Sumner	1	
31	Allen		1
31	Neosho		1
31	Wilson	1	
Totals		69	98

**Previous Studies of Judicial Branch Resources and Structure**

**Judicial Study Advisory Committee**

In 1973, prior to court unification, Senate Joint Resolution No. 2 authorized the Judicial Study Advisory Committee (JSAC). The committee was charged with studying (1) unification and restructuring of the courts; (2) administrative supervision of the courts; (3) selection, tenure, and compensation and retirement of judges and court personnel; (4) appellate review; (4) financing of courts; and (5) other areas assigned by the Chief Justice. The committee met for one year and issued its report in May 1974.

The Judicial Study Advisory Committee was appointed by then-Chief Justice Harold R. Fatzer, who included representatives of the Judicial Branch, the bar, the Legislature, and the general public. He also authorized the committee to employ one or more consulting groups with expertise in court studies. The committee report lists the following persons as members of the Judicial Study Advisory Committee:

Edward F. Arn, Wichita, Chairman – Attorney; Former Attorney General; Supreme Court Justice; Former Governor of Kansas  
Whitley Austin, Salina – Publisher, *The Salina Journal*  
John Carlin, Smolan – Member of the House of Representatives; Dairyman  
Carol Chalmers, Manhattan – President, League of Women Voters of Kansas  
James P. Davis, Kansas City – Attorney; Former Assistant Prosecutor Wyandotte County; former Legislator; County Commissioner  
Ray E. Dillon, Jr., Hutchinson – Businessman; President, Dillon Stores Company  
Albert B. Fletcher, Jr., Junction City – District Court Judge; Former President, Kansas District Judges Association  
Kenneth Ingham, Wichita – Municipal Court Judge  
Patricia L. Jones, Lakin – Probate Judge; Juvenile Judge; County Court Judge; Secretary, Special Court Judges Association  
Jack McGlothlin, Pittsburg – Leader, Kansas Organized Labor  
W.A. “Ernie” Mosher, Topeka – Executive Director, League of Kansas Municipalities  
Don Matlack, Clearwater – Attorney; Former State Senator; Governor’s Liaison Representative to the Legislature  
John C. Peterson, Topeka – Student, Washburn University School of Law; Member of House of Representatives  
Robert “Bob” Wells, Garden City – General Manager, Harris Radio Group; Former Member 1964 Citizens’ Conference on Modernization of Kansas Courts  
John F. Steiner, Jr., Kansas City – Attorney; Senator; Senate Minority Leader  
A.L. “Al” Swart, Oakley – Swart-Park Motors, Inc.; Farmer  
Tyler C. Lockett, Wichita – Court of Common Pleas Judge  
Ray Freman Crofoot, Cedar Point – Stockman; Farmer  
J.C. Tillotson, Norton – Senator; Attorney; Senate Judiciary Committee Chairman



## Attachment 4

Additional sources also note as a member Robert F. Bennett of Overland Park, an attorney who served as a state senator, President of the Senate, and Senate Majority Leader, and who later was elected the Governor of Kansas.

A copy of the JSAC report is available upon request. The Judicial Study Advisory Committee's recommendations provided the basis for court unification in the late 1970's. Regarding the judges of the unified district court, the Judicial Study Advisory Committee recommended that:

1. The judicial authority of the district court should be exercised by district judges, associate district judges, and district magistrate judges under the supervision of district administrative judges.
2. Each county of Kansas should have either a resident associate district or district magistrate judge.
3. The present full-time attorney judges of state courts of special or limited jurisdiction should become associate district judges.
4. The present nonlawyer judges and part-time attorney magistrates of state courts of special or limited jurisdiction should become district magistrate judges.

### **The Kansas Citizens Justice Initiative**

The Kansas Citizens Justice Initiative was authorized by order of the Supreme Court on June 3, 1997. Members were appointed by then-Chief Justice Kay McFarland, then-Governor Bill Graves, and the chairpersons and ranking minority members of the Senate and House Judiciary Committees. In all, 46 members were appointed, including co-chairs Jill Docking, of Wichita, and former Governor Robert Bennett, of Shawnee Mission. The deans of the University of Kansas School of Law and the Washburn University School of Law served as co-reporters.

The commission met for the first time on September 29, 1997. The Docking Institute at Fort Hays State University provided technical support and administered two surveys for the commission. Hearings were held at Topeka, Leavenworth, Junction City, Wellington, Wichita, Lecompton, Iola, Pittsburg, Hutchinson, Hays, Independence, Kansas City, Overland Park, and Olathe. The communities of Garden City, Dodge City, Liberal, and Pratt had public hearings together through videoconferencing technology. Nearly 600 Kansans attended one of the hearings and more than 125 individuals submitted written comments. The commission's final meeting occurred on June 11, 1999, in Wichita, and its final report was issued shortly after that meeting.

The commission made a total of 23 recommendations. Regarding the allocation of judicial resources, the commission made the following recommendations:

## Attachment 4

- (a) The Legislature should fund the court system adequately. On the issue of one judge, one county, there is no need to require one judge to reside in each county for Kansas to have a properly functioning judicial system that provides all citizens, wherever located, adequate access to the courts and delivers justice of high quality. It is sufficient to require that every county have a judge assigned to the county and that specified services be available at the courthouse. Judges may be assigned so that they serve more than one county. However, the Legislature may choose to retain the requirement of a resident judge in each county for political, social or other reasons. Such a choice should be made only if the Legislature provides funding for additional judges and non-judicial personnel.
- (b) The Kansas Supreme Court should be granted authority to allocate all judicial resources, including the location of judges and judges' offices where the one county, one judge requirement is not implicated.
- (c) The Legislature should fund a weighted caseload study as suggested by the Legislative Post-Audit Report.

A copy of this report is available upon request.

### **The Judicial Redistricting Advisory Committee**

In 1989, the House Appropriations Subcommittee on the Judicial Branch requested a study of judicial redistricting. The main focus of the study became allocation of judicial and nonjudicial personnel. This shift in focus was based on a finding of "unequal and inefficient distribution of judicial and nonjudicial personnel."

The Judicial Council agreed to accept the study of judicial redistricting and the issues comprising the request. The committee members were appointed and met seven times between July 1990 and January 1991. Members included three district judges, one district magistrate judge, one retired Supreme Court justice, two representatives of nonjudicial personnel (clerks of the district court), one person not involved in the legal system, one House member, one Senate member, and two attorneys.

The Committee described its purpose as "to study the current geographical configuration of the 31 judicial districts, consider the possible need for judicial redistricting and the allocation of judicial and nonjudicial personnel. In addition, the committee will study the 'considerable use of temporary judicial assignments' and the concept of geographical pay differential for judges."

The committee also sought to answer the following questions:

1. How can the judicial districts best be organized on a district-wide basis?
2. How can changes be made that clarify and simplify the Supreme Court's authority to administer the judicial system?



## Attachment 4

3. Should some or all of the municipal courts be brought into the state court system?
4. Should the rulemaking authority of district courts be clarified as it relates to municipal courts?
5. If there is not a judge in each county, what procedures should be implemented to handle emergency matters that may arise?
6. Should a combination clerk/judge position be created in certain areas?
7. Should judges pro tem be used more widely?
8. Should the two tiered system of district judges and district magistrate judges be continued?
9. Should district magistrate judge positions be created in urban areas?
10. If the system is changed, should district magistrate judges be elected or retained on a district-wide basis?
11. If changes are made, should counties be allowed to pay a part of the salary in order to have a full-time district magistrate judge?
12. If there is some change in the number or location of judges or nonjudicial personnel, how can these positions best be created, shifted or terminated?
13. Should each judicial district have two district judges?
14. Should there be changes in the judicial districts that have two courthouses?
15. Should the Supreme Court appoint an ongoing committee to consider assignment of judicial and nonjudicial personnel throughout the system?
16. Should productivity studies be conducted on a regular basis in each judicial district?
17. Should the present method of assigning judges outside the judicial district be maintained?
18. Are the experience and abilities of retired justices and judges being used to the full extent possible?

The Judicial Redistrict Advisory Committee made the following recommendations based on the issues and philosophies discussed above:

1. The present geographical configurations of the Judicial Districts require no change.
2. The present allocation of judges has resulted in an unequal and inefficient distribution of judicial personnel.
3. The present allocation of nonjudicial personnel has resulted in an unequal and inefficient distribution of nonjudicial personnel.
4. Long distance out-of-district assignments are not the most efficient use of judicial personnel.
5. The concept of geographical pay differentials for judges should not be implemented.
6. In order to have efficient administration of the judicial system, the Supreme Court should be given broad discretion in the areas of assignment of judicial and nonjudicial personnel and the creation and elimination of judicial and

## Attachment 4

nonjudicial positions. The specific statutes which limit such discretion are impediments to judicial efficiency and should be amended or repealed.

One issue discussed by the committee was recommending the repeal of K.S.A. 20-301b, which requires at least one resident judge in each county of the state. Questionnaires were sent to 900 persons comprising both those directly involved with the court system and those indirectly involved. In total, 68% of those responding stated they were against the repeal of the statute.

The committee originally recommended that the statute be repealed based on a finding of unequal and inefficient distribution of judicial personnel. Additionally, the committee found an imbalance in the number of judges at the time of court unification, the difficulty of the Judicial Branch in eliminating and creating judicial positions, the reluctance of the Legislature to fund additional positions, and the fact that additional positions that are funded usually lag well behind the needs for those positions. The committee believed the requirement results in inefficient use of judges and that the number of judges in a district should not be determined on a county by county basis. The committee condoned making a clerk available in every county. However, they found that judges traveled to busier counties within their district because they were not needed full-time in their present county of residence. Additionally, law-trained or better qualified persons in adjoining counties may be available for a judicial position but may not want to leave family and friends.

The committee withdrew its recommendation before the final report and stated that K.S.A. 20-301b should be amended if recommended by a suggested study by the National Center for State Courts. The National Center for State Courts study was never conducted.

Additional Redistricting Studies are also available. Those include the Report of the 1979-1981 Judicial Council Study, the Report of the 1967-1968 Judicial Council Study, the Report of the 1957-1958 Legislative Council Study, and the Report of the 1943-1944 Legislative Council Study.



**TESTIMONY ON BEHALF OF KANSAS DISTRICT  
MAGISTRATE JUDGE'S ASSOCIATION CONCERNING  
REPEAL OF KSA 20-301b**

JUDGE BLAINE A. CARTER  
DISTRICT MAGISTRATE JUDGE  
SECOND JUDICIAL DISTRICT  
P.O. BOX 278  
ALMA, KANSAS 66401-0278  
[BACJUDGE@EMBARQMAIL.COM](mailto:BACJUDGE@EMBARQMAIL.COM)

Mr. Chairman, members of the committee thank you for giving me the opportunity to speak to you today. I am Blaine Carter, District Magistrate Judge of the Second Judicial District from Wabaunsee County, Kansas. I am here today on behalf of the Kansas District Magistrate Judge's Association as Vice President and Legislative Chairman.

Without a bill, my testimony today is like shooting a shotgun into the air and after it has fired hoping one of you will throw a clay target and holler bull's eye. I do understand that this meeting is to look at the long-standing statute KSA 20-301b otherwise referred to as the "one judge per county requirement or rule." For more than 30-years, my association has faced a possible repeal of this statute. Even without a bill I feel I can comment on the impact that such a bill would have. We understand that advocates for doing away with the one-judge-per-county rule argue that in a time of tight budgets, the Supreme Court should be able to allocate judges throughout the state based solely on the demands of caseloads. The theory of lets put judges only in the larger counties where most of the people and cases are verses the theory of a co-equal branch of government serving all of the people of this State is the true debate.

I would like to say that our association has opposed the repeal of this long-standing statute KSA 20-301b and will always continue to do so. We do so because we firmly believe in the basic philosophy of a representative system of the judiciary. The concept of accountability that this statute provides citizens and that delivers accessibility to our constituency is not broken. It is an efficient and quality driven system that has been recognized throughout the nation. What a great concept it has been to have people serving the county live in the county and be accountable and assessable to the people they serve. Local judges and local people solving local problems. It is comparable to the system you work under. KSA 20-301b was

created during court unification in the 1970's and provides for equal access to the court in every county of this state for all taxpayers regardless of where they choose to reside. This promise of a resident judge gave all citizens of this state confidence they would have a judge in their county to provide equal and timely access in resolving disputes and acquiring justice. When KSA 20-301b was drafted and continuing today, this statute is concise and consistent in setting the minimum expectation of one judge in each county of the state. This is just a continuation of the system in place prior to unification in 1977. Before unification, every county had a judge. Even though they heard other matters the judge was called a probate judge. To remove this statute and to remove judges from rural counties is not good for the expectation of justice. It is not good for rural areas of this state. To replace this system with a "we'll pencil you in our calendar and get to you when we can find time system" would have a devastating effect on the statutory time frames we work under and the people left dealing with the logistics of such a system. There should remain a minimum standard for access to justice to which every Kansas citizen is entitled. This statute acknowledges the rights guaranteed by the state's Constitutional Bill of Rights that "all persons are entitled to have justice administered without delay." It should not matter where you live you should know there is a state judge in your county who can dispense justice promptly. Justice must be swift and sure. You have put in place law that requires the same. We know the purpose of a repeal of this statute would be to eliminate District Magistrate Judge positions primarily in Western Kansas to save money. There is no other reason for it. District judges would not lose their jobs. In Western Kansas District judges may be required to take on more cases if remaining Magistrate judges are unable to handle what they will be given. People in urban areas would not lose access to the court. They would continue to have access to judges who live among them and know their community.

Our association also knows with our economy we face a time where you are trying to find and/or save money wherever you can. The fact that this potential bill is being considered in appropriations rather than the judiciary committee is a true sign of that fact. I believe today's meeting is to explore the potential savings if this bill were to be implemented. In the past a repeal was to eliminate Peter in the West in order to create a position for Paul in the East. I assume today it is just to eliminate Peter in the West in order to save money period. I don't know how you can explore potential savings until you know what it is you want to accomplish. In the past there have been bills that were number driven. For example, if you hear less than X amount of cases your job and the services you provide to your county will be eliminated. You can draft a bill that just targets counties that you feel can be served by someone several counties away.

I do believe that you can only eliminate an elected official's position after their term of office is over. Therefore, any savings from eliminating our positions will not come until a year from this January. You will have to wait another two years after that in order to eliminate more positions. I believe there are only eighteen positions up for election one year from now. Would you want a bill to eliminate all of these positions



or just some of them? Of the eighteen positions which of the counties that they serve do you think would not be worthy to retain a resident judge?

We are in a difficult time. We understand the tasks that face you this upcoming session. This summer the Legislative Post Audit Committee had asked Legislative Research to address whether boundaries of Judicial and Prosecutorial Districts could be redrawn to increase efficiency and reduce costs. This study, which is under way, will certainly look at the one-judge-per-county issue. We would ask that you wait to see the results of this study before you move forward.

We would also ask that you truly consider what savings you will gain when you look at your entire budget. We hope that you will ask yourselves is the amount saved worth the drastic change to the framework of our co-equal branch of government that has served our state so well for so long.

The court needs money to continue to operate and avoid furloughs. The counties cover our operating expenses. Ninety-eight percent of the court's budget is for salaries. The other two percent has been cut to the bone due to the state's fiscal problems. We have a hiring freeze that has already left several positions vacant. At this time anything more would be devastating to our system.

We would ask that a repeal of KSA 20-301b not be considered until the consolidation study has been completed and/or until you study the true impact and all costs involved with removing the framework of our system.

I hope you do not just fire a shotgun into the air only to hope someone out there throws up a clay target and hollers out bull's eye.

Thank you for giving me your time and attention.

TESTIMONY ON BEHALF OF THE KANSAS DISTRICT MAGISTRATE JUDGE'S  
ASSOCIATION.

Judge Michael A. Freelove  
District Magistrate Judge  
Clark County  
16<sup>th</sup> Judicial District

Mr. Chairman, members of the committee.

I want to thank you for the opportunity to testify today. With the short notice, I had to scramble to cover an eleven page docket. Fortunately I have District and Magistrate Judges that feel strongly enough about this issue to fit my schedule in and around theirs so that I could be here.

I am appearing here today to give testimony on the proposed elimination of the one judge per county statute.

I have appeared before this committee and various other committees in the past to testify about this same issue.

Without having a bill that sets out the particulars, it is left to our imagination to know what you are trying to accomplish.

I assume as in the past that the proponents of this issue will argue that the Supreme Court should have the authority to place judges where case load numbers show an increase.

With the present economy we all know that case loads will increase, more especially in the civil department.

Let's talk case loads.

If you look at the broad jurisdiction that the magistrate judges have in K.S.A. 20-302b this covered 82.5% of the cases reported in the Supreme Court Annual Report for 2008. Not included in this number are the number of felony preliminary hearings, felony arraignments, PFA, PFS, child support, child visitation or parenting time and in the absence or disqualification of a district judge, district magistrate judges may grant a restraining order as provided in K.S.A. 60-902, appoint a receiver as provided in K.S.A. 60-1301 and issue interlocutory orders as provided in K.S.A. 60-1607. These cases are credited to the district judges but many times magistrate judges spend more time on them than do the district judges. For example felony cases the magistrate hears the first appearance, motion hearings, preliminary hearings and arraignments after which they are sent to a district judge for trial or sentencing.

In considering the felony cases I looked at my district where 85% of the cases result in a guilty plea. 70 % of those are heard in front of a magistrate. Leaving 30% for the district judges.

The magistrates hear the high volume cases such as limited actions and traffic. The appearances in limited actions cases are small initially but we eventually see them for hearing in aids or contempt citations.

Traffic is the same way; we have very few trials with the exception of DUI and the more serious charges like reckless driving and attempting to elude which more often than not go to trial.

Juvenile cases have a tendency to consume a lot of time, especially child in need of care cases, which can have multiple attorneys and can last for 4 or 5 years.

If a child is taken into protective custody a temporary custody hearing must be held within 72 hours excluding Saturday, Sunday or legal holidays, notice must be given 24 hours prior to that hearing. If a hearing is not held the child must be released from custody regardless of the safety factor for that child. This is one of the many time sensitive hearings in the CINC code which all have to be met or face the possibility of losing federal funds.

In juvenile offender cases if a juvenile is placed in a detention facility, a detention hearing must be held within 48 hours excluding Saturdays, Sundays or legal holidays or the offender must be released.

In both of these cases the parents are required to appear and an attorney must be appointed by the court if none has been retained.

These are duties that fall on the judge, although the clerk of the court gives the oral notice, the judge makes the determination that it must be given, the judge appoints the attorneys.

Again these hearings must be held in a timely manner or face the loss of federal funds.

Removing the requirement of one judge per county has adverse affects on these time limits especially in rural areas of our state.

Removing the one judge statute in the multi county districts means fewer judges to cover an increasing docket.

Judges work hard to schedule and maintain their dockets and these hearings never come up at convenient times. A judge having to travel to another county could very well not be available. What do you do then; return a CINC to home where they were abused without any guidance or assurance for their safety? Release an offender without any consequences?



I have heard proponents say that with technology these hearings can be done by video conferencing or let's make the parties travel to where there is a judge.

I have used video conferencing in Ford County for probable cause hearings at the county jail, detention hearings at the juvenile detention center and for care and treatment hearings at the state hospital. It works great for the local jail, however juvenile detention is 50 miles away and the state hospital is 70 miles away. With our new state of the art system more often than not it does not work well. It takes more time to get connected than it would take an officer to transport the person to court.

The other five counties in our district do not have this capability.

We are back to let the parties travel. With the mobility of today's society this should not be a problem. A majority of the families that we deal with in juvenile matters are at the bottom end of the poverty scale. Cash for clunkers did not work for them. I have heard that the counties were set up for a ½ days horse back or wagon ride to the courthouse. With some of the transportation that these families have, a horse or wagon would a better bet but they do not have those either.

I haven't talked about the emergency protection from abuse or stalking situations, that at times require immediate attention of the judge for the safety of the persons involved. More often than not the abused person has nothing but the clothing on their back, law enforcement is looking for the perpetrator and the victim has no taxi service or bus service to rely on. Maybe a friend, if they can find one that will get involved to take them the 50 plus miles to a judge.

What I am saying is that the repeal of the one judge per county requirement could have an adverse affect not only on the residents of the counties in their safety, protection and access to justice but could affect the state fiscally due to loss of federal funds.

If I were in your shoes I would want an in depth study of this issue before making a decision that could adversely affect the state and your constituents.

Thank you for allowing me to testify today.

**MARY ANN TORRENCE**, ATTORNEY  
REVISOR OF STATUTES  
**JAMES A. WILSON III**, ATTORNEY  
FIRST ASSISTANT REVISOR  
**GORDON L. SELF**, ATTORNEY  
FIRST ASSISTANT REVISOR



OFFICE OF REVISOR OF STATUTES  
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Legislative Committees and Legislators  
Legislative Bill Drafting  
Legislative Committee Staff  
Secretary—  
Legislative Coordinating Council  
Kansas Commission on  
Interstate Cooperation  
Kansas Statutes Annotated  
Editing and Publication  
Legislative Information System

**Overview of House Bill 2403**

Jason B. Long  
Assistant Revisor  
Office of Revisor of Statutes

November 24, 2009

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House Bill 2403 is the Transparency and Accountability in Purchasing and State Spending Act. The purpose of this act is to ensure that the state recognizes the importance of fairness and the need to minimize expenditures when procuring vendor goods and services, and to review and evaluate the current methods used in procuring vendor goods and service, and to investigate different methods for the procurement and delivery of those goods and services.

Section 2 of the bill requires that when a contract for the purchase of goods or services by a state agency is awarded to a vendor that did not submit the lowest bid, the director of the division of purchasing must prepare a written explanation detailing why the contract was not awarded to the lowest bidder and why the deficiencies in the lowest bid could not be cured to the satisfaction of the state. If the contract is awarded by a state agency other than the department of administration, then that state agency must prepare the written explanation and submit it to the director of the division of purchasing. On January 12<sup>th</sup> of each year the director of the division of purchasing is required to submit all such written explanations prepared in the preceding year to the House Appropriations Committee and the Senate Committee on Ways and Means.

Section 3 of the bill requires that when a contract for the purchase of goods or services by a state agency is not awarded to a Kansas vendor the director of the division of purchasing must

prepare a written explanation detailing why the contract was not awarded to a Kansas vendor and why the deficiencies in such vendor's bid could not be cured to the satisfaction of the state. A Kansas vendor is: (1) domiciled in Kansas; (2) proposing to have the work in question performed by employees who are subject to Kansas income withholding tax; and (3) subject to Kansas income tax. If the contract is awarded by a state agency other than the department of administration, then that state agency must prepare the written explanation and submit it to the director of the division of purchasing. On January 12<sup>th</sup> of each year the director of the division of purchasing is required to submit all such written explanations prepared in the preceding year to the House Appropriations Committee and the Senate Committee on Ways and Means.

Section 4 of the bill requires that when a contract for the purchase of goods or services by a state agency contains a provision allowing for the automatic renewal or extension of such contract, the head of the state agency that entered into the contract must review and evaluate whether the renewal or extension of the contract is in the best interests of the state agency. If it is determined that such a provision is in the agency's best interests, then the head of the agency must prepare a written explanation detailing why the contract should be allowed to be renewed or extended. The written explanation must be submitted to the director of the division of purchasing. On January 12<sup>th</sup> of each year the director of the division of purchasing is required to submit all such written explanations prepared in the preceding year to the House Appropriations Committee and the Senate Committee on Ways and Means.

The provisions of sections 2 through 4 of the bill apply to all contracts for the purchase of goods and services by any state agency. Under the bill the term "state agency" includes any state office, officer, department, board, commission, institution, bureau, or any agency, division or unit within any office, department, board, commission, or other state authority or any person requesting a state appropriation. This includes every state office authorized to spend state funds on the procurement of goods or services.

Section 5 of the bill establishes a special committee on the cost effectiveness of governmental operations and programs. The special committee has two functions. The first is to investigate the outsourcing and privatization of government operations. This includes determining what governmental operations and programs could be outsourced or privatized, the



cost savings of outsourcing and privatization, the impact of outsourcing and privatization on the delivery of government services, and the methods of transitioning government services to private organizations. In carrying out this function the committee is to consider any relevant audits and conduct a public hearing to receive testimony on these matters.

The second function of the special committee is to review and evaluate government operations and programs that: (1) compete with services being provided by private organizations; (2) duplicate services provided by the federal government; and (3) duplicate services provided by private not-for-profit organizations. The committee is to consider any relevant audits and conduct a public hearing to receive testimony on these matters.

## HOUSE BILL No. 2403

By Committee on Appropriations

4-29

9 AN ACT creating the transparency and accountability in purchasing and  
10 state spending act.

11  
12 *Be it enacted by the Legislature of the State of Kansas:*Section 1. (a)  
13 The provisions of sections 1 through 5, and amendments thereto, shall  
14 be known and may be cited as the transparency and accountability in  
15 purchasing and state spending act.

16 (b) It is hereby declared that the purposes of this act are to: (1) En-  
17 sure that every decision and method in the procurement and selection of  
18 vendor services recognizes the importance of fairness and the need to  
19 maximize results with the minimization of expenditures; and (2) review,  
20 challenge and analyze the traditional structural methods of providing gov-  
21 ernment services and to investigate opportunities to modernize the pro-  
22 curement and delivery of such services.

23 Sec. 2. (a) When any contract for the purchase of goods or services  
24 by any state agency, as that term is defined in K.S.A. 75-3701, and amend-  
25 ments thereto, is not awarded to a vendor after such vendor has submitted  
26 the lowest bid for such contract, the director of the division of state pur-  
27 chasing shall prepare a written explanation detailing the reasons why such  
28 vendor was not awarded the contract and why the deficiencies in such  
29 vendor's bid could not be remedied to the satisfaction of the director. In  
30 the event the contract is awarded by a state agency other than the de-  
31 partment of administration, such state agency shall prepare a written ex-  
32 planation detailing the reasons why such vendor was not awarded the  
33 contract and why the deficiencies in such vendor's bid could not be rem-  
34 edied to the satisfaction of the head of such state agency, and submit such  
35 written explanation to the director of the division of state purchasing.

36 (b) On or before January 12, the director of the division of state pur-  
37 chasing shall transmit to the standing committee on appropriations of the  
38 house of representatives and the standing committee on ways and means  
39 of the senate a report that shall include all written explanations prepared  
40 in accordance with this section during the immediately preceding year.

41 Sec. 3. (a) When any contract for the purchase of goods or services  
42 by any state agency, as that term is defined in K.S.A. 75-3701, and amend-  
43 ments thereto, is not awarded to a vendor that is: (1) Domiciled in this

1 state; (2) proposing to have the work which is the subject matter of the  
2 contract performed by employees subject to Kansas income withholding  
3 taxes; and (3) subject to Kansas income taxes, the director of the division  
4 of state purchasing shall prepare a written explanation detailing the rea-  
5 sons why such vendor was not awarded the contract and why the defi-  
6 ciencies in such vendor's bid could not be remedied to the satisfaction of  
7 the director. In the event the contract is awarded by a state agency other  
8 than the department of administration, such state agency shall prepare a  
9 written explanation detailing the reasons why such vendor was not  
10 awarded the contract and why the deficiencies in such vendor's bid could  
11 not be remedied to the satisfaction of the head of such state agency, and  
12 submit such written explanation to the director of the division of state  
13 purchasing.

14 (b) On or before January 12, the director of the division of state pur-  
15 chasing shall transmit to the standing committee on appropriations of the  
16 house of representatives and the standing committee on ways and means  
17 of the senate a report that shall include all written explanations prepared  
18 in accordance with this section during the immediately preceding year.

19 Sec. 4. (a) Any contract for the purchase of goods or services by any  
20 state agency, as that term is defined in K.S.A. 75-3701, and amendments  
21 thereto, which includes a provision for the automatic renewal or extension  
22 of such contract, shall be reviewed by the head of such agency to deter-  
23 mine if such contract shall be allowed to be automatically renewed or  
24 extended. Such review shall include an evaluation of the cost savings the  
25 agency might benefit from if the agency were to terminate the contract  
26 and issue a new request for proposal. If the head of the state agency  
27 determines that it is in the agency's best interest to allow the contract to  
28 be automatically renewed or extended, then the head of the state agency  
29 shall prepare a written explanation detailing the reasons why such contract  
30 was allowed to be automatically renewed or extended and submit such  
31 written explanation to the director of the division of state purchasing.

32 (b) On or before January 12, the director of the division of state pur-  
33 chasing shall transmit to the standing committee on appropriations of the  
34 house of representatives and the standing committee on ways and means  
35 of the senate a report that shall include all written explanations prepared  
36 in accordance with this section during the immediately preceding year.

37 Sec. 5. (a) The legislative coordinating council shall appoint a special  
38 committee on the cost effectiveness of governmental operations and pro-  
39 grams. The special committee shall review and evaluate opportunities to  
40 outsource or privatize governmental operations and programs. The spe-  
41 cial committee's review and evaluation shall include, but is not limited to,  
42 the following: (1) What governmental operations and programs are avail-  
43 able to be outsourced or privatized; (2) any cost savings to the state as a



1 consequence of outsourcing or privatizing; (3) the impact, if any, on how  
2 governmental services would be provided if outsourced or privatized; and  
3 (4) possible methods of transitioning governmental services from the state  
4 agency to the private organization. The special committee shall consider  
5 any audit conducted by the post auditor and the division of post audit  
6 pursuant to the legislative post audit act. During the course of the review  
7 and evaluation, the special committee shall hold a public hearing for the  
8 purpose of receiving testimony from the public, the involved state agen-  
9 cies or programs, the officers and employees thereof and any other ap-  
10 propriate state officers and employees.

11 (b) The special committee shall also review and evaluate govern-  
12 mental operations and programs that: (1) Compete with services provided  
13 by private organizations, or which duplicate services provided by private  
14 organizations; (2) duplicate services provided by the federal government;  
15 and (3) duplicate services provided by not-for-profit organizations where  
16 there could be cost savings to the state if the state were to award grants  
17 to such organizations in lieu of operating its own operations and programs.  
18 The special committee shall consider any audit conducted by the post  
19 auditor and the division of post audit pursuant to the legislative post audit  
20 act. During the course of the review and evaluation, the special committee  
21 shall hold a public hearing for the purpose of receiving testimony from  
22 the public, the involved state agencies or programs and the officers and  
23 employees thereof, and any other appropriate state officers and  
24 employees.

25 Sec. 6. This act shall take effect and be in force from and after its  
26 publication in the statute book.

May 5, 2009

The Honorable Kevin Yoder, Chairperson  
House Committee on Appropriations  
Statehouse, Room 142-W  
Topeka, Kansas 66612

Dear Representative Yoder:

SUBJECT: Fiscal Note for HB 2403 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2403 is respectfully submitted to your committee.

HB 2403 would create the Transparency and Accountability in Purchasing and State Spending Act. The bill would require the Director of Purchasing within the Department of Administration to explain the reasons why a vendor is not awarded a contract after the vendor has submitted the lowest bid. This written explanation must include why the deficiencies in the bid could not be remedied to the satisfaction of the Director. In cases when a contract is awarded directly by a state agency, the agency must provide the same explanation and provide it to the Director of Purchasing. By January 12 of each year, the Director must submit a report to the House Committee on Appropriations and the Senate Committee on Ways and Means that includes all explanations compiled in the previous year.

A written explanation and annual report would also be required for those situations when a contract is awarded to a vendor that is not located in Kansas, proposes to have the work performed by employees not subject to Kansas income withholding taxes, or the vendor itself is not subject to Kansas income tax.

Contracts with automatic renewals or extensions must be reviewed by the agency head to determine if the renewal or extension should occur, including an evaluation of the cost savings that may occur if the contract is terminated and a call for new proposals is made. Any automatic renewals or extensions must be explained and provided to the Legislature each year, in the same manner as noted above.

Lastly, HB 2403 would establish a new special legislative committee on the cost effectiveness of governmental operations and programs. The new committee would review and

evaluate opportunities to outsource or privatize governmental operations and programs. Public hearings would be held to receive testimony from the public and to hear from the affect agencies. The committee would also review and evaluate programs that compete with services provided by private organizations, or which duplicate services are provided by private organizations, the federal government, or not-for-profit organizations.

Estimated State Fiscal Effect				
	FY 2009 SGF	FY 2009 All Funds	FY 2010 SGF	FY 2010 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$45,680	\$45,680
FTE Pos.	--	--	--	1.00

The Department of Administration reports that the bill would add education and oversight responsibilities to the Division of Purchases to the extent that an additional Procurement Officer would be needed, at an additional cost of \$45,680, with benefits. An additional phone line, office space, and perhaps some transportation expenses would also be required, although they are not estimated by the agency. The Division also reports that it anticipated the number of bid protests would increase under HB 2403, as the bill could be viewed as a mandate on how the Division and purchasing agencies must operate.

According to Legislative Administrative Services, it cannot estimate the costs of the additional committee created in the bill, as the bill does not state the number of members or their terms, and no limits are set on how often it might meet. Any fiscal effect resulting from enactment of HB 2403 is not accounted for in *The FY 2010 Governor's Budget Report*.

Sincerely,



Duane A. Goossen  
Director of the Budget

cc: Pat Higgins, Administration  
Sharon Schwartz, Legislative Services



# Kansas House of Representatives



## Representative Marvin Kleeb 48<sup>th</sup> District

14206 Eby  
Overland Park, KS 66221

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[kleeb@house.ks.gov](mailto:kleeb@house.ks.gov)

I would like to thank Chairman Yoder and the members of the House Appropriations Committee for allowing me to appear before you today. My name is Marvin Kleeb and I am the State Representative for the 48<sup>th</sup> District.

The intent of HB 2403 is to propose that the legislature use these very challenging times for the state budget to establish a special committee on the cost effectiveness of governmental operations and programs.

The committee would have the sole purpose, authority and mandate to comprehensively review and evaluate:

1. Opportunities to outsource or privatize governmental operations or programs
2. Governmental services or programs that:
  - a. Compete with the private organizations
  - b. Duplicate services provided by the federal government
  - c. Duplicate services provided by local government
  - d. Duplicate services provided by non-profit organizations
3. Opportunities for cost savings to greater utilize service delivery through non-profit organizations and/or local government efforts.

It is well recognized that these are not necessarily new concepts for Kansas state government. Rather, this legislation would facilitate the establishment of a focused, empowered committee to investigate issues, problems and recommend solutions that may provide long-term opportunities for cost savings and enhancements in the delivery of services to our citizens.

Is there a need for a comprehensive review for efficiency and cost savings? All we have to do is look at one consideration. As the business community adjusted for the painful realities of the economy and sought greater efficiencies and productivity, the private sector employment dropped some 5% from September 2008 to September 2009 according to the Department of Labor. During that same one year time period, the state of Kansas went from 52,500 to 51,900 employees; that is a drop of just 1%. In other words, the private sector has incurred five times the amount of job losses compared to state government.

At this time I would like to introduce Dr. Adrian Moore, Vice President of Research at the Reason Foundation. Dr. Moore holds a Ph.D. in Economics and a Master's in both Economics and History. Dr. Moore has testified before Congress on several occasions and regularly advises federal, state and local officials on ways to streamline government and reduce costs. His testimony today focuses on competition, outsourcing, public-private partnerships and tools state leaders can strategically use to save significant amounts of money to address budget shortfalls while maintaining—and even improving—government services. Chairman Yoder and members of the committee, please welcome Dr. Adrian Moore.

Testimony of Dr. Adrian Moore, Vice President, Reason Foundation  
Before the Kansas House of Representatives Appropriation Committee  
November 24<sup>th</sup>, 2009

**Streamlining Government through Privatization and Public-Private Partnerships:  
Opportunities for Kansas**

To begin I will point out that privatization is but a convenient shorthand for a great many policy choices that involve some degree of change in responsibility from the government to the private sector, some form or partnership to accomplish certain goals or provide certain services. It covers everything from simple contracting to asset sales and joint ventures. While often bogged down in ideology, it is important to remember that all forms of privatization are simply policy tools – they can be effective when used right, and ineffective when use incorrectly. Don't use a wrench to drive a nail.

**Competition is Key to 21<sup>st</sup> Century Government**

Government's role is evolving from service provider to provider & broker of services as they come to rely far more on networks of public, private and non-profit organizations. Privatization now seen as proven policy management tool to deliver better services at a lower cost:

*"It is not a government's obligation to provide services, but to see that they are provided."* – former New York Governor Mario Cuomo

*"Privatize everything you can."* – Chicago Mayor Richard Daley

**Common Goals of Privatization**

Cost Savings

- Rule of thumb – 10-25% on average (+/-)

### Service/Quality Improvements

- Competitive bidding; performance guarantees

### Innovation

- Static processes, red tape obstacles to public sector innovation

### Enhanced Risk Management

- Key risks (cost overruns, delivery dates, liabilities) can be transferred from public to private sector

### Accelerated Delivery

- Competitive contracting, performance incentives

### Changing Antiquated Business Processes

- Private sector is nimble, can adapt to changing technologies, best practices

### **Where Can States Apply Competition/Privatization?**

This is probably the single most frequent question I am asked. An easy answer is, lots of things:

- Road maintenance
- State motor pool operation/ vehicle fleet maintenance
- State mail services
- Park operations and maintenance
- Printing services
- Corrections (prison construction and management; health care & food services)
- State psychiatric services (similar to corrections)
- Lottery operations and management
- Public university construction (including financing), maintenance and landscaping services
- Core IT infrastructure

This is but a partial list. But more important, this answers the *wrong question*.

Privatization is a policy tool that should at least be considered in most instances. A



better question is *where can't states apply competition or privatization?* Virtually every service, function and activity has successfully been subjected to competition by a government somewhere around the world at some time. The Council of State Governments' periodic survey of state's use of privatization shows it extends across all services and has been expanding over the past decade. When asked what he wouldn't privatize, former Florida Governor Jeb Bush replied: "*...police functions, in general, would be the first thing to be careful about outsourcing or privatizing. This office. Offices of elected officials ... and major decision-making jobs that set policy would never be privatized.*" Governor Bush used competitive sourcing more than 130 times, saving more than \$741 million in cash flow dollars and prevented an estimated \$1.4 billion in additional costs.

### **Selected Key Privatization Opportunities for States**

#### *Building Maintenance/Management*

Building/facility management contracts are ubiquitous, ranging from individual building maintenance/janitorial contracts to agency-wide facility maintenance management systems

- Average cost savings from privatization: *10-40 percent*
- Recommendations:
  - Consider centralizing all state building and facility management/maintenance one agency
  - Aggressively pursue performance-based maintenance contracting for state buildings and facilities
- Examples:
  - Georgia Dept. of Juvenile Justice: significantly improved facility conditions and resolved lingering maintenance needs, all while holding the budget flat.
  - State of Missouri: >\$9.5 million annual savings.

## *Human Resources*

HR is among the most common functions outsourced in both the public and private sectors. Commonly-privatized administrative HR support functions include:

- Recruitment and hiring
- Pre-employment screening and background checks
- New employee and orientation processing
- Training
- Time, attendance, and leave
- Salary and payroll preparation transactions
- Payroll production
- Benefits administration
- Retirement enrollment assistance
- Employee records management
- Insurance

Example: State of Florida – PeopleFirst

- State saved \$12 million from staff reductions, \$80 million from the cost avoidance of rebuilding its own system, and other efficiencies through the elimination of duplicative services.
- 862 positions eliminated, resulting in a 70 percent reduction in the state's HR-related workforce.
- 59 percent of the employees surveyed said that People First met or exceeded expectations.
- Project management has been a challenge.
- Excessive customization to the off-the-shelf software (over 200 customized interfaces).
- Internal assessment of hardware and software at each agency not conducted prior to launching People First, resulting in incompatibilities between the various infrastructures.

### *Information Technology*

IT is well-suited for applying privatization. It is not a core competency of government, and many private companies outsource IT services as well. It is rapidly changing, with evolutionary technology and constant shifts in customer/user demands. Key reasons states privatize IT include:

- Achieve cost savings
- Tap private sector IT skills; latest technology
- Modernize antiquated IT systems, business practices
- Improve user/customer experience

Example: Pennsylvania:

- Aug 1999: PA contracts with Unisys for 1<sup>st</sup> generation enterprise computing services; goals achieved, but needs evolved over time.
- 2006: Gov. Rendell directs Office of Admin. to evaluate potential scenarios for 2<sup>nd</sup> generation enterprise computing services model.
- 2007: State contracts with EquaTerra for 3<sup>rd</sup> party analysis of Unisys contract and ability to meet the state's future IT needs.
- EquaTerra analysis validated cost savings through IT outsourcing; identified 35 ways to improve the Unisys contract.
- Office of Admin. developed new computing services agreement with Unisys; incorporated current IT best-practices.
- 2<sup>nd</sup> generation outsourcing contract will reduce costs by \$257+ million over the next 7 years.

Example: Georgia Infrastructure Transformation 2010

- February 2008 consultant report: Georgia Technology Authority (GTA) is "a highly inefficient and dysfunctional organization...[only] an enterprise-wide initiative that draws services and skills from the market has the opportunity to make timely repairs."



- Perdue administration is advancing three major privatization initiatives: IT infrastructure; managed network services, web portal transformation project.
- The three contracts would total \$1.28 billion over 5 years, shift 500 state employees to private companies, and eliminate roughly 200 positions.

Example: Ohio

- Dept. of Administrative Services is currently evaluating bids for a managed-services contract to handle state accounting, payroll, and personnel management systems.
- Silicon Valley consultant report: current system "is not able to effectively support the current and future business needs of the state."

Example: Lessons Learned in Florida:

- In addition to MyFloridaMarketPlace (more on this below), the state also implemented two other major IT initiatives: People First (human resource functions) and Project Aspire (accounting and financials).
- All three programs required significant modifications and experienced implementation difficulties.
- 2008 Council on Efficient Government assessment:
  - States can reduce risk and enhance manageability by discouraging large-scale projects and encouraging incremental, phased-in approaches.
  - Major IT challenges included the lack of standardization of business practices across agencies and internal resistance to a uniform process.
  - Project scope was a moving target. Numerous changes requested by the state delayed these projects.

### *State Mail Services*

Many national postal systems (New Zealand, Japan, Germany, U.K., etc.) – have been opened up to private-sector competition in recent years. Like corporations, governments adopting contracting model to reduce costs and improve efficiency and service quality. Privatization maximizes the use of existing equipment, and offers access to new technology. It also may also allow for greater staffing flexibility to adjust to changing levels of demand for services, such as around the tax filing deadline when mail volumes are significantly higher than normal. Pennsylvania, Nevada, Florida, and the US Department of Defense have privatized their mail services.

### *Printing & Document Management*

Copying and printing services are particularly well-suited to privatization, with many providers and many governments have done it.

- Average cost savings from privatization: 20-50 percent
- Privatization maximizes use of existing equipment, offers access to new technology.
- Privatization allows for greater staffing flexibility to adjust to changing levels of demand for services (e.g. April tax filing).
- Examples:
  - State of Utah: contract with Xerox saving \$1 million/yr
  - Indianapolis: saved 30% through contracting
  - U.S. Government Printing Office: 23% initial savings; 50% projected

### *Procurement*

Procurement of goods and services is not an “inherently governmental” function as many might think. It is a common functional area within corporations and many governments have outsourced it.

Examples:

- Utah: contracts with Staples for procurement of the state's office supplies; dramatically reduced the need for warehousing and the costs of carrying inventory; cost savings estimated at \$500,000 annually.
- Dunwoody, GA: new Georgia "contract city" (i.e., private contractors provide nearly 100% of non-safety related services) using a private consultant to identify contractors and negotiate bundled service contracts.
- MyFloridaMarketPlace (MFMP):
  - E-procurement system allowing buyers access to electronic purchase orders, invoicing of goods and services, electronic vendor registration, e-quotes and electronic bidding/sourcing.
  - Also serves as a performance reporting tool on vendor performance in providing products and services.
  - Began in 2003; today 29 state agencies, 13,000+ state users and 90,000 vendors use MFMP.
  - Self-funded; supported by a 1% transaction fee.
  - Original 5-year contract value with Accenture was \$108.2 million. Contract subsequently extended for three years (\$114 million total).
  - No FTE positions were displaced.
  - 2008 FL Council on Efficient Government findings:
    - State "was successful in developing and implementing a Web-based e-procurement system...[MFMP] improved accountability for the expenditure of state funds and provided better insight into its purchasing patterns."
    - "[A]gencies experienced a reduction in paperwork, faster processing time due to online approvals, expedited transaction times and vendors benefited from having a centralized source of procurement information."
    - FL Dept. of Management Services reports \$71 million in savings and significantly improved end user satisfaction (91%).



### *Property/Surplus Management*

Divesting non-movable property, managing movable assets, and selling surplus property are all functions that can be privatized. No state has fully privatized surplus property management or property procurement, but states have used private contractors for specific divestment opportunities, asset inventories, and other related functions. Letting contractor manage property sales and procurement could completely eliminate costs of staff, warehousing, trucks. Georgia, Oregon, the U.S. Department of Defense and the U.S. Navy have privatized property management functions.

### *Fleet Operations/Management*

Privatizing fleet operations and maintenance allows the state to focus on services it needs from vehicles, and let the private sector focus on the fleet itself. Well-suited for private provision – private sector can focus on fleet itself; government can focus on services that fleet provides

Potential components include:

- Maintenance function
- Non-state ownership of vehicles
- Rental services
- Personal vehicles and/or heavy equipment

There are no cookie-cutter approaches, policy goals should be clearly defined upfront; then structure the privatization initiative to achieve them:

- Long-term operational savings
- Structural changes (i.e., consolidation, etc.)
- Risk transfer – shifting capital & long-term O&M exposure

Example: Virginia:

- In late 1990s, Gen. Assembly transferred automobile fleet maintenance from VDOT to Department of General Services (DGS).
- DGS opened auto maintenance to competitive sourcing, saving approx. 25% on the cost of auto maintenance through competition.
- 2005: contracted for new Vehicle Maintenance Control Center (fleet maintenance info management system):
  - VMCC on-call 24/7/365; network includes approx. 500 private maintenance facilities & 77 state shops
  - Vehicle preventive maintenance service cost: \$44.71 (before) vs. \$37 (after)
  - Brake service average cost: \$228 (before) vs. \$81 (after)
  - Vehicle down time: 15% > 2 days/70% <1 day (before) vs. 3% > 2 days/83% <1 day (after)
- 2006: outsourced short-term vehicle rentals to Enterprise

### *Road Maintenance*

Privatizing road maintenance was pioneered in Australia and New Zealand. Virginia's DOT became the first state to do it in 1996, outsourcing over 250 miles of Interstate maintenance to one contractor in a 5.5-year, \$130 million fixed-cost contract (subsequently renewed and extended). Cost savings have been between 6-20%. Florida's DOT currently has 32 "total asset management" contracts; estimated savings over in-house provision at 16%, and savings over traditional short-term maintenance contracting of 10%.

### **Some Keys to Success**

In this broad experience with the use of privatization by states, some key to success in implementing privatization have emerged.

- Develop a centralized 'unit' designed to manage initiatives and to:
  - Establish best practices

- Utilize lessons learned
- Develop a standard performance-based process
- Identify enterprise-wide challenges and possible solutions
- Establish a core group of procurement officials to assist in procurement planning and decisions.
- Conduct an annual or biannual inventory of all functions and activities performed by state government, distinguishing between inherently government and commercial activities.

*Establish a Competitive Government Commission/Administrative Center*

This should be an independent decision making body – effectively a central unit designed to sustainably “right-size” government. The goal is to de-politicize the process with a systemized, enterprise wide and consistent analytical approach to competition and privatization, bringing transparency, accountability and increased public confidence. Among its key responsibilities are creating a standardized process for identifying and implementing competitive sourcing opportunities, overseeing state agencies’ preparations business cases for potential outsourcing projects, and doing pre-budgetary analysis of service delivery options. Examples include Florida’s Council on Efficient Government, Virginia’s Commonwealth Competition Council, and Utah’s Privatization Policy Board.

*Require Regular Commercial Activity Inventories*

Scour all agencies, all services, all activities – and classify each as either “inherently governmental” or “commercial” in nature. This famous “Yellow Pages Test” helps government concentrate on delivering core, “inherently governmental” services while partnering with the private sector for commercial activities. In other words it helps identify those areas in which government is engaged in the business of business. Virginia’s 1999 comprehensive state inventory identified 205 commercial activities involving over 38,000 state employees (out of a bit over 90,000).



*Case Study: Florida Council on Efficient Government*

Midway through his term, Gov. Bush's major privatization successes became overshadowed by media spotlight on a few big-ticket projects experiencing implementation challenges. Gov. Bush responded, saying that the state was "*not very good at procuring, and as a result we've had some challenges . . . that have clouded a really good record as it relates to saving money for the state...we have to get better at procuring and monitoring the procurements.*" To that end, in March 2004 he signed an executive order directing the Dept. of Management Services to create a "center of excellence" authorized to conduct a statewide evaluation of Florida's competitive sourcing efforts.

The Council on Efficient Government was subsequently codified into statute and is Florida's enterprise-wide gateway for best business practices in competitive sourcing. It provides a trained unit to work with all state agencies, with responsibilities that include:

- Assisting agencies with their competition initiatives, accountability, and communication
- Developing statewide outsourcing standards applicable to any proposed competition initiative
- Identifying competition opportunities
- Assisting agencies with business case development
- Overseeing execution of outsourcing projects
- Standardizing how the state identifies opportunities, conducts competitions, and awards and manages contracts for government services.

So far the CEG has managed privatizations that include:

- Highway maintenance
- Core enterprise IT infrastructure
- Vehicle fleet management

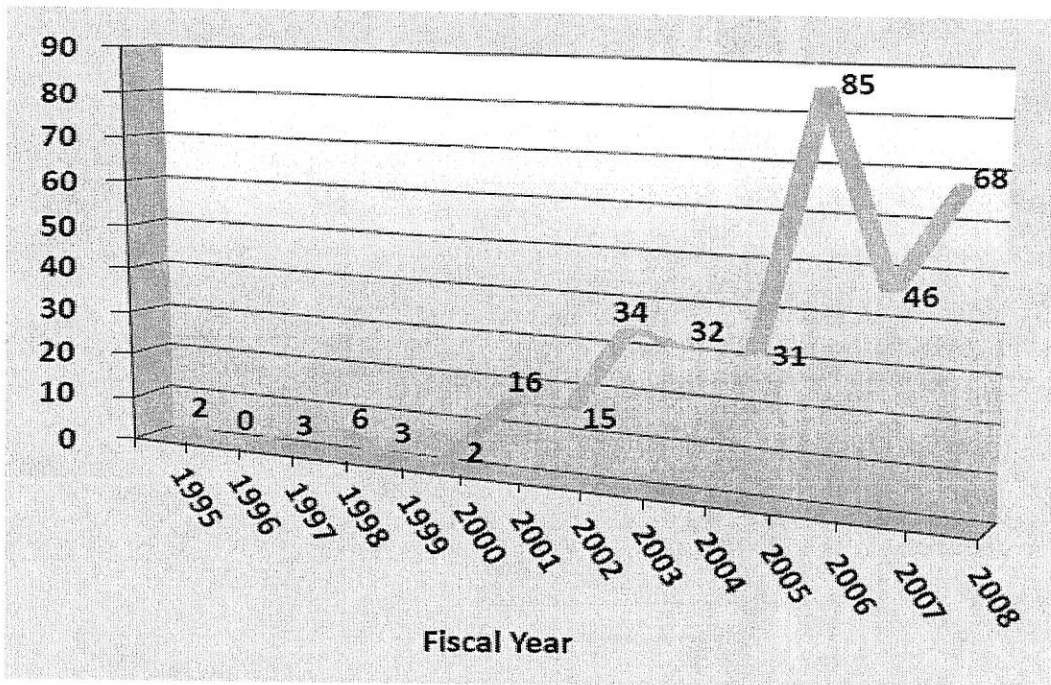
- Medicaid billing
- Toll collections
- Online professional licensing
- State psychiatric hospitals
- Prison food service
- Maintenance in state parks
- Custodial services
- Over 100 others!

**Table 1: A Sample of Results from Florida Privatization**

Initiative	Results
Prison Food Service	\$16.9 million over 3 years
Juvenile Justice Food Service	\$2.5 million annual
Medicaid Billing	\$1.7 million annual
Online Professional Licensing System	\$2.2 million to date
Data and Research Services	\$353,145 to date
Centralized State Park Reservations System	100 percent increase in reservations
Maintenance of State Parks	Reduced equipment repair costs, savings at more than \$650,000 a year
Employee Help Desk	Contract was cancelled
Highway Maintenance	\$83.7 million or 15.3 percent throughout the life of the contracts
Inmate Health Care	\$24.6 million over 4 years

Table 1 shows that the results were significant. Thanks to the success of the CEG, the pace of privatization increased as state agencies, the legislature, and Florida's citizens gained confidence in privatization. Figure 1 shows that increase--privatization took off after the CEG was established in 2004. In 1999 there were less than 20 initiatives in place, but 2008 there were 551 contracts with a lifetime value of over \$8 billion.

**Figure 1: Number of Outsourced Projects in FL, FY95-FY08**



**Conclusion**

This overview only brushes the surface of the experience with privatization by states in this country, and the key lessons already learned. Suffice it to say that there is more than adequate of each to ensure privatization is a tool that can work. I heartily recommend that Kansas adopt these and other best practices and make privatization a part of how the state provides better services at lower cost in the long run.



For immediate release:  
November 23, 2009

Beth Martino, Press Secretary  
785.368.8500

## **Parkinson cuts spending, balances budget** *Kansas' schools, roads and the disabled are critically impacted*

Governor Mark Parkinson has cut millions in state funding to bring the current budget into balance. Kansas' schools, roads and many of the state's most vulnerable citizens are again impacted by a historic drop in state revenue.

"Unfortunately, we are now to the point of potentially making crippling cuts to state services. This latest round of budget reductions will mean that class sizes will again increase in Kansas schools. Some districts will be forced to lay off teachers and close schools. These cuts mean that our universities will have fewer professors, offer fewer classes and critical investments in our future are in jeopardy. These budget cuts will force us to reduce supervision of released prisoners, increase the number of disabled citizens waiting for services and reduce road maintenance across the state," Parkinson said.

"It is my obligation as a leader to balance the budget. But it is also my duty to protect our most precious resources. So I have once again balanced the budget. I promised that I would and I have kept that promise. But we cannot make it through this recession by cutting ourselves into an incurable position. When the Legislature returns in January, together we must look towards building a solution for the years ahead or we will permanently damage the foundation of our state."

An overview of the Governor's budget reductions and adjustments are as follows:

### **Budget adjustments: \$258.9 million**

1. Targeted, strategic budget reductions in individual agencies as outlined on the attached list.
2. Reduce highway maintenance funds by \$50 million. This is achieved by transferring \$50 million from the State Highway Fund to the State General Fund.
3. Reduce the amount transferred from the State General Fund to the Bioscience Authority by \$5 million. This will still allow \$35 million to be transferred from the General Fund to the Bioscience Authority.
4. Reduce funding for K-12 by \$36 million and Regents by \$2 million, leaving both at 2006 spending levels. Do not fund recommended \$155.8 million K-12 increase based on revised estimates of property tax revenue and student enrollment.
5. Move unspent funds from prior years from individual agency budgets to the State General Fund. This includes the Governor's Office and the Legislature.

6. Reduce Medicaid reimbursement rates by 10%. This cannot be implemented immediately, so it is estimated it will result in savings of \$22 million during the last three months of the fiscal year.

**Offset Budget Adjustments with Recovery Act Funds: \$85.9 Million**

1. Reduce K-12 Supplemental General State Aid by \$85.9 million, but offset that reduction with \$85.9 million of federal Recovery Act funds that had been budgeted for the 2011 fiscal year. This leaves the state with \$189.6 million of Recovery Act funds (State Fiscal Stabilization and Special Education funds) for use in the 2011 budget.

States have discretion over when to draw down these Recovery Act funds. At least 10 states plan to use all of their Fiscal Stabilization Recovery Act funding by the end of FY 2010. A large majority of states plan to use a greater portion of the funding in FY 2010 and a smaller portion in FY 2011.

###

**State General Fund Outlook**  
**Governor's Revised FY 2010 Budget Plan**  
*(Dollars in Millions)*

	FY 2008 <u>Actual</u>	FY 2009 <u>Actual</u>	FY 2010 <u>Projected</u>
Beginning Balance	\$ 935.0	\$ 526.6	\$ 49.7
November 2009 Consensus Revenue Estimate	5,693.4	5,587.4	5,300.7
Governor's July Financial Plan			
Highway Fund	--	--	30.0
Securities Commissioner	--	--	5.0
Economic Dev't Initiatives Fund	--	--	5.4
Powerball Income Tax Windfall	--	--	3.1
Governor's November Financial Plan			
Highway Fund	--	--	50.0
Economic Dev't Initiatives Fund	--	--	2.4
Cap Bioscience Authority to \$35 M	--	--	5.0
Total Available	<u>\$ 6,628.4</u>	<u>\$ 6,114.1</u>	<u>\$ 5,451.3</u>
Expenditures			
Legislative Approved Expenditures	\$ 6,101.8	\$ 6,064.4	\$ 5,708.0
Governor's July Allotment	--	--	(90.1)
Legislature's Voluntary July Reductions	--	--	(0.5)
Health and Human Service Caseloads	--	--	24.3
Governor's November Allotment	--	--	(193.2)
Eliminate Legislature's Prior Year Shifts	--	--	(2.2)
Address Judiciary Funding Error	--	--	5.0
Total Expenditures	<u>\$ 6,101.8</u>	<u>\$ 6,064.4</u>	<u>\$ 5,451.3</u>
Ending Balance	\$ 526.6	\$ 49.7	\$ 0.0
<i>As Percent of Expenditures</i>	8.6 %	0.8%	0.0%



## Governor's Plan to Balance FY 2010 Budget

### Agency Expenditure Changes

Governor	Lapse all shifts from FY 2009	(667,246)
Lt. Governor	Lapse shift from FY 2009	(11,518)
Attorney General	Lapse shifts from FY 2009; switch \$1.9 million of SGF expenditures to Court Cost Fund; additional operating reductions.	(2,181,797)
Department of Administration	Lapse shifts from FY 2009; additional operating reductions across agency	(799,684)
Governmental Ethics Commission	Operating reductions	(12,888)
Board of Indigents Defense Services	Add \$173,163 for Assigned Counsel caseload; then reduce \$686,456 to reduce Assigned Counsel hourly rate from \$80 to \$62.	(513,293)
Department of Revenue	Operating reductions	(506,484)
Court of Tax Appeals	Operating reductions	(42,807)
Department of Social & Rehabilitation Services	Add \$4,282,945 for caseloads. Reduce \$6,172,512 for 10% Medicaid provider rate cut. Reduce \$747,071 for increased shrinkage. Reduce \$1,300,000 for DD support grants. Reduce \$3,983,347 from mental health consolidated grants. Reduce \$275,000 from substance abuse grants. Reduce \$753,552 by limiting MediKan and GA to 12 months. Replace \$2,000,000 SGF with TANF. Replace \$1,322,800 SGF with fee fund.	(12,271,337)
SRS Hospitals	Replace SGF with unbudgeted ARRA disproportionate share funds. Operating reductions.	(6,094,810)
Kansas Health Policy Authority	Add \$18,324,000 for caseload. Reduce \$12,524,313 for 10% Medicaid provider rate cut. Lapse shifts and DMIE match of \$1,689,062. Reduce \$1,031,596 by applying a more realistic estimate for SCHIP. Reduce \$782,400 from the Healthwave contract. Reduce \$351,144 for additional salary shrinkage and other operating reductions. Reduce \$570,000 by limiting MediKan to 12 months. Offset \$1,421,130 SGF with other funds.	(45,645)
Department on Aging	Add \$572,949 for caseload. Reduce \$3,430,099 for 10% Medicaid provider rate cut. Lapse shift from FY 2009 of \$234,619.	(3,091,769)
Department of Health & Environment	Reduce salary and operating expenditures \$99,041. Reduce Infant-Toddler \$183,573. Reduce Coordinated School Health \$46,567. Reduce laboratory \$100,000.	(429,181)

## Governor's Plan to Balance FY 2010 Budget

Department of Labor	Operating reductions	(14,129)
Commission on Veterans Affairs	Lapse shifts from FY 2009; replace SGF with federal funds gained by switching Soldiers Home to Medicare/Medicaid. Close Triplett Hall at Winfield. Shift veterans' spouses pharmaceutical costs to other payment sources.	(818,276)
Kansas Guardianship Program	Operating reductions	(34,632)
Department of Education	Reduce General State Aid to FY 2006 level	(36,709,794)
	Reduce Supplemental General State Aid appropriation from SGF and replace with ARRA funding.	(85,949,000)
	Operating reductions	(474,427)
	Reduce KPERS School for new payroll levels	(419,000)
	Reduce Juvenile Detention Facilities for BSAPP reduction	(398,574)
School for the Blind	Operating reductions	(168,481)
School for the Deaf	Operating reductions	(271,930)
Regents System	Reduce Higher Education to FY 2006 level	(1,990,976)
	Eliminate unneeded appropriation for bond payment	(5,038,114)
Arts Commission	Lapse shift from FY 2009 and reduce grants	(122,585)
Historical Society	Operating reductions	(172,726)
State Library	Reduce grants-in-aid to local libraries and make operating reductions.	(140,707)
Department of Corrections	Lapse shifts from FY 2009; reduce parole services budget; modify food service contract; reduce community corrections and IT maintenance.	(3,820,885)
Juvenile Justice Authority	Add \$1,100,000 for caseloads. Reduce \$626,505 for 10% Medicaid and Purchase of Service provider rate cut. Make operating reductions and reduce prevention funding.	(949,161)
Adjutant General	Shutter armories	(156,662)
Highway Patrol	Substitute compensatory time for holiday pay. Shift SGF expenses to fee funds.	(994,268)
Kansas Bureau of Investigation	Lapse shifts from FY 2009 and take AFIS payment savings. Operating reductions, including holding vacant positions open)	(994,584)
Sentencing Commission	Lapse shift from FY 2009 and offset SGF with fee funds.	(1,134,117)

## Governor's Plan to Balance FY 2010 Budget

Department of Agriculture	Lapse shifts from FY 2009; make operating reductions.	(428,094)
Animal Health	Operating reductions	(26,580)
State Conservation Commission	Operating reductions	(23,072)
Water Office	Lapse reservoir storage purchase shift from FY 2009	(526,007)
Department of Wildlife and Parks	Lapse shifts from FY 2009; make operating reductions.	(434,876)

### Additional Expenditure Changes

Legislative Agencies	Lapse all shifts from FY 2009 *	(2,218,117)
Judiciary	Correct a portion of underfunding *	5,000,000

### Revenue Gains

KDOT	Further reduce maintenance and operations; transfer from Highway Fund to SGF *	50,000,000
Reduce SGF Transfer	Limit Bioscience Authority transfer to \$35 million	5,000,000
Economic Development Initiatives Fund	Reduce agency budgets: Commerce-\$500,000, KTEC-\$250,000, Kansas Inc.-\$10,000 and transfer balances *	2,400,000

\* *Requires legislative action.*



## Adjustments in Governor's Financial Plans Requiring Legislative Action

### Revenue Transfers

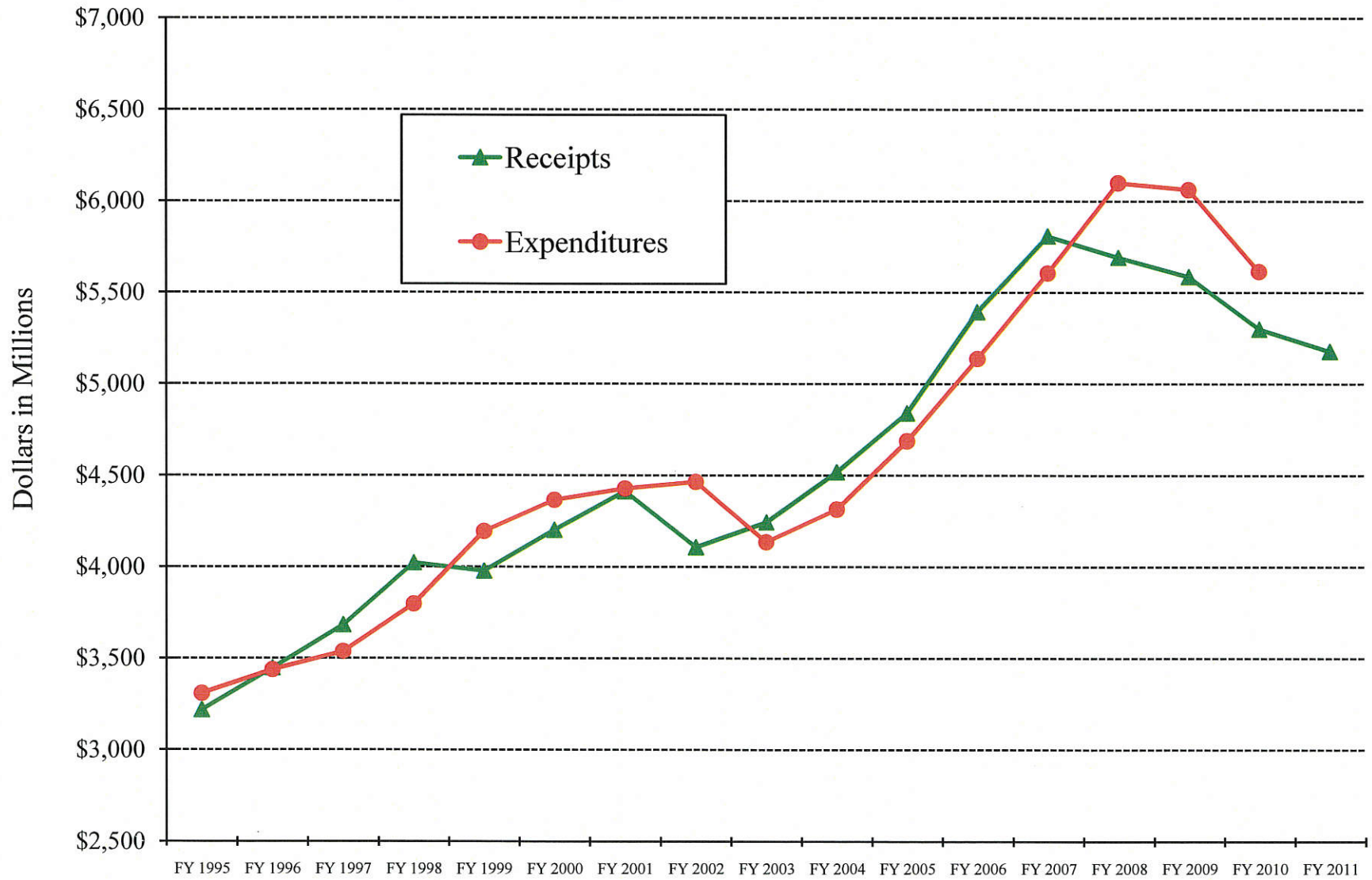
Department of Transportation	July Proposal	\$	30,000,000
Department of Transportation	November Proposal		50,000,000
Securities Commissioner	July Proposal		5,000,000
EDIF Agencies	EDIF (July Proposal)		5,400,000
EDIF Agencies	EDIF (November Proposal)		2,400,000

### Expenditures

Legislative Agencies	July Voluntary Reductions	\$	(540,000)
Judiciary	Address Funding Error		5,000,000
Legislative Agencies	Lapse Prior Year Shifts		(2,218,117)

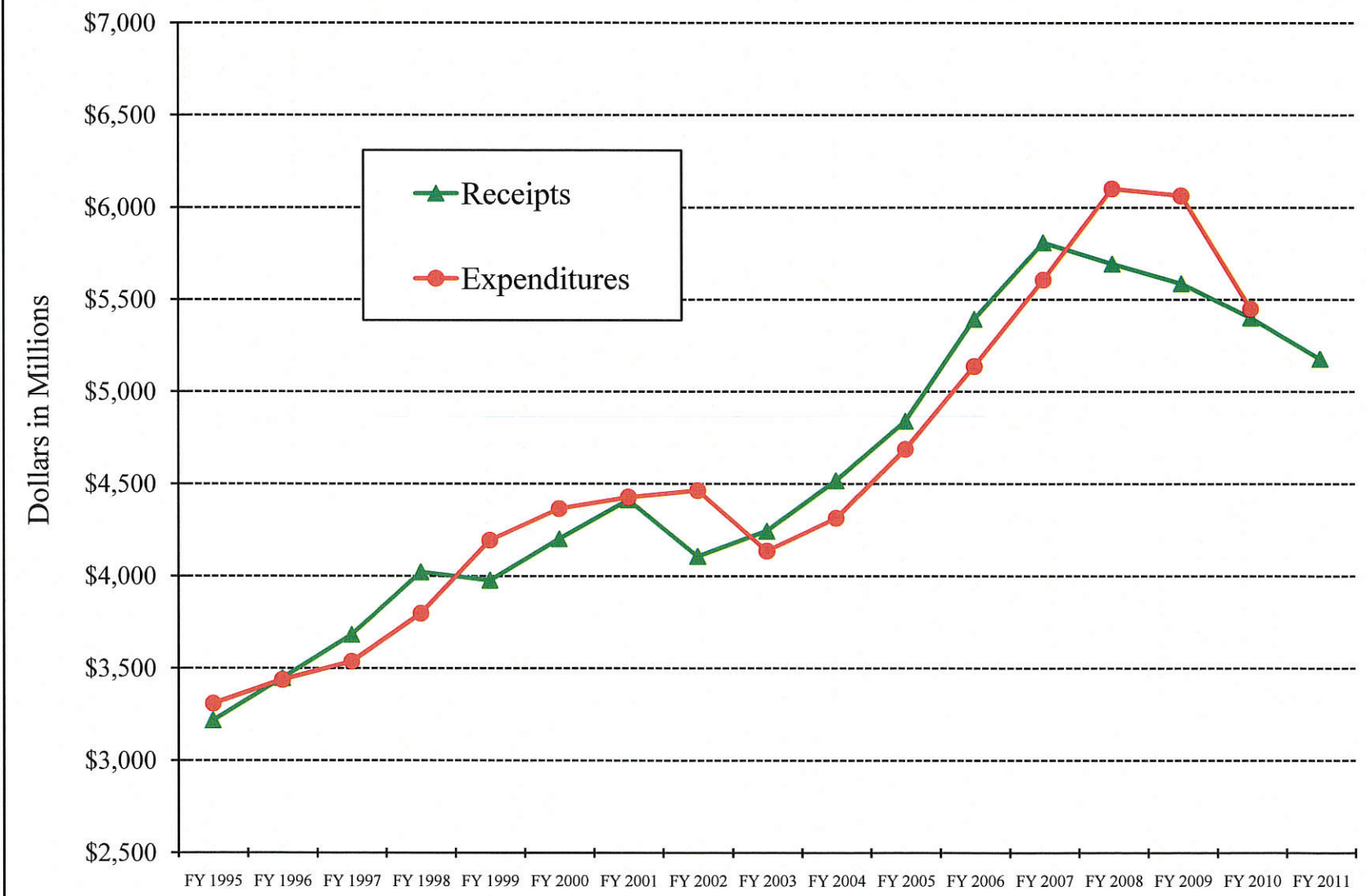
Appropriation bill to enact transfers and implement appropriation changes will be drafted and made ready for introduction at the start of the 2010 Legislative Session.

# After November Consensus Revenue Estimate State General Fund Receipts and Expenditures FY 1995 - FY 2011



30-8

### After Governor's Allotments State General Fund Receipts and Expenditures FY 1995 - FY 2011







*Testimony of  
Mike McCabe, Director  
CSG Midwestern Office  
to the*

## ***Kansas House Appropriations Committee***

***November 24, 2009  
Topeka, Kansas***

### **I. Introduction**

- ◆ Thanks on behalf of CSG and the Midwestern Legislative Conference for the opportunity to be here.
- ◆ Thanks as well for Kansas' support of the 64<sup>th</sup> MLC Annual Meeting, Chaired by Sen. Jay Emler and held earlier this year in Overland Park.
- ◆ [About CSG . . . ]
- ◆ Purpose: Overview of the current fiscal crisis and strategies for closing state budget gaps

### **II. The Challenge – Economic/Fiscal Overview**

## A. *The Economy*

- ◆ I'll start with some good news: the recession that began in December 2007, likely ended in August or September of this year.
- ◆ The bad news, of course, is that it was one of the longest, broadest and deepest recessions in our modern economic history, and it was marked by extremely high unemployment rates – rates that are still growing in most states. [See handout for latest *Midwestern state unemployment rates, released last Friday.*]
- ◆ Even worse, states historically lag any national economic recovery and typically struggle through their most difficult budget challenges during the two years after a recession ends.
- ◆ Not surprisingly, then, the recent recession has had – and is continuing to have – a huge impact on the state fiscal picture, especially given the extent to which states rely on revenues generated from taxes on income, property and economic activity.

## B. *The Fiscal Situation*

- ◆ The last recession (2001) saw a sharp but short-lived decline in state income taxes. But the housing market remained strong throughout, and sales taxes dipped only slightly.
- ◆ This time around, the recession's impact has been broader and deeper, and virtually all state revenue sources have declined.
- ◆ As a result, states have faced huge budget shortfalls – totaling between \$250 B and \$350 B for FY 09 – FY 11 (depending on whose estimates you use); up to \$144 B in FY 10 alone.
  - A record 42 states had to make mid-year budget adjustments totaling more than \$30 B just to make ends meet in FY 09
  - That was before tackling the even-larger budget gaps that most states confronted in putting together their 2010 budgets, and nearly half of the states are already anticipating additional gaps in 2011.

### i) Revenues

- ◆ Total state revenues were down by 11.7% and 16.6% in the first and second quarters of CY 2009 (compared to same quarters of 2008), both record figures.
- ◆ 49 states (all but AK) saw revenues fall in the second quarter, with 36 experiencing double-digit declines.
- ◆ Total state tax collections for FY 09 declined by \$63 B from FY 08. (Also a record and roughly twice the amount of fiscal relief states gained from ARRA.)
- ◆ Revs from every major source were down in FY 09: sales (-4.7%); personal income (-8.3%); corporate income (-16.1%); -- all sources (-7.5%).
- ◆ Revs likely to remain depressed in FY 11 and FY 12. May not reach FY 08 levels until FY 13, and might not fully recover until FY 2014 or FY 2015.

## II. The Challenge (cont'd)

ii) Expenditures

- ◆ Negative spending growth for the first time ever in FY 09 and FY 10, at or above -4% each year (compared to 32-year historical average growth rate of 5.9%)
- ◆ 27 states cut spending in FY 09; more than 40 expected to do so in FY 10.

iii) Fund Balances

- ◆ Total state fund balances rebounded after last recession to high of \$70 B (11% of total state spending) in FY 06.
- ◆ Fund balances declined to 8.6% of spending in FY 08 and to 4.9% in FY 09 (2.7% w/o AK and TX).

iv) Strong Spending Pressures

- ◆ Pressure on spending side remains high, especially for such things as health care, education, corrections, infrastructure and pensions.
- ◆ Medicaid (22% of state budgets) grew by 7.9% in FY 09 – highest rate since end of last economic downturn in FY 03.
- ◆ Medicaid enrollments up 5.4% in FY 09 – will go up 6.6% in FY 10 (typically happens late in recessionary cycle because of delayed impact of high unemployment)

**III. Strategies to Close Budget Gaps**



- ◆ No secret as to the 3 broad strategies that states customarily use to close budget gaps. They can:
  - Cut spending;
  - Raise revenues; or they can
  - Tap accumulated reserves (which essentially buys them some time . . .)
- ◆ This year, the states have another significant tool at their disposal – the federal stimulus package.
- ◆ Will look at each of these alternatives in greater detail in hopes of giving you a better understanding of how the states are responding to the current fiscal crisis and what they are doing to make their budget ends meet.

## 1. Spending Cuts

- ◆ 42 states made mid-year budget cuts totaling more than \$31 B in FY 09.
- ◆ 41 states and DC have already cut spending for FY 10, either when initially enacting their budgets (to the tune of more than \$53 B) or in addressing new budget gaps that have already surfaced since those plans were enacted.
- ◆ Cuts have been broad and deep, touching virtually every facet of state government.

### A. Across-the-Board (ATB) Cuts

- ◆ More than a dozen states have enacted ATB cuts, ranging from 1% to 15% (some by legislative action, others by executive order)
- ◆ Some states have enacted more than one such cut (e.g., SC, VA)
- ◆ Most ATB cuts come with exceptions or reduced rates for protected programs or spending categories
- ◆ These are relatively easy to live with, but less significant in the scheme of things than other, larger cuts to big-ticket items in key spending categories like Medicaid and education, which together account for nearly 63% of total state general fund spending.

### B. Health Care

- ◆ Virtually every state (at least 46) looked to cut health care costs this year.
- ◆ Common strategies included:
  - Cuts in Medicaid provider payments
  - Efforts to reduce Medicaid enrollments (e.g., by narrowing eligibility criteria – at least 20 states)
  - Eliminating optional Medicaid benefits, such as dental, vision or psychological care
  - Imposing tighter controls on pharmaceutical costs (e.g., by reducing the preferred drug list)
- ◆ Other health-related strategies:
  - Eliminating or reducing funding for long-term care, for children's health insurance (through SCHIP), for physical therapy, for home care, for services for the elderly or the disabled, etc.
  - Shrinking or consolidating state health departments; closing state health facilities

## III. Strategies (cont'd)

### *C. Education*

- ◆ More than half of the states have reduced spending on K-12 education, most by restructuring their school aid formulas (e.g., lower per-pupil subsidies; limits on adequacy or equalization payments to districts; etc.)
- ◆ Other K-12 cost-reduction strategies include:
  - Cutting aid to high-risk or special-needs students
  - Reducing funding for early childhood education (including Head Start and expanded K programs)
  - Cutting teacher training and professional development
  - Eliminating special services, including b'fast/hot lunch programs, health clinics, etc.
  - Trimming support for gifted programs, STEM initiatives, adult literacy, etc.
- ◆ Two-thirds of the states have cut funding for public colleges and universities and/or raised tuition (by as much as 14% in New York, for example)
- ◆ Other states have reduced higher ed spending by:
  - Eliminating faculty and cutting staff
  - Consolidating programs
  - Reducing support for scholarship programs (including MI's well-regarded "Michigan Promise" program)

### *D. Criminal Justice*

- ◆ More than 30 states looked for cost savings in their corrections systems and eventually employed a variety of strategies, including measures to:
  - Reduce prison populations by emphasizing community corrections and eliminating mandatory minimum sentences for relatively minor offenses
  - Privatize prison operations
  - Provide reduced supervision and/or shorter sentences for low-level/non-violent offenders
  - Reduce inmate services
  - Cut staff and close prisons
- ◆ Other states sought to bolster their drug courts in an effort to divert offenders to treatment instead of prison (e.g., FL passed; PA failed)
- ◆ Almost 20 states sought to cut judicial system costs by: reducing staff, cutting the number of judges, imposing higher court fees, etc.

### *E. Other*

- ◆ Cost cutters have also zeroed in on state aid to local governments (reduced in more than a dozen states) and funding for state parks (cut in at least 8 states), among many other targets.
- ◆ Select states have also considered or enacted funding cuts for everything from child welfare, mental health, housing and TANF to tourism, environmental protection, the state fair (MI) and public television.
- ◆ Others have considered or enacted agency consolidation efforts (at least 9 states to date)

## **III. Strategies (cont'd)**

### *F. State Workforce Actions*

- ◆ The CBPP estimates that S & L gov'ts have cut approx. 204,000 jobs in the last year alone.
- ◆ More than 40 states, including 8 here in the Midwest, have acted to reduce their workforce costs through furloughs, layoffs, hiring and salary freezes, benefit reductions and other strategies.
- ◆ The most common approaches include:
  - Layoffs – proposed or enacted in 25 states and DC (teachers, corrections workers, etc.; cuts in the hundreds to the thousands)
  - Furloughs – proposed or enacted in 26 states
  - Hiring freezes – more than half of the states
  - Salary and benefit cuts (including everything from insurance premiums and coverage to retirement and travel)
- ◆ Other states have considered early retirement plans to reduce payroll costs (passed in CT, ME; proposed in VA)

## **2. Revenue Measures**

- ◆ As many as 30 states have passed tax hikes since the beginning of CY 2009; others have been considered or are still pending (7 states)
- ◆ This in addition to hikes in more than 10 states that acted in late 2007 or 2008 as the recession began
- ◆ Total tax and fee increases and other revenue enhancements for FY 10 came to more than \$30 B at the outset
- ◆ No real appetite for broad-based tax increases, given the economic downturn, but some activity with respect to virtually every major state revenue source

### *A. Personal Income Taxes*

- ◆ Strategies include:
  - Higher rates (e.g., CA, DE – but other measures failed in PA, IL) – for all TPs, or at least for high-end TPs
  - New permanent or temporary tax brackets for upper-income earners (more than half a dozen states)
  - Reductions in credits, exemptions and/or deductions to broaden base or generate additional revs
- ◆ Some examples:
  - CA reduced credit for dependents
  - CO, VT and WI eliminated or reduced exemptions or deductions for capital gains (RI will treat as ordinary income)
  - DE eliminated an exemption for lottery winnings
  - VT limited the amount of S & L income that can be deducted from federal AGI

## **III. Strategies (cont'd)**



## *B. Corporate Income/Business Taxes*

- ◆ Strategies include:
  - Higher corporate income tax rates/new brackets (e.g., OR)
  - Lower credits, exemptions and/or deductions for corporate income tax (e.g., MD)
  - Expanded corporate income tax base (VA)
- ◆ Other actions:
  - DE, TN raised corporate franchise taxes
  - DE raised its gross receipts tax rate
  - IA capped select business tax credits
  - NH expanded its tax on earned interest and dividends
  - WI mandated combined reporting for companies and their subsidiaries

## *C. Sales Taxes*

- ◆ Strategies include:
  - Higher rates (e.g., CA, MA, NV – but other measures failed to pass)
  - Expanded base to include previously untaxed goods and services
- ◆ Some examples:
  - Tobacco products (CO)
  - Alcoholic beverages (KY, MA)
  - Amusement parks, sporting events, auto repairs, dry cleaning (ME)
  - Internet sales (NY, RI)
  - Car and limo services (NY)
  - Software maintenance agreements (NT)

## *D. Tobacco and Alcohol Taxes*

- ◆ Higher taxes on cigarettes and other tobacco products (at least a dozen states)
- ◆ New or higher taxes on alcoholic beverages (at least 9 states – but similar measures failed to pass in at least 3 more)

## *E. Motor Vehicle License Fees/Gas Taxes*

- ◆ Higher vehicle license fees (at least 8 states)
- ◆ Higher gas tax rates (e.g., DC, OR, RI – similar measures proposed elsewhere, failed to pass in IL, MD, TX, FL)

## *F. Other Revenue Measures*

- ◆ Roughly half of the states considered proposals to expand gambling this year

-- e.g., OH voters recently approved a ballot proposal to allow casino gambling in major cities across the state

-- But states should take notice: S&L gambling revenues declined in FY 09 (by 2.8%) for the first time in more than 30 years

- ◆ Other states imposed new or higher taxes on gambling winnings (NH) or proceeds (SD)
- ◆ States considered or approved a wide variety of other revenue enhancements as well, including:
  - New or higher hospital provider assessments (CO, WI)
  - Increased hotel/motel taxes (HI, NH, SD)
  - Higher hunting & fishing license fees (ME)
  - New excise tax on satellite broadcast services (MA)
  - Higher insurance premium taxes (NJ, OR)
  - Gross receipts tax on HMOs (TN)
  - New tax on digital downloads (WI)
  - Enhanced tax enforcement measures (ME, OK)
- ◆ KY plans to auction off surplus state-owned equipment
- ◆ AL has contracted for oil exploration on state-owned prison property
- ◆ PA has leased state lands for natural gas drilling
- ◆ At least 3 states (AZ, CA, PA) plan to sell off state assets to raise funds; PA will sell some buildings outright – AZ and CA are employing a sale/lease back mechanism under which state-owned buildings will be sold initially but immediately leased back by the state under long-term lease agreements that will end with the assets reverting back to the state after all lease payments have been made.
- ◆ The AZ plan made national news, because it envisions the controversial sale and lease back of the state House and Senate buildings, which will eventually revert to state ownership after the state pays roughly twice the initial sale price in lease payments over 20 years.

### **3. RDFs and Other Fund Transfers**

- ◆ When spending cuts and tax hikes aren't enough, some states turn to accumulated reserves in a stop-gap effort to balance their budgets while riding out the storm.

#### **A. Rainy Day Funds**

- ◆ Several states will tap their RDFs this year, including PA, which will drain its \$755 M fund, and CT which will draw down \$1.4 B.
- ◆ Similar plans already enacted or pending in at least half a dozen states

#### **B. Other Fund Transfers**

- ◆ Another dozen states are considering or have enacted plans to tap other specially designated funds in an effort to balance their budgets
- ◆ A few examples:
  - CA – recycling and deposit redemption funds

### **III. Strategies (cont'd)**

CO – tobacco settlement funds

- HI – E-911 cell phone fund
- PA – medical malpractice insurance fund
- NM – college affordability fund (proposed)

#### **4. Stimulus Funds**

- ◆ In addition to the usual budget-balancing strategies and means at their disposal, the states have benefitted from one significant additional resource this year – the \$787 B federal stimulus package enacted last February.
- ◆ The package included \$246 B destined to go to or through the states, including \$135 B in flexible, emergency funding that could be used by the states over a two-and-a-half year period to help close their budget gaps.
- ◆ This included \$87 B for Medicaid spending and another \$48 B in fiscal stabilization funds that could be used primarily for education.
- ◆ States used about \$31 B in stimulus funds to help close their FY 09 budget gaps and are planning to spend another \$68 B in the current fiscal year. On average, they are counting on stimulus funding to close about 40% of their projected budget gaps for FY 10.
- ◆ That will leave less than \$40 B for use in FY 11, which will only cover about 20% of the states projected shortfalls for next year.
- ◆ In hindsight, the Recovery Act immediately changed the equation for legislatures that were struggling to balance their budgets
  - It softened the blow of steep revenue declines
  - It allowed many states to plug FY 09 gaps, supplement current spending and balance their FY budgets
  - But it also allowed a number of states to avoid or defer some very difficult budget decisions that they will likely still have to make in FY 11 or FY 12 if economic recovery doesn't come quickly.
- ◆ Looking ahead, one of the key challenges states will face in the next 2 years – perhaps THE key challenge – is to shore up their revenue streams and/or trim their spending plans before the stimulus funds run out.
- ◆ Ultimately, the best way to do this is to grow the economy and put people back to work, which was really one of the key objectives of the stimulus package in the first place. *[See handout for current status of stimulus-related efforts in the Midwest.]*

#### **IV. Ongoing Challenges**

- ◆ A long way to go...
- ◆ Revenues projected to decline further in FY 10 and remain low in FY 11 and FY 12
- ◆ Mid-year (FY 10) budget gaps totaling \$16 B have already opened in at least 26 states
- ◆ Pressure on spending remains high, especially given higher demand for state services that typically accompanies high unemployment rates
- ◆ Stimulus funds due to be exhausted by mid FY 11 (December 2010)

#### **V. Conclusion**



- ◆ 65<sup>th</sup> MLC Annual Meeting – August 8-11, 2009 in Toronto, Ontario
- ◆ *Thanks!*



## *The State Fiscal Crisis*

### **Revenues**

- Total state revenues down by 11.7% and 16.6% in first and second quarters of CY 09
- Revs from every major source down in FY 09: sales (-4.7%); personal income (-8.3%); corporate income (-16.1%) – all sources (-7.5%)

### **Expenditures**

- Total state expenditures declined 4.8% in FY 09; projected down by 4.0% in FY 10 – first back-to-back declines on record
- 42 states made mid-year budget cuts in FY 09 (total = \$31.2 B); 41 states and D.C. have cut spending for FY 10

### **Fund Balances**

- Total state fund balances rebounded after last recession to high of \$70 B (11% of total state spending) in FY 06
- Fund balances declined to 8.6% of spending in FY 08 and to 4.9% in FY 09

### **Ongoing Challenges**

- Revs projected to decline further in FY 10 and remain low in FY 11 and FY 12
- Mid-year budget gaps (FY 10) have already opened in at least 26 states (total = \$16 B)
- Pressure on spending remains high; states typically lag national economic recovery
- Stimulus funds to be exhausted mid-FY 11

*Sources: NASBO, CBPP, CSG, US Census Bureau*



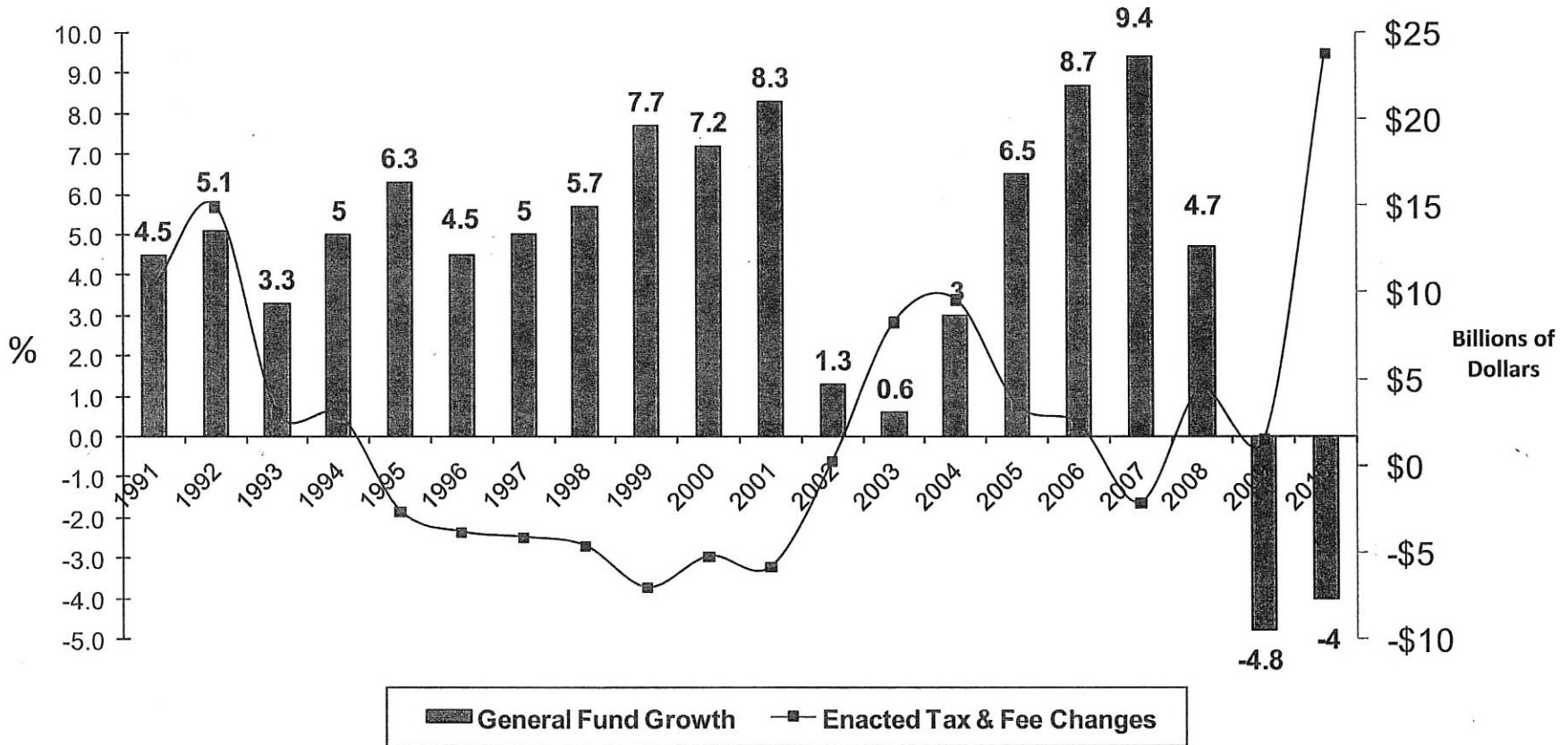
*Midwestern State Unemployment Rates  
(October 2008-October 2009)*

State	Oct. 2008	Oct. 2009	Difference
Illinois	6.8%	11.0%	4.2%
Indiana	6.4%	9.8%	3.4%
Iowa	4.3%	6.7%	2.4%
Kansas	4.7%	6.8%	2.1%
Michigan	9.1%	15.1%	6.0%
Minnesota	5.6%	7.6%	2.0%
Missouri	6.5%	9.3%	2.8%
Nebraska	3.6%	4.9%	1.3%
North Dakota	3.2%	4.2%	1.0%
Ohio	6.9%	10.5%	3.6%
South Dakota	3.2%	5.0%	1.8%
Wisconsin	4.9%	8.4%	3.5%
<b>U.S.</b>	<b>6.6%</b>	<b>10.2%</b>	<b>3.6%</b>

*Source: U.S. Bureau of Labor Statistics – 11/20/09*



### General Fund Spending Growth and Enacted Tax and Fee Changes





## *Strategies to Close State Budget Gaps*

### **Cut Spending**

- Across-the-Board Cuts
- Targeted Cuts – Select Categories
- Other Reductions
- State Workforce Actions

### **Raise Taxes/Other Revenues**

- Major Sources: Sales; Personal Income; Corporate Income; License/Excise/Fees
- Other Revenue Measures
- Asset Sales

### **Tap Reserves**

- Rainy Day Funds
- Other Fund Transfers

### **Use ARRA Funds**

- \$787 B package; \$246 B to/through the states; \$135 B in flexible funding over two and a half years
- \$87 B for Medicaid; \$48 B in Fiscal Stabilization Fund (primarily for education)
- Most funds used in FY 09 and FY 10; approx. \$38 B left to use in FY 11
- Stimulus funds to be exhausted mid-FY 11



*Midwestern State Impact of the  
American Recovery and Reinvestment Act of 2009  
(Through October 30, 2009)*

State	Funds Awarded (\$ Billions)	Funds Received (\$ Billions)	Jobs Created/Saved (US Rank)
Illinois	6.43	2.48	24,448 (7)
Indiana	3.05	0.85	18,876 (11)
Iowa	1.51	0.33	5,323 (33)
Kansas	1.31	0.45	5,935 (31)
Michigan	5.21	1.25	22,514 (9)
Minnesota	2.58	0.57	14,315 (15)
Missouri	2.83	0.42	15,149 (14)
Nebraska	0.86	0.18	2,840 (40)
North Dakota	0.70	0.19	1,293 (50)
Ohio	5.06	0.87	17,095 (13)
South Dakota	0.70	0.25	2,198 (44)
Wisconsin	2.41	0.73	10,073 (18)
<b>U.S.</b>	<b>158.71</b>	<b>36.69</b>	<b>640,329</b>

*Source: Recovery.gov*



## Construction Management Overview

November 24, 2009

1. Construction Management
2. Agency CM Services
3. Who uses Agency CM
4. Why an Owner Needs an Agency CM
5. What Makes a Good Agency CM
6. Conclusion

Tom Beckenbaugh, Vice President  
Robin Floyd, Vice President

The Konrath Group, LTD  
1600 Genessee, Suite 340  
Kansas City, MO 64102  
816-283-3860

## Introduction

Konrath is a KS Corporation formed in 2000.

Our firm specializes in construction management with a focus on client advocacy.

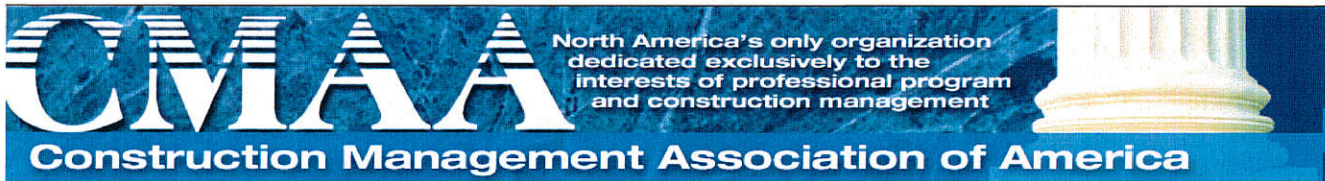
Our construction professionals come from architecture, engineering, and construction backgrounds.

Our premier staff of 18 professionals averages 23 years of experience.

We are a relatively small firm but we have considerable large project experience. Our size ensures that our senior staff is focused on projects.

We work primarily for public entities.

## 1. Construction Management



cmaanet.org

### Construction Management

*(as defined by the Construction Management Association of America):*

**Construction Management** is a discipline and professional management system specifically created for the purpose of achieving project objectives including the management of quality, cost, time and scope.

**Construction Management** is a discipline that manages the successful execution of capital projects for Owners. These projects can be highly complex. Few Owners maintain the staff resources necessary to pay close, continuing attention to every detail--yet these details can "make or break" a project.

**Professional Construction Management** services augment the Owner's staff with pre-planning, design, construction, engineering and management expertise that can assure the best possible project outcome no matter what type of project delivery method used.



## 1. Construction Management

There are two different approaches to Construction Management –

### **Agency Construction Management** and **At-Risk Construction Management**

*As defined by the Construction Management Association of America:*

**"Agency" Construction Management** is a professional service that can be applied to all delivery systems where the Construction Manager acts as the owner's principal agent in the management of a construction project or program, where the CM is responsible to the owner for managing the planning, design, construction and post construction phases, or portions thereof. The CM represents the interests of the project in its dealings with other construction professionals, and with other private and public entities.

- Optimum use of available funds
- Control of the scope of the work
- Project scheduling
- Optimum use of design and construction firm's skills and talents
- Avoidance of delays, changes and disputes
- Enhancing project design and construction quality
- Optimum flexibility in contracting and procurement

Comprehensive management of every stage of the project, beginning with the original concept and project definition, yields the greatest possible benefit to owners from Construction Management.

**"At-risk" Construction Management** is a delivery method which entails a commitment by the construction manager to deliver the project within a Guaranteed Maximum Price (GMP). The construction manager acts as consultant to the owner in the development and design phases, but as the equivalent of a general contractor during the construction phase. When a construction manager is bound to a GMP, the most fundamental character of the relationship is changed. In addition to acting in the owner's interest, the construction manager also protects him/herself.



## 1. Construction Management

### Agency Construction Manager

A professional services provider who acts in the owner's interests from design through construction completion

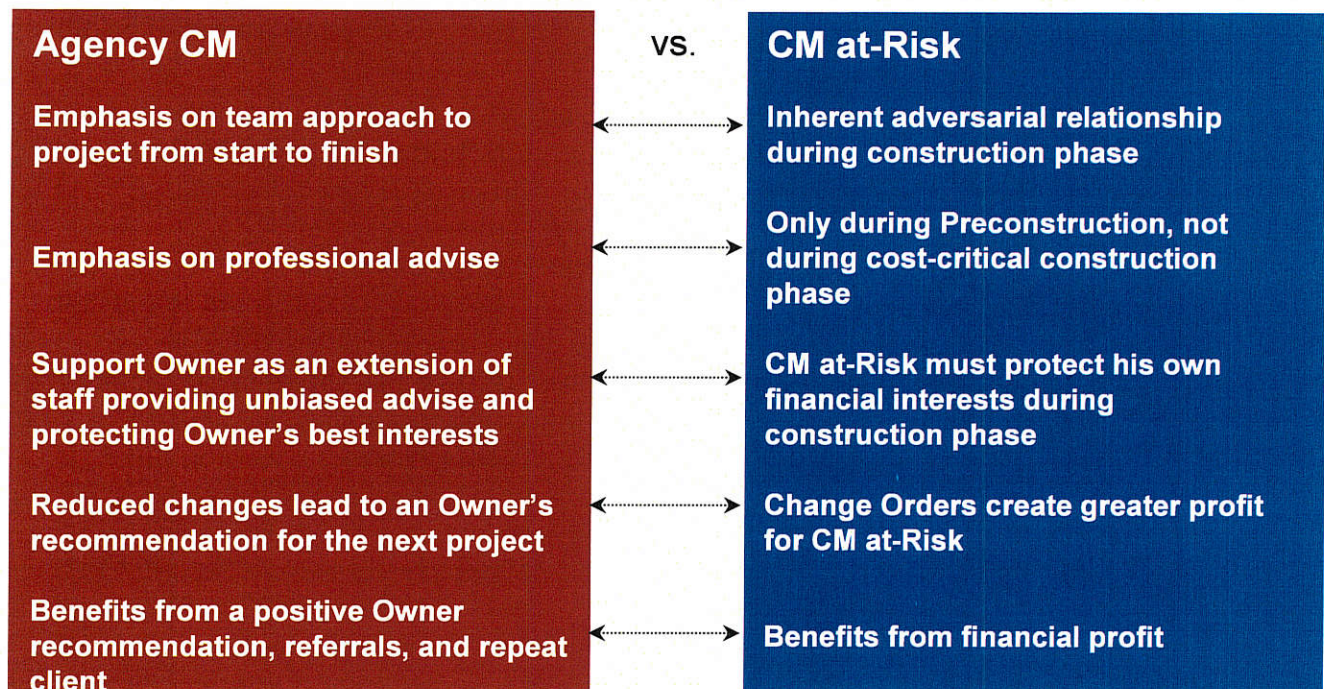
Supplements Owner's staff with professional design and construction experts with current, relevant market knowledge

Provides professional advice without any conflict of interest because no financial stake in the project

### At-Risk Construction Manager

Provides preconstruction professional services. During construction phase, provides full delivery of the project

Relationship changes once an At-Risk CM assumes financial responsibility for a project – At-Risk CM acts as professional services provider to Owner during design phase but acts as a General Contractor during construction.



## Menu of Professional Services Available

## 2. Agency CM Services

### Preconstruction Phase:

- Learn user needs and end use
- Develop program budget and project cash flow
- Develop master program schedule
- Lead team to develop project definition
- Define roles of team members, lines of reporting
- Provide cost model, follow with estimates at each phase of design
- Develop cost savings options – innovative solutions
- Advise on availability and pricing of materials
- Refine master schedule
- With owner and designer, establish quality required
- Provide constructability reviews
- Provide written monthly reporting on design updates

### Construction Phase:

- Provide leadership for team, promote team work
- Manage decision-making process
- Provide written monthly report on schedule, budget, and construction status
- Assist with coordination of testing agencies, permitting, utilities, etc.
- Lead regularly scheduled team meetings
- Oversee project specific safety program
- Advise on construction phasing and staging
- Monitor and advise on contractor's schedule
- Develop document tracking and control system
- Assist with labor relations
- Oversee work in the field and report to owner
- Monitor construction progress relative to schedule
- Establish procedures for contractor pay applications, review and make recommendations for payment
- Ensure contractor requests for information are answered promptly by designers
- Monitor quality in field to ensure meeting expectations
- Provide estimates for changes and contractor proposals, make recommendation to owner
- Ensure owner has information needed for timely decisions
- Assist with delays, changes and disputes

### Post-Construction Phase:

- Lead the commissioning process & equipment start-up
- Assist with contract close-out, punch list resolution
- Obtain all guarantees and warranties
- Ensure all document control in order
- Warranty walk-thru prior to expiration of warranties



**3. Who uses Agency CM**

**In our experience:**

**City of Kansas City, Missouri**

**City of Mission, Kansas**

**University of Missouri**

**University of Kansas Athletic Endowment Association**

**University of Illinois**

**State of Missouri**

**Numerous School Districts**

**General Services Administration**

***Many public Owners***

## 4. Why an Owner Needs an Agency CM

***Linda M. Phillips, Center for Construction and Project Management, GSA Office of the Chief Architect and member of Construction Management Association of America offered us the following from the GSA's perspective:***

- GSA has used Agency CM for 20 years now. In the past, the GSA would oversee projects with in-house staff, now they have found the value in hiring outside professional construction managers.
- GSA is risk adverse and they do not want to give up control of the budget and schedule, Agency CM allows them to retain that control.
- GSA prefers Agency CM because their experience has taught them that with an At-risk CM, the relationship with the owner changes to that of General Contractor at the time of the Guaranteed Maximum Price

***GSA believes a good Agency CM provides:***

- Owner advocacy
- Technical expertise
- Independent 3<sup>rd</sup> party review
- Leadership
- Creative solutions
- Knowledge of the construction market

***GSA's lessons learned:***

- Hire Agency CM at the start of the design phase since designer's vision often does not relate to budgets
- Agency CM helps maintain credibility with end users by providing good information
- Agency CM provides innovative, helpful suggestions on constructability and costing

***From our experience, we see savings opportunities for an Owner:***

- Design phase savings thru investigation of alternative materials and systems that produce savings while maintaining quality. More cost effective to make changes while on paper versus in the field during construction;
- During design phase, ensure clear, concise instructions to builders within the drawings, which leads to economical construction techniques in the field;
- Achieving project completion on schedule (or sooner);
- Managing contractor change orders;
- Claims avoidance.

## 5. What Makes a Good Agency CM

### ***Linda Phillips recommends:***

- Select the best, not cheapest Construction Management firm as your trusted advisor
- Buy true professionals, not just services
- Look for quality estimating services

### **From our experience, we believe:**

- All of the above
- An Owner should look at the people, not just the company. You need seasoned, experienced people to provide professional advice based on actual lessons learned in design and construction.

## 6. Conclusion

### **We believe that:**

Agency CM provides best service for public owners

An Owner should look for a professional service provider with strong, experienced people

An Agent CM can save you much more than the cost of his staff services



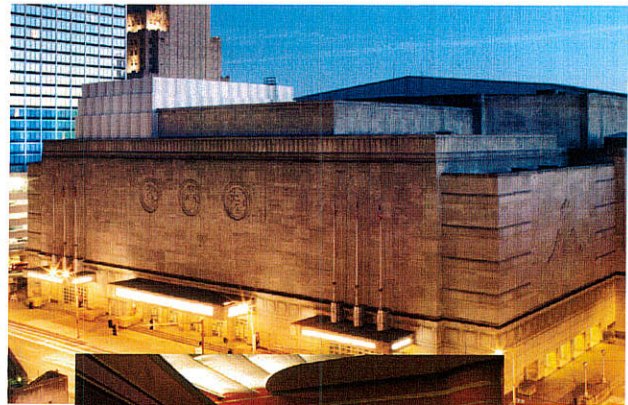
# Construction Management



**Mission's Gateway Development**



**KC Convention Center New Ballroom  
Meeting Room Renovations  
Municipal Auditorium Renovations  
Barney Allis Plaza Tennis Facility  
Auditorium Plaza Garage Restoration**



**Municipal Auditorium's  
Music Hall Stage  
Expansion**



**New Arrowhead Stadium  
and Training Facility**







# House Appropriations Presentation

Kent Olson, Director  
Sunflower Project and Division of Accounts & Reports

November 23, 2009

# Today's Topics



33-2

- Current Asset System (as-is)
- Example of Buildings & “related” improvements – current methodology
- Sunflower Financial Management System (SMART) Implementation Project
- Example of how SMART would resolve this issue (to-be)
- Wrap-Up



# Current Asset System



2020

- STARS implemented in 1990
- No centralized asset management repository
- Disparate systems maintained by individual agencies
- Processes vary from agency to agency
- No statewide systematic method to calculate depreciation or reflect improvements in the value of an asset
- Agencies certify assets after the close of each fiscal year
- Information is used to prepare the State's comprehensive annual financial statement

# Current Asset Tracking Example



33-4

- This example shows extracted data from one agency from the 2005 Building and Improvements data file. The first two items are buildings, while the next four are infrastructure items that arguably could be part of Land Inventory. If in fact they are building related, the costs are not associated with any particular building. (Also these particular items have no link to a particular Land Record.)

Property Number	ACQMO	ACQYR	Cost	Desc
50079	5	1994	4,400,414.63	Program Building
50070	8	1990	8,912,044.80	Administration Building
50312			148,926.08	Infrastructure - Lighting
50314			97,067.39	Infrastructure- Electrical
50316			2,311,960.81	Infrastructure - Roads
50318			86,701.52	Infrastructure - Sprinkler System

# Sunflower FMS Project



33.5

- Kick off in October 2008 with a “Go-Live” date of July 2010
- New system name: SMART (Statewide Management Accounting and Reporting Tool)
- Full complement of integrated modules being implemented: General Ledger, Purchasing, Accounts Payable, Accounts Receivable/Billing, Projects and Grants, Asset Management, and Time & Labor
- Agencies will either be on-line users of the SMART system or they will be interfacing files



# SMART Asset Management System Capabilities



33-6

- Single, centralized repository of physical and financial data for all State capital assets: Properties, Land, Equipment, Machinery, etc.
- Solution for tracking assets that do not qualify for capitalization
- Solution for assigning assets to an individual
- Real-time asset visibility, tracking and control for reporting and reconciliation of operational, financial, and maintenance data.
- Complete integration with other SMART modules including Purchasing, Accounts Payable, Project Costing, Accounts Receivable/Billing and General Ledger

# SMART Asset Management System Capabilities



33-7

- In the example below, it would be necessary to include the Site ID number when creating a building asset, with the Site ID generated when Land was previously entered into the system as an asset. As a result, this would eliminate blanks or zero values in the corresponding Land Number field and resolve the disconnect when matching building and land records. Also, improvements to building will be connected to the building/land.
- For this presentation, we have assumed that the infrastructure improvements are associated with the second building, yet occurred at a later date

# SMART Asset Management System Capabilities



32-8

## SMART System Approach Example

<u>Asset ID</u>	<u>Site ID</u>	<u>Property Class</u>	<u>Location</u>	<u>Address</u>	<u>City</u>	<u>County</u>	<u>Acquisition Date</u>	<u>Amount</u>	<u>Description</u>
50070	1465	Building	ANY9348	1236 Any Street	Anytown	AnyCounty	8/15/1990	8,912,044.80	Administration Building
50079	325	Building	ANY9347	1234 Any Street	Anytown	AnyCounty	5/1/1994	4,400,414.63	Program Building
50312	325	Infrastructure	ANY9347	1234 Any Street	Anytown	AnyCounty	8/1/1997	148,926.09	Lighting
50314	325	Infrastructure	ANY9347	1234 Any Street	Anytown	AnyCounty	8/1/997	97,067.00	Electrical
50316	325	Infrastructure	ANY9347	1234 Any Street	Anytown	AnyCounty	10/1/1997	2,311,960.81	Road
50318	325	Infrastructure	ANY9347	1234 Any Street	Anytown	AnyCounty	10/1/1997	86,701.52	Sprinkler System



# SMART Asset Management System Capabilities



33-9

- Asset Control: Promotes consistent asset data structure by creating Parent/Child relationships and requiring property record associations.
- Location Management: Analyze and manage comprehensive locations and physical attributes for State Assets.
- Production system provides reporting and query capabilities of physical and financial asset information for State Assets



# Additional Questions



Please visit our Sunflower Project website:  
<http://www.da.ks.gov/ar/fms/>

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300 S.W. 10th Avenue  
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Topeka, Kansas 66612-1592  
Telephone (785) 296-2321 FAX (785) 296-6668

**MEMORANDUM**

**To:** Chairman Yoder and Members of the House Appropriations Committee  
**From:** Jim Wilson, First Assistant Revisor of Statutes  
**Date:** November 23, 2009  
**Subject:** Senate Concurrent Resolution No. 1614, budget stabilization fund

Senate Concurrent Resolution No. 1614 would add a new section, Section 14, to article 11 of the Kansas Constitution mandating the establishment of a budget stabilization fund in the state treasury.

The amendment to the constitution would require that on or before each June 30 an amount equal to 0.25% of state revenues collected in the preceding 12 months be transferred to the budget stabilization fund. "State revenues" means all revenues from any source deposited to any state fund excluding any revenues received from the federal government.

Moneys credited to budget stabilization fund may only be transferred from such fund under the following circumstances:

(1) By a separate act of the legislature passed by an affirmative vote of not less than three-fifths of all members then elected (or appointed) and qualified to each house.

(2) By a separate act of the legislature whenever the amount in such fund exceeds 5.0% of the state revenues collected in the previous fiscal year, moneys that exceed such 5.0% may be transferred from the budget stabilization fund to a single other state fund.

The resolution, if approved by two-thirds of the members of the House and Senate, would be submitted to the electors of the state at the general election in the year 2010 unless a special election is called at a sooner date by concurrent resolution of the legislature, in which case it would be submitted to the electors at the special election.



## Senate Concurrent Resolution No. 1614

By Senators D. Schmidt, Abrams, Apple, Barnett, Brownlee, Bruce, Brungardt, Colyer, Donovan, Emler, Huelskamp, Kelsey, Lynn, Marshall, Masterson, McGinn, Morris, Ostmeyer, Owens, Petersen, Pilcher-Cook, Reitz, V. Schmidt, Schodorf, Steineger, Taddiken, Umbarger, Vratil, Wagle and Wysong

3-12

13 A PROPOSITION to amend article 11 of the constitution of the state of  
14 Kansas by adding a new section thereto, concerning a budget stabili-  
15 zation fund in the state treasury.

16  
17 *Be it resolved by the Legislature of the State of Kansas, two-thirds of the*  
18 *members elected (or appointed) and qualified to the Senate and two-*  
19 *thirds of the members elected (or appointed) and qualified to the House*  
20 *of Representatives concurring therein:*

21 Section 1. The following proposition to amend the constitution of the  
22 state of Kansas shall be submitted to the qualified electors of the state  
23 for their approval or rejection: Article 11 of the constitution of the state  
24 of Kansas is hereby amended by adding a new section thereto to read as  
25 follows:

26 “§ 14. **Budget Stabilization Fund.** A budget stabilization fund  
27 shall be established and maintained in the state treasury.

28 (a) Not later than June 30 of each year, an amount equal to .25  
29 percent of the state revenues collected in the preceding 12  
30 months shall be transferred to the budget stabilization fund.  
31 The legislature shall have the power to transfer or appropriate  
32 additional amounts to the budget stabilization fund as the leg-  
33 islation may deem appropriate.

34 (b) Moneys may be transferred from the budget stabilization fund  
35 only as follows:

36 (1) Any amount of moneys may be transferred from the budget  
37 stabilization fund into a single other state fund. Any transfer  
38 authorized by this subparagraph shall be by a separate bill that  
39 does not include any other matter except that authorizing the  
40 transfer from the budget stabilization fund. The affirmative  
41 vote of not less than three-fifths of all members then elected  
42 (or appointed) and qualified to each house shall be necessary  
43 to pass any separate bill authorized by this subparagraph.

- 1 (2) Whenever the amount in the budget stabilization fund exceeds  
2 five percent of the state revenues collected in the previous fiscal  
3 year, moneys that exceed such five percent may be transferred  
4 from the budget stabilization fund into a single other state fund.  
5 Any transfer authorized by this subparagraph shall be by a sep-  
6 arate bill that does not include any other matter except that  
7 authorizing the transfer from the budget stabilization fund.
- 8 (c) Amounts in the budget stabilization fund may be invested as  
9 provided by law and the earnings thereon shall be retained in  
10 the budget stabilization fund.
- 11 (d) As used in this section, "state revenues" means all revenues  
12 from any source deposited to any state fund excluding any rev-  
13 enues received from the federal government.
- 14 (e) The legislature may enact laws to carry out the purposes of this  
15 section."
- 16 Sec. 2. The following statement shall be printed on the ballot with  
17 the amendment as a whole:
- 18 "*Explanatory statement.* The purpose of this amendment is to es-  
19 tablish a budget stabilization fund in the state treasury.
- 20 "A vote for this amendment would require that annually .25 percent  
21 of the state revenues collected in the preceding year be trans-  
22 ferred to the budget stabilization fund. Moneys from such fund  
23 may only be transferred for the following circumstances:
- 24 (1) By a separate act of the legislature passed by an affirmative vote  
25 of not less than three-fifths of all members then elected (or  
26 appointed) and qualified to each house.
- 27 (2) By a separate act of the legislature whenever the amount in  
28 such fund exceeds five percent of the state revenues collected  
29 in the previous fiscal year, moneys that exceed such five percent  
30 may be transferred from the budget stabilization fund.
- 31 "A vote against this amendment would make no changes in current  
32 law concerning the state's finance."
- 33 Sec. 3. This resolution, if approved by two-thirds of the members  
34 elected (or appointed) and qualified to the Senate, and two-thirds of the  
35 members elected (or appointed) and qualified to the House of Repre-  
36 sentatives shall be entered on the journals, together with the yeas and  
37 nays. The secretary of state shall cause this resolution to be published as  
38 provided by law and shall cause the proposed amendment to be submitted  
39 to the electors of the state at the general election in the year 2010 unless  
40 a special election is called at a sooner date by concurrent resolution of  
41 the legislature, in which case it shall be submitted to the electors of the  
42 state at the special election.

SESSION OF 2009

**SUPPLEMENTAL NOTE ON  
SENATE CONCURRENT RESOLUTION NO. 1614**

As Recommended by Senate Committee on  
Ways and Means

**Brief\***

SCR 1614 would amend Article 11 of the *Kansas Constitution* by establishing a budget stabilization fund in the state treasury. The concurrent resolution, if approved by two-thirds of the House and Senate, would submit the constitutional amendment to the people of Kansas in the general election in 2010 or at a time chosen by the Legislature.

The constitutional amendment would require an amount equal to 0.25 percent of all state revenues collected in the 12 months preceding June 30 of each year be transferred to the budget stabilization fund. Federal funds are exempt from the requirement. The Legislature would have the authority to provide for more savings, but the budget stabilization fund could not fall below the constitutionally mandated minimum of 0.25 percent of all state revenues, except federal sources. Amounts in the budget stabilization fund could be invested, with the earnings deposited into the fund.

The Legislature could transfer money out of the budget stabilization fund only through special legislation by a three-fifths vote. Whenever the balance in the budget stabilization fund exceeds 5.0 percent of total state revenues, excluding federal funds, the Legislature could transfer out any amount exceeding that 5.0 percent by a simple majority vote.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>



## **Background**

The concurrent resolution was introduced by several members of the Senate.

Senate President Steve Morris and Senate Majority Leader Derek Schmidt provided testimony in support of SCR 1614. No opponents to the bill presented testimony to the Senate Committee.

The Division of Budget did not provide a fiscal note.

# Kansas Senate Republican Leaders

---

Stephen R. Morris  
Senate President  
(785) 296-2419

Derek Schmidt  
Senate Majority Leader  
(785) 296-2497

Testimony in Support of SCR 1614  
Establishing a constitutional Budget Stabilization Fund  
Submitted to the House Appropriations Committee  
By Senate President Steve Morris and Senate Majority Leader Derek Schmidt  
November 24, 2009

Mr. Chairman, members of the committee. Thank you for conducting this hearing today on SCR 1614, which, if approved in the legislature, would allow the citizens of Kansas to decide whether our Constitution should provide for a budget stabilization fund to help the state and its citizens weather difficult economic times.

Kansas is among fewer than half a dozen states that lack a formal budget stabilization fund, or "rainy day fund" as they often are called. Although we do have our ending balance law, that statute does not formally set funds aside each year and can be readily waived by proviso in an appropriations bill.

A true "rainy day fund" embedded in the Kansas Constitution, such as the one proposed here, would help ensure that our state does in fact make the setting aside of funds to help weather the economic downturns an annual priority. By forcing governors and legislators to save, this approach can help ensure that those who serve in these offices after us will be better positioned than we are to soften the blow to vital state services – including education and social safety net services – during future economic downturns.

We all know that the current severe recession would be difficult to navigate in any circumstance. But we also all know that our ability to protect the most vital state services has been hindered by the fact that Kansas entered this recession with our cash reserves severely depleted.

There are many advantages to rainy day funds, and especially those embedded in a state Constitution:

- By their countercyclical nature, they help soften the harm to vital state services during recessions and also help ease the pressure for tax increases during recessions. Recessions are the worst time to cut services or raise taxes and yet, ironically, without ample savings to help finance services through a downturn, recessions are precisely the time broad and deep spending cuts or tax increases are seriously considered.
- They are reassuring to bond markets and tend to help bolster the bond ratings of states that have and respect them. That, in turn, tends to keep the cost of borrowing low and minimizes the amount of tax dollars needed for debt service rather than for direct support of public services.
- Those embedded in a state Constitution help ensure that they are respected by legislatures and governors and that saving for a rainy day remains a priority, even when short-term political pressures for unaffordable increases in spending or unaffordable decreases in taxes or other revenues become severe.

House Appropriations Committee  
11/23-24/2009  
Attachment 35

As you meet today, the discussion about strengthening state rainy day funds is ongoing in many of our sister states. The current recession has heightened awareness of the benefits to citizens when their state has an ample rainy day fund.

Around the country, rainy day funds have been proposed and supported by both Republicans and Democrats. Leaders of both parties have seen the benefit of having this kind of counter-cyclical tool to help ease disruption during fiscal and economic downturns. We have attached to this testimony short policy briefs about state rainy day funds from the Institute on Taxation and Economic Policy and the Tax Policy Center, both based in Washington, D.C. These provide good background information about rainy day funds in the states and also are illustrative of the sort of broad support proposals such as SCR 1614 have enjoyed elsewhere.

The mechanics of SCR 1614 are simple and straightforward:

**MONEY IN:** Each fiscal year, an amount equal to one-quarter of one percent of total state receipts from all sources except federal funds would have to be set aside into the budget stabilization fund. The legislature could by law provide for more savings, but could not drop below that constitutionally mandated minimum. In our state's current financial posture, the minimum deposit would be about \$23 million, according to an assessment by the Kansas Legislative Research Department.

**MONEY OUT:** Money could be removed from the budget stabilization fund only by special legislation that would transfer a sum from that fund to any other state fund. That is intended to ensure a "clean" vote on whether to tap the stabilization fund and avoid having that decision bundled with other policy or spending provisions. At any time, the legislature could make a transfer of any amount from the budget stabilization fund by a three-fifths vote. Whenever the balance in the stabilization fund exceeds 5 percent of total state revenues (excluding federal funds), the legislature could transfer out any amount exceeding that 5 percent by a simple majority vote.

If SCR 1614 wins approval in the Senate and House of Representatives and is approved by the voters, we envision that it would operate in tandem with our other budget laws. The proposed constitutional amendment by its terms contemplates implementing legislation, and we would anticipate a further discussion after its approval about how we update our budget statutes to the new reality of a constitutional rainy day fund.

But the first step must be to ask the voters of our state whether they believe that the state itself should save during the good times to help ease the disruption of the bad times. Thirty senators have sponsored this proposed legislation, and we hope that indicates very strong support for giving Kansas citizens the chance to make this decision.

We encourage the committee to approve this forward-looking proposal and send it to the full House of Representatives for debate. Thank you for your consideration.

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## A Primer on State Rainy Day Funds

In recent years, most state governments have experienced painful budget deficits. Many states have reacted to these shortfalls by cutting spending or increasing taxes. Almost all states now have a third option that can help postpone these painful decisions: using a rainy day fund (RDF). Like a savings account, an RDF sets aside surplus revenue during periods of economic growth for use in times of budget shortfalls. This policy brief takes a closer look at how rainy day funds can help states through difficult fiscal times, and assesses options for improving the adequacy of these funds.

### Why Are Rainy Day Funds Needed?

Rainy day funds are an important component of a responsible state budget process for a simple reason: taxes and public spending operate on different cycles. During periods of economic growth, tax collections can exceed a state's spending needs—creating a short-term budget surplus. When the economy slows down, tax collections generally decline—but the need for important public services (especially services for low- and middle-income taxpayers) continues unabated, resulting in short-term budget deficits. This cyclical “boom and bust” feature of state tax systems means that budget surpluses and deficits are a regularly occurring feature of state tax systems. Even a state that makes no changes at all to its taxing and spending habits will ultimately experience shortfalls because of this cycle.

Rainy day funds smooth out the highs and lows of this cycle by setting aside surplus revenue in good years, and using these savings to offset budget shortfalls in bad years. States that have the luxury of drawing down rainy day funds during economic downturns are likely to have a more stable fiscal structure over time, because these states can balance budgets without having to constantly change their tax system and spending priorities.

The ability of an RDF to effectively smooth out this budgetary cycle without tax and spending changes is a desirable feature in state fiscal structures for several reasons:

- ✓ Unstable fiscal structures make for a bad investment climate: when individuals and businesses don't know whether a state will change its tax system (or the quality of its public services) during the next recession, the state becomes a less attractive place to live, work and invest.
- ✓ An adequate RDF makes it easier for states to borrow money for financing long-term capital investments. Bond rating agencies consistently cite healthy RDFs as a reason for giving states high bond ratings. Good bond ratings directly reduce the cost of borrowing for a state, which in turn reduces the cost of providing public services in the long run.
- ✓ Rainy day funds allow policymakers to avoid fiscal policy decisions that can worsen economic downturns. When budget shortfalls are caused by short-term economic declines, tax hikes or spending cuts can actually prolong the economic slump.

### Designing an Effective Rainy Day Fund

The recent nationwide recession has shown that some rainy day funds are more effective than others. This section looks at important features of state rainy day funds.

☞ How is money deposited into the fund? Most states specify conditions under which deposits will be automatically made. The most common approach is to link RDF deposits to a state's year-end budget surplus. Texas requires that half of any year-end surplus be devoted

Like a savings account, a rainy day fund is a way of setting aside surplus state revenues during periods of economic growth for use in times of budget shortfalls.

to its RDF. However, this process is not as automatic as it sounds: because deposits are made at the end of the year, every other spending priority of state lawmakers comes first. Lawmakers can avoid depositing revenues in the RDF by simply spending all surplus revenues before the end of the fiscal year.

A more effective approach is to require that some revenue must be deposited during any year when state revenues grow by some minimal amount. For example, Indiana requires that revenues be deposited in its RDF in any year when income grows by more than two percent. This approach ensures that deposits will be made. However, if the threshold for depositing revenues is too low, lawmakers may be forced to deposit revenues in the RDF at a time when they cannot afford to.

#### Important Features of Rainy Day Funds

- ✓ Rules for deposits
- ✓ Size limits
- ✓ Rules for withdrawals
- ✓ Rules for replenishing funds

A few states have no rules specifying conditions when RDF deposits must be made, and simply allow lawmakers to deposit revenues when it suits them. The main shortcoming of this approach is that these RDF's are much more likely to be chronically underfunded.

☞ **Is there a limit on the size of the fund?** Almost all states impose some limit on the amount of revenue that can be put in their rainy day funds. A commonly cited rule of thumb has been that a fund capped at five percent of a state's budget should be sufficient to ride out an economic downturn. Almost half of the states with rainy day funds now cap their fund at 5 percent of their budget or less. A few states impose a cap of more than 10 percent, and 13 states have no limit at all. While many states have used the 5 percent limit as a rule of thumb, the recent experience of these states suggests that a 5 percent limit is simply insufficient to cope with the extended economic shortfalls that many states have experienced in recent years. A higher cap of at least 10 percent could help states use these funds properly in the next recession.

☞ **How is money withdrawn from the fund?** In most states, a simple majority of lawmakers can vote to use the RDF. However, some states require a supermajority of 60 percent or more. Many states also limit the total amount that can be withdrawn in any year. All such limits make RDFs less flexible as a fiscal policy tool—and increase the likelihood that state lawmakers will have to rely on tax hikes or spending cuts to get through a recession.

☞ **Is there a replenishment rule?** Some states require any RDF withdrawals to be paid back promptly. For example, Rhode Island requires any withdrawals from its RDF to be replaced within two years. This constraint can reduce the usefulness of rainy day funds: if lawmakers must promptly replenish these funds, doing so will have to compete with other spending priorities—forcing exactly the sort of painful spending cuts that RDFs are designed to prevent.

### An Important Tool For Dealing with Cyclical Deficits

An adequate, accessible rainy day fund can help state lawmakers to avoid enacting painful tax increases or cuts in public services by providing a third option—drawing down the state's savings account to get through tough times. But rainy day funds should only be used to reduce the impact of budget shortfalls that arise from cyclical economic downturns—not to cope with long-term structural problems. In particular, states in which the tax structure is simply inadequate to fund public services over the long run should look to structural tax reform as a solution rather than relying on rainy day funds to balance their budgets.

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from the Tax Policy Center

## State Rainy Day Funds

By Elaine Maag and Alison McCarthy

States use rainy day funds (RDFs), or budget stabilization funds, as a cushion against financial shocks. Every state except Vermont has some sort of balanced budget requirement so that, unlike the federal government, they must balance expenditures and revenues in any given budget cycle (typically one year). States can have RDFs that allow money to be carried over from good years to lean years. Five states — Arkansas, Colorado, Illinois, Kansas, and Montana — do not have RDFs.

All states with RDFs regulate deposits into and withdrawals out of those funds. Most states build RDFs through the deposit of year-end surpluses. Withdrawal rules generally specify that funds may only be used to cover budget shortfalls or emergencies when authorized by the governor or legislature. Thirty-one states have fund caps, usually limiting the size of RDFs to 2 percent through 10 percent of general fund revenue, which may be inadequate in times of fiscal stress. Six states, Alabama, Florida, Missouri, New York, Rhode Island, and South Carolina, require that withdrawn funds be replen-

ished quickly, even though economic conditions may not have improved. That creates a disincentive to use the funds.

Contributions to state RDFs increased in 2005 and 2006 due to improved economic conditions and greater tax collections. The average RDF ending balance in 2005 was 2.9 percent of general fund revenue (in states with RDFs), a modest increase over 2.75 percent in the previous year. Contributions to RDFs in 2006 are projected to increase by 22 percent over 2005 while general funds are projected to increase by an average of 6.3 percent. Among states with RDFs, that will lead to a projected 3.4 percent balance of general funds.

In 2000, when state surpluses were at their peak, the average RDF balance was 6.2 percent of general fund revenue. Although those funds were used to stave off program cuts and tax increases in the latest recession, they ultimately proved insufficient. Combined state deficits during the recession years of 2001 through 2003 were five times greater than total RDF reserves, and in many states it was, of course, much worse. To better prepare for an economic downturn in the future, policy analysts have recommended that states immediately contribute funds to their rainy day accounts and increase fund caps to allow for greater-reserve accumulations. Eighteen states made deposits to RDFs in their 2007 budgets.

Rainy Day Fund Ending Balance as a Percentage of General Fund Revenue, 2006 Projected						
0.0% (No RDF Balance)	0.01%-1.9%	2.0%-2.9%	3.0%-3.9%	4.0%-4.9%	5.0%-9.9%	10.0% or Greater
California Hawaii Nevada Wisconsin	Arizona Georgia Idaho Kentucky Maine Michigan Mississippi New Jersey North Carolina Pennsylvania Texas	Alabama Indiana New Hampshire New York Ohio South Carolina Washington	Missouri Rhode Island Tennessee West Virginia	Florida Utah Vermont	Connecticut Delaware Iowa Louisiana Maryland Massachusetts Minnesota Nebraska New Mexico North Dakota Oklahoma Virginia	Alaska South Dakota Wyoming

Source: National Association of State Budget Officers, *The Fiscal Survey of States*, Dec. 2005. Data for Oregon are unavailable. Arkansas, Colorado, Illinois, Kansas, and Montana do not have rainy day funds.



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