

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Kevin Yoder at 9:05 a.m. on January 14, 2010, in Room 346-S of the Capitol.

All members were present except:

Representative Owen Donohoe- excused
Representative Kasha Kelley- excused

Committee staff present:

Jim Wilson, Office of the Revisor of Statutes
Nobuko Folmsbee, Office of the Revisor of Statutes
Alan Conroy, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Stephen Huggins, Chief of Staff, Appropriations Committee
Kathy Holscher, Committee Assistant, Appropriations Committee

Others attending:

See attached list.

- Attachment 1 Summary of Recent Legislative Post Audit Reports
- Attachment 2 Overview of the Governor's Budget FY 2009 and FY 2010,
HB 2416

Representative McLeland made a motion to introduce legislation regarding school district consolidation. The motion was seconded by Representative Mast. Motion carried.

Representative Dillmore made a motion to introduce legislation regarding competitive bidding procedure for school districts. The motion was seconded by Representative Lane. Motion carried.

Representative Faber made a motion to introduce legislation regarding lodging establishment inspections by the Department of Agriculture. The motion was seconded by Representative Merrick. Motion carried.

Josh Svaty, Acting Secretary, Department of Agriculture, discussed the Lodging Inspection Program. Handouts were not provided to committee members. He reviewed November allotments and stated that the Lodging Inspection Program has been suspended, there have been 5 employees laid off and two vacant positions have not been filled. Acting Secretary Svaty stated that contracts have been reviewed and were found to be higher than they needed to be, and a state-wide contract with one point of contact could be more efficient.

Acting Secretary -Svaty responded to questions from committee members regarding program suspension, fee-based system, lodging complaint process, and licensing issues. He stated that the program will resume services when the economy turns around or if a fee-based system could be identified. Agriculture generates \$13.3 billion in revenue for the state, of which 50% represents the beef industry, Acting Secretary Svaty noted. Steve Morris stated that he would provide committee members with additional information relating to lodging complaints and licensing issues during FY 2009.

Barb Hinton, Legislative Post Auditor, presented information on the Summary of Recent Legislative Post Audit Reports, (Attachment 1). Legislation was introduced in FY 2009 that recommended consolidating agencies in order to achieve operational efficiencies. The FY 2009 Follow-up Report highlights this recommendation and should be reconsidered during the 2010 session, she stated. Ms. Hinton discussed the components involved with efficiency audits and referred to the recent audit of the Derby School District. Through this audit areas were identified that could reduce costs without affecting educational programs, which if addressed could save the district approximately \$1 million a year. She noted that additional audits have been completed and the summary of these audits will be available in the near future, and four other audits will be conducted on or before February 5, 2010. Ms. Hinton reviewed the audit findings for the adult correctional facilities and identified a cost savings of \$151,900 that could be achieved by merging the Sentencing

CONTINUATION SHEET

Minutes of the House Appropriations Committee at 9:05 a.m. on January 14, 2010, in Room 346-S of the Capitol.

Commission staff functions into the Department of Corrections. Without a merger, it would be a cost saving of \$50,000.

Barb Hinton responded to questions from committee members regarding school district audits, block scheduling, teacher planning time, legal issues, and questions relating to the Department of Corrections. She stated that four school districts voluntarily requested an efficiency audit: Elwood, Concordia, Winfield and Derby. There are 293 school districts in Kansas with a potential state-wide savings of 1 -2 %. Due to the time and cost involved, the 2010 Commission decided that not all districts could be audited. She stated that initial audit costs are \$65 an hour and could take between 6 - 8 weeks to complete. It was noted that when the lawsuit occurred against the state by school districts, the decision was made by the legislature for a team of post auditors to look at where the money was going to ensure accountability. Ms. Hinton stated that internal auditors with the State Board of Education primarily review enrollment levels and areas that may affect funding. Ms. Hinton noted that there is duplication in administrative functions within the Department of Corrections and Sentencing Commission.

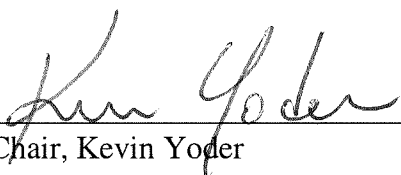
HB 2416 - Supplemental appropriations for FY 2010 for various state agencies.

Duane Goossen, Secretary, Department of Administration, presented an overview of the Governor's Budget FY 2009 and FY 2010, (Attachment 2). Secretary Goossen stated that the approved budget for FY 2010, which was approved in May, 2009 was \$5.613 billion. Budget cuts of over \$340 million were made from the original budget for FY 2009 and an additional \$300 million was cut for FY 2010. With revenue short-falls the governor's allotment authority made two additional reductions one in July and again in November, 2009. He noted that reductions within the legislative agencies and judiciary branch would require legislative action. Secretary Goossen stated that if **HB 2416** was passed as presented the state budget would be balanced just above zero.

Secretary Goossen responded to questions from committee members. He stated that December revenue receipts were \$20 million below what was estimated. If receipts continue to fall below estimates, additional reductions will need to be put in place in order to balance the FY 2010 budget. Secretary Goossen explained the use of Certificates of Indebtedness to cover temporary cash flow issues. He stated that if consensus revenue estimates come in as projected the balance would be just above zero, if not then additional budget reductions will need to be made. Secretary Goossen suggested that the committee work **HB 2416** as quickly as possible in order to put transfers in place to balance the budget based on consensus revenue estimates. Discussion followed regarding the Medicaid budget, drawing down more in federal dollars and uniformly applying allotments across the board. Secretary Goossen reviewed the governor's position on budget reductions within the Judicial Branch and options for consideration in order to absorb a \$3 million budget cut.

The next meeting is scheduled for January 19, 2010.

The meeting was adjourned at 10:40 a.m.



Chair, Kevin Yoder

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: *January 14, 2010*

NAME	REPRESENTING
Kim Fowler	Judicial Branch
ERIK WISNIER	KDA
Jacey Worthington	KDA
Steve Morris	KDA
Gary Allsup	KS Housing
Ryan Vincent	KHRC
Jackson Cordrey	Hein Law
Deby Dwyer	Kansas Inc.
Linda Rieck	KALCI
St. Ahled	Kargo, Inc
Rob Menly	RENEW & Assoc.
Hefer Pugh	KS Sentencing Comm
Barb Amton	Post Audit
Justin Stone	Post Audit
Brenda Hegley	Post Audit
Mark Tallman	KASB
Gene Wenzel	Reppin Company
Matt Cary	BSA
Ethan Erickson	KDOT

Katy Belot
Debra Prileaux

SRS
GREN

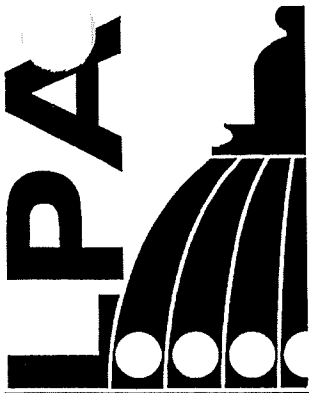
**Summary of Recent Legislative Post Audit Reports
As of January 14, 2010**

Audit Title	Key Findings for This Committee	Legislative Actions Needed
<p>Financial Regulatory Agencies in Kansas: A K-GOAL Audit Determining Whether Functions Could Be Combined To Gain Cost Efficiencies (September 2008; 08PA22)</p>	<p>Kansas has separate agencies that regulate banks, credit unions, and securities. In 43 other states, banks and credit unions are regulated by a single agency. In 21 states, securities regulation also is housed in the same agency that regulates banks and credit unions. Consolidating these three agencies in Kansas could save at least \$260,000 a year in costs, primarily from eliminating or restructuring managerial or administrative support positions (economies of scale). Total cost savings could be significantly higher after a detailed review and restructuring of inspectors' examination schedules.</p> <p>Almost all the savings would come from combining the bank and credit union departments. These are fee-funded agencies, so the savings would not impact the General Fund. Several issues related to governance and operation of a consolidated agency would need to be addressed in making the policy decision to combine any or all of these agencies.</p> <p>We also identified approximately \$295,000 in annual savings that could be achieved through other operational efficiencies, regardless of whether the agencies are consolidated. These types of operational efficiencies could be applicable to other State agencies that are funded with SGF dollars:</p> <ul style="list-style-type: none"> • Using a risk-based approach. State law requires banks and credit unions to be examined at least once every 18 months. However, the Department of Credit Unions examines all Kansas credit unions once every 12 months. If the Department were to examine non-problem credit unions once every 18 months, and continue to examine problem credit unions once every 12 months, only 65 of the 88 State-chartered credit unions would need to be examined each year. Doing so would allow the Department to eliminate 2 full-time-equivalent examination positions, saving an estimated \$84,000 in compensation and \$23,000 in related travel costs and other incidental expenditures per year. This analysis continues to allow examiners to conduct <u>all</u> other associated monitoring visits for problem entities, as well as other activities they perform as part of their job duties. • Working from home. Bank and credit union examiners spend most of their time on-site at the institutions they examine. Credit union examiners in Kansas currently work out of their homes, but the 63 examiners of the Bank Commissioner's Office work out of six regional offices and the central administrative office in Topeka. Having bank examiners work from home could save an estimated \$106,000 per year in lease costs. • Adhering to the space standards recommended by the Department of Administration. Those standards are 210-250 square feet of usable space per person, which includes hallways, break rooms, conference rooms, etc. Combined, the three regulatory agencies will spend about \$500,000 in rent in FY 2009. Renegotiating leases and reducing the amount of space they lease to 250 square feet per employee would reduce current rent expenditures by about \$80,000. 	<p>To help achieve the goals of combining the three agencies with similar missions and functions, reducing operating costs, and increasing administrative efficiencies, we recommended that the Legislature consolidate the regulation of banks and credit unions into a single agency, and consider consolidating the regulation of securities under that same financial-regulatory agency. We spelled out a number of other steps the Legislature would need to take related to that consolidation.</p> <p><u>As a starting point in the discussion</u>, the Legislative Post Audit Committee introduced SB 230, which would implement this recommendation.</p> <p>We also made a number of recommendations to the agencies that would help them achieve operational efficiencies, whether or not they are consolidated.</p> <p><i>Our Fiscal Year 2009 Follow-Up Report highlighted the recommendation to merge these agencies (at least the Department of Credit Unions and the Bank Commissioner's Office) as something the Legislature should reconsider during the 2010 session.</i></p>

Appropriations Committee
 Date 1-14-10
 Attachment 1-1

<p>Agricultural-Related Agencies: A K-GOAL Audit Determining Whether Cost Savings Could Be Achieved By Making the Animal Health Department and the Conservation Commission Part of the Department of Agriculture (December 2008; 08PA23)</p>	<p>Kansas is one of only six states that doesn't place any of its animal health oversight or conservation grant functions within its Department of Agriculture. The remaining 44 states have varying degrees of those functions placed under their Departments of Agriculture. Kansas could save at least \$710,000 a year in operating efficiencies by merging the two agencies with the Department of Agriculture. [These two agencies combined spent about \$1.9 million in SGF dollars in FY 2008, \$1.8 million in fees and transfers, \$1.3 million in federal funding, and \$15.2 million in State Water Plan dollars. Their total expenditures that year were about \$20.1 million.]</p> <p>About \$630,000 of the savings would come from being able to eliminate or restructure management positions, eliminate a federally funded emergency management specialist position and transfer those duties to the Homeland Security Specialist position at the Department of Agriculture, and eliminate 9 support positions. The duties of those 9 support positions would not be needed because the Department of Agriculture has a highly automated inspection function that can operate with fewer clerical staff, and has existing accounting or administrative support staff that could absorb some additional duties.</p> <p>All <u>programs</u> would be transferred to the Department in our analysis, and only one of the currently funded professional or technical staff positions directly related to those programs (noted above) would be cut. Agency officials expressed concerns about restructuring, but we think those issues could be overcome. We also noted other opportunities for improving how efficiently these agencies operate, including changing from annual licensing to multi-year licensing, and fully automating various processes, such as inspection reporting, grant application, licensing, and permitting.</p>	<p>To help achieve the goals of combining the three agencies with similar missions and functions, reducing operating costs, and increasing administrative efficiencies, we recommended that the Legislature merge the Conservation Commission and Animal Health Department with the Department of Agriculture. We identified a number of other steps the Legislature would need to take related to that consolidation, including spelling out the roles of the applicable Boards, ensuring that fees generated by one agency don't subsidize another, and determining the powers that would be given to the Livestock Commissioner (for example, State law currently gives certain powers to the chief Engineer of the Department of Agriculture, not the Secretary).</p> <p><u>As a starting point in the discussion</u>, the Legislative Post Audit Committee introduced SB 231, which would implement this recommendation.</p> <p>We also made a number of recommendations to the agencies that would help them become more efficient and effective, whether or not they are consolidated.</p> <p><i>Our Fiscal Year 2009 Follow-Up Report highlighted the recommendation to merge these agencies as something the Legislature should reconsider during the 2010 session. The Governor's Budget estimates that merging the Animal Health Department into the Department of Agriculture would save \$300,000 in fiscal year 2011.</i></p>
<p>Department of Education: School District Efficiency Audit (July 2009; 08PA11)</p>	<p>The 2010 Commission authorized audit work looking at whether school districts use their resources in an efficient and economical manner.</p>	<p>See the Report Highlights</p>
<p>Department of Education: Efficiency Audit of the Derby School District (December 2009; 09PA14)</p>	<p>The Derby school district requested an efficiency audit to help them identify ways they could reduce costs without affecting the education they provide students.</p> <p>We identified a number of opportunities for the district to operate more efficiently and reduce costs which, if addressed, could save the district just more than \$1 million a year.</p>	<p>See the Report Highlights</p>
<p>Adult Correctional Agencies: Determining Whether Functions Could Be Combined To Gain Cost Efficiencies</p>	<p>This audit focused on whether significant cost savings could be achieved by merging the functions of the Sentencing Commission and the Parole Board into the Department of Corrections.</p>	<p>See the Report Highlights</p>

<p>(October 2009; 10PA02)</p>	<p>We estimated that merging Sentencing Commission staff functions into the Department of Corrections would save an estimated \$152,000 per year (about 20% of the Commission's annual operations expenditures) by eliminating duplicative administrative functions and the staff positions and other costs associated with them.</p>	
<p>Other Completed Audits To Share at a <u>Later Date</u>:</p>	<p>Child-Care Assistance: Determining Whether SRS' Procedures Limit the Risk of Improper Payments (July 2009; 08CC04)</p> <p>Vehicle Travel: Determining Whether the State Is Becoming More Cost Efficient With Its Vehicle Fleet (July 2009; 09PA04)</p> <p>State Universities: Can They Provide Postsecondary Education More Efficiently To Reduce Costs (A K-GOAL Audit) (August 2009, 08PA24)</p> <p>K-12 Education: Reviewing Issues Related to Catastrophic Funding for Special Education (October 2009; 09PA13)</p>	
<p>Other Audits That Will Be Available in the Near Future</p>	<p>Misconduct by Staff at Correctional Facilities</p> <p>Potential Cost Savings from Consolidating School Districts</p> <p>Efficiency Audit of the Ellinwood School District</p> <p>Potential Cost Savings from Consolidating Judicial Districts</p> <p>Kansas Tax Revenues: Reviewing Tax Credits and Exemptions</p>	<p>See Summary Listing</p>



Legislative Post Audit Performance Audit Report Highlights

Department of Education: School District Efficiency Audit

Report Highlights

July 2009 • BBPAVEJ

Audit Concern

Members of the 2010 Commission had concerns about whether school districts use their resources in an efficient and economical manner.

Other Relevant Facts & Findings

Efficiency audits focus on ways districts can change how they operate and accomplish the same outcomes using fewer resources, or allow existing resources to become more productive.

This audit was limited to a review of available data to identify trends or patterns that could shed light on districts' efficiency.

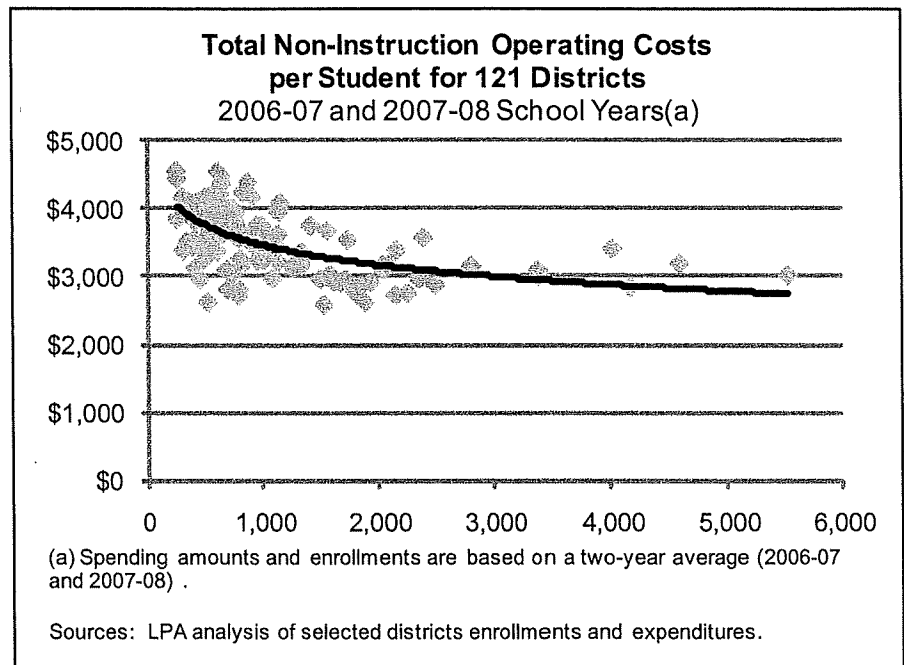
Examples of large staffing differences and data mis-categorizations we saw:

- The Winfield school district has 32 student support staff (social workers, nurses, and counselors) as compared to 10 in most similar-sized districts.
- The Goessel school district reported spending only \$4 per student on student support (the average was \$242 per student).

AUDIT QUESTION: How do school districts compare on various measures of efficiency?

AUDIT ANSWER and KEY FINDINGS:

- Districts' non-instructional operational spending per student is primarily driven by student enrollment—the more students they have, the less spent per student, as shown in this figure:



- Districts that spent more per student tended to have more staff or pay more, have more school buildings, contract for busing, or have higher insurance costs.
- School districts don't always report staffing and expenditure data consistently, making meaningful comparisons difficult.
- Efficiency audits that are much more in-depth than this one can serve a vital role in helping districts identify additional efficiencies.

5-1

Recommended

- We made recommendations to the Department of Education and the House and Senate Education Committees to help improve the accuracy of the expenditure and staffing data districts report.
- We recommended that the Legislative Post Audit Committee or the 2010 Commission consider approving a more in-depth school district efficiency audit.

Agency Response: *In general, the Department agreed with our recommendation to provide school districts additional guidance on reporting practices.*

LEGISLATIVE DIVISION OF POST AUDIT

800 SW Jackson
Suite 1200
Topeka, Kansas 66612-2212
Telephone: (785) 296-3792
FAX: (785) 296-4482
E-mail: LPA@lpa.ks.gov
Website:
<http://kslegislature.org/postaudit>

Barbara J. Hinton,
Legislative Post Auditor

For more information about this
audit report, please contact

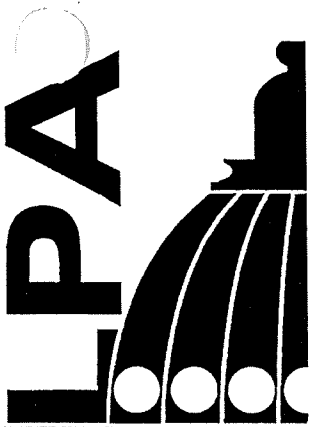
LAUREL MURDIE

(785) 296-3792

Laurel.Murdie@lpa.ks.gov

DO YOU HAVE AN IDEA FOR IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.



Legislative Post Audit School District Performance Audit Report Highlights

Department of Education:
Efficiency Audit of the Derby School District

Report Highlights

December 2009 • 09PA-14

Audit Concern

Officials from the Derby school district requested an efficiency audit to help them identify ways they could reduce costs without affecting the education they provide students.

Other Relevant Facts & Findings

The Derby school district is located in south central Kansas, just south of Wichita.

The district's total enrollment for the 2008-09 school year was just more than 6,200 full-time-equivalent (FTE) students.

In 2008-09, the district employed more than 900 FTE staff, including more than 570 certified employees, such as teachers, social workers, and principals.

Estimated Potential
Cost Savings as a
Result of This Audit:

\$ 1.0 million per year
(\$5.0 million over five years)

AUDIT QUESTION: *Could the Derby school district achieve cost savings by improving the management of its personnel, facilities, or other resources?*

AUDIT ANSWER and KEY FINDINGS:

- The Derby school district has taken a number of positive steps to become more efficient and control costs, but it lacks a systematic approach for evaluating and managing its efficiency.
- We identified a number of opportunities for the district to operate more efficiently and reduce costs, which if addressed, could save the district just more than \$1 million annually. These opportunities are summarized in the accompanying figure.
- The most significant area the district could save money is moving the high school from a block schedule to a more traditional schedule and filling classes to capacity, thus eliminating several class sections.

We Recommended

- We recommended that the Derby school district develop a systematic efficiency-management process to help identify opportunities to improve the efficiency of its operations.
- We made several recommendations to the Derby school district to address the cost savings opportunities we identified.

Agency Response: *In general, the district agreed with our findings and recommendations*

6-1

Summary of Areas Identified for Improved Efficiencies and Estimate of Total Savings

Potential Area for Improved Efficiency	Estimated Savings			
	Annual	One-Time	5-year	Unable to Quantify
Student Instruction				
Change to a Traditional Schedule at the High School - The district could save at least \$600,000 in teacher salaries if the high school switched to a traditional schedule.	\$600,000 (a)		\$3,000,000	
Fill Classes to Capacity at the High School - If, in addition to moving to a traditional schedule the district also filled its classes to capacity, it could save at least \$200,000 annually in teacher salaries.	\$200,000 (a)		\$1,000,000	
Facilities				
Consolidate Administrative Buildings - The district could save an estimated \$25,000 annually if it consolidated its administrative functions into one administrative building. The district also could receive approximately \$300,000 if it sold one of the administrative buildings.	\$24,100 (a)	\$287,500	\$120,500	
Stop Providing Maintenance Staff Uniforms - The district could save at least \$6,000 annually if it didn't provide and launder uniforms for its maintenance employees.	\$6,600		\$33,000	
Charge Appropriate Fees for Community Use of District Facilities - The district allows community groups to use its buildings, but only charges fees to certain groups. According to district officials, those fees don't cover the additional staffing and utility costs associated with those events.				X
Lower the Ceiling at One of the Administrative Buildings - The district could save money on its utilities in one of the administrative buildings by lowering the ceiling.				X
Personnel				
Place Controls and Limits on Overtime Pay - The district spent more than \$300,000 on overtime in each of the last two years, of which more than \$100,000 was "premium" pay.				X
Hire Part-Time Staff or Contract Out for Energy Audits - The district currently pays one of its full-time employees to take on an additional 400-500 hours a year of overtime to conduct energy audits at each of its buildings. The district could save more than \$9,500 annually if it hired someone else or contracted to do this work.	\$9,500		\$47,500	
Use Librarian Aides in Place of Some Librarians - It costs the district about \$32,000 a year less for a librarian aide than for a librarian. If the district made each librarian at its elementary schools responsible for two school buildings and hired librarian aides to assist them, it could eliminate five librarian positions and save an estimated \$160,000 a year in salaries.	\$160,000		\$800,000	
Business Processes				
Maximize the Use of Business Procurement Cards - District officials are preparing a proposal for the school board to use procurement cards. Maximizing the use of the cards can provide significant revenues in the form of cash-back rebates.	\$12,000 (a)		\$60,000	X
Encourage Electronic Payroll Deposits - The district encourages its employees to have their paychecks deposited electronically. The district could save between \$0.80 to \$2.50 per transaction if it only gave employees the choice of electronic payroll deposit or payroll debit cards.	\$5,000		\$25,000	
File Payroll Reports Electronically - The district currently prints unnecessary and voluminous paper copies of its payroll reports when those documents could be stored electronically.	\$150		\$750	
Miscellaneous				
Printing Business Cards In-House - The district could save at least \$1,000 annually if it printed all business cards in-house.	\$1,000		\$5,000	
Ink-Efficient Printers - The district may be able to save money on ink cartridges if it used more efficient desktop printers and encouraged staff to print on network printers.				X
TOTAL	\$1,018,350	\$287,500	\$5,091,750	-

(a) Includes additional potential for savings that we weren't able to quantify.

Source: LPA review of the Derby school district's budget data, staffing levels, enrollment, and physical characteristics of buildings, along with a review of best practices.

DO YOU HAVE AN IDEA FOR IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.

LEGISLATIVE DIVISION OF POST AUDIT
 800 SW Jackson, Suite 1200
 Topeka, Kansas 66612-2212
 Telephone (785) 296-3792 Fax (785) 296-4482
 E-mail: LPA@lpa.ks.gov
 Website: <http://kslegislature.org/postaudit>

For more information about this audit report, please contact
BRENDA HEAFEY
 (785) 296-3792 or Brenda.Heafey@lpa.ks.gov

Barbara J. Hinton, Legislative Post Auditor

Figure 1-4
Comparing a Block Schedule to a Traditional Schedule for a Sample Teacher

BLOCK SCHEDULE – 96-MINUTE PERIODS				
Monday	Tuesday	Wednesday	Thursday	Friday
Planning	Planning	Planning	Planning	Planning / Planning
Class 1	Advising	Class 1	Advising	Class 1 / Advising
Class 2	Class 4	Class 2	Class 4	Class 2 / Class 4
Lunch	Lunch	Lunch	Lunch	Lunch
Class 3	Class 5	Class 3	Class 5	Class 3 / Class 5

Classes Per Teacher: 5
 Planning Time/Day: 96 min
 Advising Time/Day: 48 min
 Length of Day: 402 min

TRADITIONAL SCHEDULE – 48-MINUTE PERIODS				
Monday	Tuesday	Wednesday	Thursday	Friday
Planning	Planning	Planning	Planning	Planning
Class 1	Class 1	Class 1	Class 1	Class 1
Class 2	Class 2	Class 2	Class 2	Class 2
Class 3	Class 3	Class 3	Class 3	Class 3
Class 4	Class 4	Class 4	Class 4	Class 4
Lunch	Lunch	Lunch	Lunch	Lunch
Advising	Advising	Advising	Advising	Advising
Class 5	Class 5	Class 5	Class 5	Class 5
Class 6	Class 6	Class 6	Class 6	Class 6

Classes Per Teacher: 6
 Planning Time/Day: 48 min
 Advising Time/Day: 30 min
 Length of Day: 408 min

The Derby school district currently uses a “block” schedule in its high school, which is illustrated on the left side of *Figure 1-4* on page 13. As the figure shows, the block schedule is made up of the following components:

- Each day is divided into four 96-minute class periods (or “blocks”).
- There are two class schedules which alternate each day. One schedule is for Mondays and Wednesdays; the other is for Tuesdays and Thursdays. Fridays alternate between the Monday/Wednesday schedule and the Tuesday/Thursday schedule.
- There are a total of eight blocks each semester (four blocks for each of the two schedules).

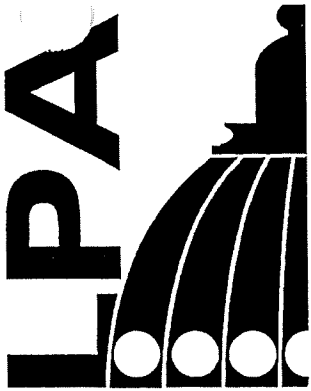
Under the block schedule, the eight 96-minute blocks for full-time teachers break down like this:

- They teach five classes.
- They provide extra assistance to students during one advising period.
- They receive two planning periods (one each day).

We identified two problems with using 96-minute blocks that make this arrangement inefficient:

- **By using 96-minute blocks, the district provides significantly more planning time to its high school teachers than is required under its contract.** The district is only contractually obligated to provide 55 minutes of planning time each day, which means the high school teachers receive 41 more minutes each day than they are entitled to. As a result, the district has to cover that time with additional teachers—the equivalent of 13 additional full-time teachers.
- **In 2009-10, the district will spend more than \$100,000 “buying back” planning time from 11 teachers to get them to teach a sixth class.** This year, the district needed some teachers to pick up additional classes, and had to buy back part of those teachers’ planning time—even the 41 extra minutes of planning time that’s above and beyond what’s required in the contract. That means the district pays for some of those minutes twice—once as part of the teacher’s regular salary, and again to have them teach the extra class.

We looked at the impact of converting the high school’s block schedule to a “traditional” schedule. District officials asked us to look at whether the district could save money by switching to a more traditional format. To determine how a traditional schedule at the high school might look, we spoke with district and high school officials and reviewed documents such as class schedules, class rosters, and teacher contracts. Among the things we had to consider were the length of the class periods, passing periods between classes, planning periods, and advising periods.



Legislative Post Audit Performance Audit Report Highlights

Adult Correctional Agencies: Determining Whether Functions Could Be Combined To Gain Cost Efficiencies

Report Highlights

October 2009 - 10PA02

Audit Concern

Legislators wanted to know whether significant cost savings could be achieved by merging the functions of the Sentencing Commission and the Parole Board into the Department of Corrections.

Other Relevant Facts

It's uncommon for states to put their parole function within a correctional agency. A 2008 International Parole Association Survey reported that only 6 of 47 responding states had their parole function within their correctional agencies.

It's very common to have correction's staff do prison population projections and legislative impact research. Our interviews with agency staff from all 50 states found that 39 states, or 78%, perform such functions through a correctional agency.

**Estimated Potential
Cost Savings as a
Result of This Audit:**

**Sentencing Commission staff
function merged with the
Department of Corrections:
\$152,000 per year
(\$760,000 over five years)**

AUDIT QUESTION: *Could the Department of Corrections, Sentencing Commission, and Parole Board be operated as a single agency to achieve operating efficiencies and reduce costs?*

AUDIT ANSWER and KEY FINDINGS:

- Merging the 3-member Parole Board—which is primarily responsible for granting and denying parole—into the Department of Corrections would not achieve any additional operating efficiencies because the Board's staff functions already are carried out by Department staff, and Board members already are co-located with the Department.
- Merging the Sentencing Commission's staff functions—prison population projections and legislative impact research—into the Department would allow the State to save about \$152,000 a year by eliminating duplicate administrative functions—including agency management, payroll, IT support, and the like—and the staff positions and other costs associated with them.

Estimated Cost Savings that Could Be Achieved Through Merging Sentencing Commission Staff Functions Into the Department of Corrections

Actions That Could Produce Savings	Total
Eliminate Executive Director position, create a half-time legal position, eliminate a half-time office assistant and a half-time accounting position.	\$117,200
Rent Reduction: move remaining Sentencing Commission staff into the Dept. of Corrections space.	\$23,300
Absorption of IT support, and elimination of unneeded equipment and other costs.	\$11,400
Total Estimated Cost Savings	\$151,900

- ▶ The merger savings we identified represent about 20% of the Commission's fiscal year 2009 operational expenditures.
- ▶ The 17-member Commission could remain an independent advisory body to the Department of Corrections or Legislature.
- ▶ Any potential conflicts of interest that arise from merging Sentencing Commission functions into the Department can be overcome.
- If the agencies remain separate, but the Department takes over administrative staff and functions for the Commission (similar to the way it supports Parole Board members), the State could save about \$48,000 a year.

We Recommended

- The report recommends that the Legislature merge the Sentencing Commission into the Department of Corrections to achieve the efficiencies and cost savings we identified.
- The report also contains recommendations for the Commission and the Department to improve the operational efficiency of those agencies and to reduce operating costs.

Agency Response: *The Parole Board generally concurred with the report's findings, conclusions, and recommendations. In its response, the Department of Corrections disagreed with our recommendation that the Sentencing Commission be merged into the Department, but indicated it was prepared to implement any recommendations the Legislature adopts. In its response, the Sentencing Commission strongly disagreed with the report's recommendation that it be merged into the Department of Corrections.*

Other Relevant Facts

Kansas is one of only six states that has a Sentencing Commission, and not a correctional agency, perform these functions.

LEGISLATIVE DIVISION OF POST AUDIT

800 SW Jackson
 Suite 1200
 Topeka, Kansas 66612-2212
 Telephone: (785) 296-3792
 FAX: (785) 296-4482
 E-mail: LPA@lpa.ks.gov
 Website:
<http://kslegislature.org/postaudit>

Barbara J. Hinton
 Legislative Post Auditor

For more information about this audit report, please contact

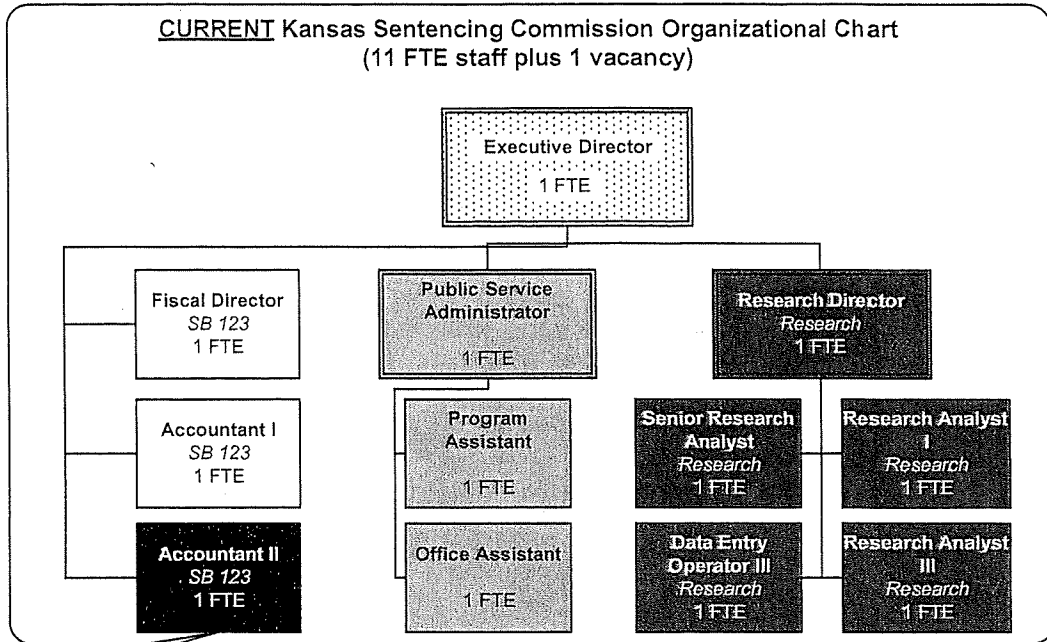
JUSTIN STOWE
 (785) 296-3792

Justin.Stowe@lpa.ks.gov

DO YOU HAVE AN IDEA FOR IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?

If you have an idea to share with us, send it to ideas@lpa.ks.gov, or write to us at the address shown. We will pass along the best ones to the Legislative Post Audit Committee.

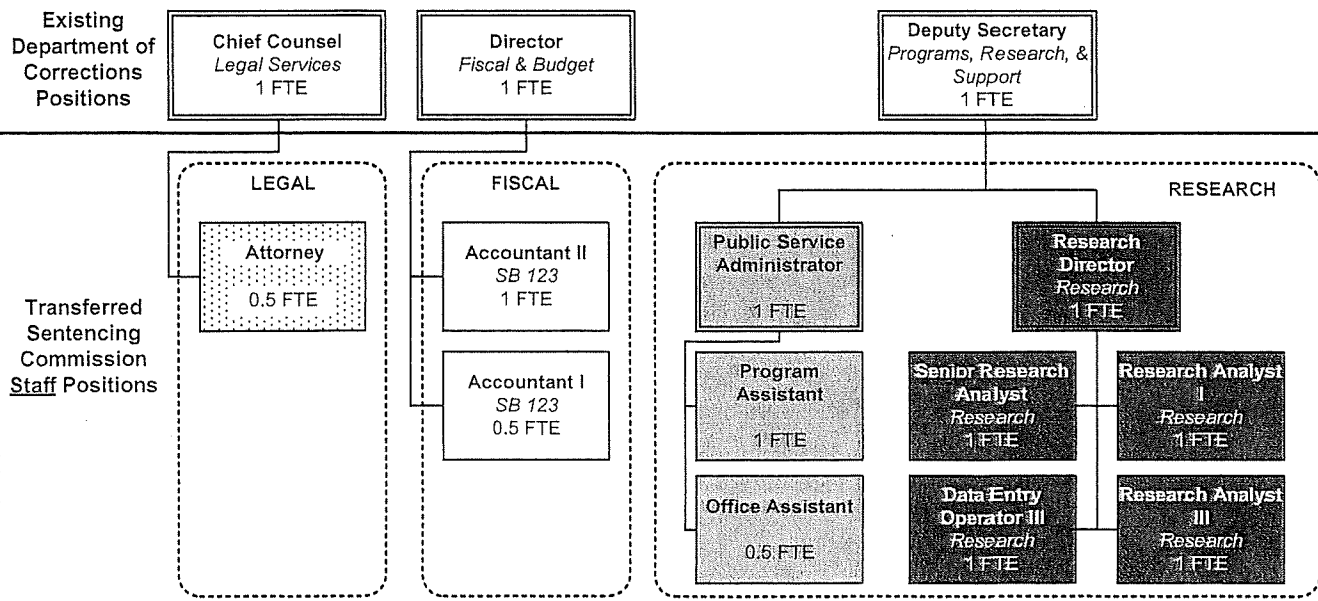
Figure 1-5
 Organization Chart of the Sentencing Commission's Staff, and Example of How This Function Could Be Restructured Within the Department of Corrections



This position is no longer needed, and isn't included in the agency's 2011 budget request.



Example of How the Department of Corrections Could Be Restructured With the Addition of 9.5 FTE Staff To Perform the Sentencing Commission's Staff Function



Source: Sentencing Commission organization chart, LPA review of staff work activities.

1-13

Audit Title	Main Concerns	Questions Asked	Estimated Date Available for an LPAC meeting
<p>Agency Data Centers: Assessing the Potential Savings of Consolidation</p> <p>(Requested by the Legislative Post Audit Committee)</p>	<p>According to the most recent set of agency IT plans compiled by the Kansas Information Technology Office, executive branch agencies (excluding the Regents institutions) spent more than \$111 million on IT services in fiscal year 2007. One of the major IT cost areas is the operation and maintenance of data servers. According to the IT plans, agencies currently operate four large mainframe systems and more than 2,100 smaller servers. Legislators are interested in knowing whether there is potential for significant cost savings from consolidating data centers, and what potential up-front costs would be incurred.</p>	<p>1. Could State agency data centers in Kansas be combined to achieve cost savings?</p>	<p>Put on hold to address higher-priority audits</p>
<p>K-12 Education: Reviewing School Districts' Use of Medicaid Reimbursements To Pay for Special Educations Services</p> <p>(Requested and approved by the 2010 Commission)</p>	<p>Because some special education services are health-related, school districts and special education cooperatives can bill Medicaid to help pay for these services if students are eligible. Districts have never been reimbursed for all the health-related services they provide to Medicaid-eligible students; a 2003 audit found they were missing out on \$3 million to \$5 million in Medicaid funding because they hadn't obtained parental consent to bill for services. Beginning with the 2007-08 school year, changes to the rules for school-based Medicaid made it even more difficult to get reimbursed, further reducing school-based Medicaid funding.</p>	<p>1. To what extent have school districts billed Medicaid to receive reimbursement for eligible special education services?</p>	<p>Not yet started</p>
<p>K-12 Education: Efficiency Audit of the Renwick School District</p> <p>(Approved by the 2010 Commission)</p>	<p>This audit will look at the <u>Renwick</u> school district as part of the initial efficiency audit of school district operations done in July 2009, which looked at 121 districts' non-instructional staffing and expenditure data to identify areas where spending appeared to be out-of-line compared with their peers. The Renwick school district requested to be part of this audit to help it identify ways it could reduce costs without affecting the education it provides to students.</p>	<p>1. Could the Renwick school district achieve cost savings by improving the management of its non-instructional personnel, facilities, or other resources?</p>	<p>Not yet started</p>
<p>K-12 Education: Efficiency Audit of the Winfield School District</p> <p>(Approved by the 2010 Commission)</p>	<p>This audit will look at the <u>Winfield</u> school district as part of the initial efficiency audit of school district operations done in July 2009, which looked at 121 districts' non-instructional staffing and expenditure data to identify areas where spending appeared to be out-of-line compared with their peers. The Winfield school district requested to be part of this audit to help it identify ways it could reduce costs without affecting the education it provides to students.</p>	<p>1. Could the Winfield school district achieve cost savings by improving the management of its non-instructional personnel, facilities, or other resources?</p>	<p>Not yet started</p>

Audit Title	Main Concerns	Questions Asked	Estimated Date Available for an LPAC meeting
<p>State Agency Staffing: Reviewing the Sufficiency and Accuracy of Reported Personnel Information on Management and Staff Positions (Requested by the Legislative Post Audit Committee)</p>	<p>A December 2008 audit looked at management staffing levels at the Department of Commerce. The report showed an overall lack of good management information relating to the number and levels of management positions in State agencies, and the number of “authorized” positions. This audit will look at how the State could improve the way personnel information is maintained so that accurate, consistent data are readily available at both the individual agency level and centrally.</p>	<p>1. How could State agencies improve the way they maintain and use personnel information to make management and staffing decisions?</p>	<p>Started, then put on hold to address higher-priority audits</p>
<p>Fiscal Notes: Determining Whether the Process for Preparing Fiscal Estimates in Kansas Could Be Improved (Requested by Rep. Burroughs)</p>	<p>The law requires the Director of the Budget to consult with the League of Kansas Municipalities, Kansas Association of Counties, and Kansas Association of School Boards, as appropriate, when preparing fiscal notes for House and Senate bills. It also directs every State agency and department to cooperate with the Budget Division in preparing fiscal notes. The Division estimates that 750-800 fiscal notes are prepared during a legislative session. About two-thirds of those have a specific dollar impact tied to them. Legislators have concerns about the accuracy of fiscal notes in Kansas, and whether State agencies are held accountable for the reliability of the estimates they provide. Also, they want to know if there is more Kansas could do to provide better estimates of the potential benefits for economic development fiscal notes.</p>	<p>1. How reliable is the information provided in fiscal notes the Legislature reviews prior to enacting legislation? 2. Could the fiscal note process in Kansas be modified to provide greater accountability over fiscal estimates? 3. To what extent do other states require information about potential economic benefits to be included in fiscal notes for economic development legislation, and could Kansas improve its procedures in this area?</p>	<p>Started, then put on hold to address higher-priority audits</p>
<p>Data Mining: Reviewing State Data Systems for Inappropriate Payments or Inefficiencies (On-going series of data-mining audits authorized by the Legislative Post Audit Committee)</p>	<p>In our continued series of data-mining audits, we will look to see where some significant risks for abuse and non-compliance in the State’s financial operations are; and whether the State’s current practices adequately address the identified risk for abuse, waste, error, and non-compliance.</p>	<p>1. Do there appear to be any instances of fraud, abuse, non-compliance, or inefficiency in the State’s expenditures?</p>	<p>Started, then put on hold to provide data support to higher-priority audits</p>

Audit Title	Main Concerns	Questions Asked	Estimated Date Available for an LPAC meeting
<p>Judicial Districts in Kansas: Determining Whether Boundaries Could Be Redrawn To Increase Efficiency and Reduce Costs</p> <p>(Requested by Senator Schmidt and approved by the Legislative Post Audit Committee)</p>	<p>A 1979 performance audit of the court system shortly after it was unified found that unification had little effect on the time it took to process cases, and that caseloads were not evenly distributed. It also found wide variations in cases per non-judicial employee and in the number of employees per judge. A second audit in 1997 found that statutory constraints prevented the Supreme Court from permanently reallocating existing judgeships to equalize workloads, and the wide variance in judicial caseloads had changed little since unification. Judges in some districts had caseloads of fewer 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 8 in both Utah and Iowa. Legislators have questioned whether the boundaries of judicial districts in the State could be redrawn to potentially reduce costs and even-out caseload discrepancies.</p>	<p>1. What savings could be achieved by re-drawing judicial districts in Kansas to better align resources with caseloads?</p> <p><i>STAFF NOTE: At its October 12 meeting, the Post Audit Committee revised the scope of this audit to focus only on judicial districts and to eliminate the review of prosecutorial districts. The summary presented here has been updated to reflect that decision.</i></p>	<p>Late January</p>
<p>Kansas Tax Revenues: Reviewing Tax Credits and Exemptions</p> <p>(Approved by the Legislative Post Audit Committee, based on the results of a legislator survey administered by Legislative Post Audit)</p>	<p>Over the years, the Legislature has enacted a variety of tax credits and exemptions designed to stimulate certain types of economic activity, or to achieve other public purposes. For example, a taxpayer who makes a cash donation of \$250 or more to the Kansas Community Entrepreneurship Fund receives a tax credit of 50% of the amount donated. Some credits are commonly claimed and account for large amounts of foregone tax revenue, while others are less frequently used. With the proliferation of credits and exemptions over the years, legislators want to know whether some of those credits and exemptions still are needed or have outlived their original purposes. They also want to know whether transferrable tax credits represent an effective use of taxpayer dollars.</p>	<p>1. Does Kansas have any tax credits or exemptions that aren't accomplishing their intended purpose or have outlived their usefulness?</p> <p>2. What transferrable tax credits exist in Kansas, and are they a cost-effective means of generating money to fund certain types of projects or causes?</p>	<p>Early-Mid February</p>
<p>K-12 Education: Reviewing Issues Related to the Cost of the Health Care Benefits Provided by School Districts</p> <p>(Requested and approved by the 2010 Commission)</p>	<p>Employee insurance costs—primarily health insurance—have grown from just more than \$195 million for the 2003-04 school year, to almost \$250 million for the 2007-08 school year. Employee insurance costs represent nearly 5% of school districts' total reported expenditures for 2007-08. Because health insurance costs represent such a large cost for school districts, members of the 2010 Commission recently expressed an interest in finding out whether there are ways districts could better control these costs.</p>	<p>2. Could school districts obtain costs savings by reducing health insurance costs?</p>	<p>Late March</p>

Legislative Post Audit Summary of Performance Audits Currently Under Way or Approved (as of December 17, 2009)

(Audit topics approved since the last summary was issued are shown in italics)

1-16

Audit Title	Main Concerns	Questions Asked	Estimated Date Available for an LPAC meeting
<p>Department of Corrections: Determining Whether the Department Has Adequate Policies and Procedures in Place to Deal with Misconduct by Staff at Correctional Facilities</p>	<p>Articles in the Topeka newspaper reported on corrections officers exchanging cash and contraband-such as tobacco, pharmaceuticals, and illegal drugs-for sexual favors at the Topeka Correctional Facility. Legislators wanted to know whether Kansas has adequate policies, procedures, and legal sanctions to prevent trafficking in contraband and sexual misconduct at correctional institutions and whether existing policies and procedures were being followed at the Topeka Correctional Facility.</p>	<p>1. Does Kansas have adequate policies, procedures, and sanctions in place to prevent correctional employees from trafficking in contraband and having sexual misconduct with inmates?</p>	<p>Late January</p>
<p>K-12 Education: Reviewing the Potential for Cost Savings From Reorganization of Kansas School Districts</p> <p>(Approved by the Legislative Post Audit Committee, based on the results of a legislator survey administered by Legislative Post Audit)</p>	<p>Currently, Kansas has 295 school districts compared to 2,600 in 1960. Several studies have been done over the past decade about reorganizing and reducing the number of school districts, including one completed in 1999 by the education consulting firm Augenblick and Myers. Also in 1999, the Legislature provided financial incentives for school districts to voluntarily consolidate. The law essentially allows districts that consolidate to receive additional funding for several years after the consolidation. In 2008-2009, 10 districts had fewer than 100 students enrolled. Given the fiscal crisis that has faced the State, the Legislature is again interested in looking at school boundaries to determine whether there are less costly ways to configure school districts in Kansas.</p>	<p>1. What opportunities exist to restructure Kansas school districts to more cost-efficiently educate students?</p>	<p>Late January</p>
<p>K-12 Education: Efficiency Audit of the Ellinwood School District</p> <p>(Approved by the 2010 Commission)</p>	<p>This audit will look at the <u>Ellinwood</u> school district as part of the initial efficiency audit of school district operations done in July 2009, which looked at 121 districts' non-instructional staffing and expenditure data to identify areas where spending appeared to be out-of-line compared with their peers. The Ellinwood school district asked to be part of this audit to help it identify ways to reduce costs without affecting the education it provides to students.</p>	<p>1. Could the Ellinwood school district achieve cost savings by improving the management of its non-instructional personnel, facilities, or other resources?</p>	<p>Late January</p>

1-16

**State General Fund
FY 2009
July 1, 2008 - June 30, 2009**
(Dollars in Millions)

Beginning Balance	\$ 526.6
Revenue:	
Actual Receipts	5,587.4
Total Available	\$ 6,114.0
Expenditures:	
Original Approved Budget	6,404.4
Spending Reductions	(340.0)
Total Expenditures	\$ 6,064.4
Ending Balance	\$ 49.7

**State General Fund
FY 2010
July 1, 2009 - June 30, 2010**
(Dollars in Millions)

Beginning Balance	\$ 49.7
Revenue:	
November Consensus Revenue Est.	5,300.7
Transfer from Highway Fund *	80.0
Transfer from EDIF *	5.8
Transfer from Housing Trust Fund *	2.0
Cap Bioscience Authority Transfer	5.0
Transfer from Investor Education Fund *	5.0
Powerball Income Tax Windfall	3.1
Other Transfer Adjustments	0.2
Total Available	\$ 5,451.5
Expenditures:	
Approved Budget (May 2009)	5,613.6
Expenditure Authority Shifting from FY 09	94.3
Governor's July Allotment	(90.1)
Human Services Consensus Estimate	24.3
Governor's November Allotment	(193.2)
Legislative Agencies *	(2.8)
Judiciary *	5.0
Total Expenditures	\$ 5,451.1
Ending Balance	\$ 0.4

All of these items were part of the Governor's July and November financial plans.

\$74.0 million of this total was due to school finance bills which were not paid when due in FY 2009, but paid early in FY 2010.

The Governor's November allotment was the net of these two items.

* Requires legislative action