

MINUTES OF THE HOUSE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairman Joe McLeland at 3:30 p.m. on January 25, 2010, in Room 159-S of the Capitol.

All members were present.

Committee staff present:

Theresa Kiernan, Office of the Revisor of Statutes
Reagan Cussimano, Kansas Legislative Research Department
Dee Heideman, Committee Assistant

Conferees appearing before the Committee:

Lana Gordon, Kansas State Representative, District 52
Dave Trabert, President, Kansas Policy Institute
Walt Chappell, Wichita, Kansas
Steve Iliff, Independent CPA, Topeka, Kansas
Bob Corkins, Topeka, Kansas
Dr Rob Balsters, United School Administrators
Dr Gary George, Assistant Superintendent, USD 233, Olathe, Kansas
Diane Gjerstad, Director of Government Relations
Jim Edwards, Assistant Executive Director, Kansas Association of School Boards

Others attending:

See attached list.

After Chairman McLeland opened the meeting, he asked if there were any new bill introductions. Representative Myers introduced legislation which would impose a three-year moratorium on the state aid paid to school districts for capital outlay, and capital improvements state aid. Representative Aurand made the motion to introduce the bill and it was seconded by Representative Carlson. Vote voice carried unanimously.

HB 2239 - School districts; uniform accounting system for the recording and reporting of receipts and expenditures.

Theresa Kiernan gave a short summary synopsis of **HB 2239**.

The first proponent was Lana Gordon, Kansas State Representative, District 52, said since 51% of the state's budget is school financing, it would be highly beneficial for purposes of comparison, to have a uniform accounting and reporting system for all school districts. (Attachment 1)

Since Dave Trabert, President, Kansas Policy Institute is highly experienced in analyzing data and financial reports as an accountant and general manager, he reported consistency and uniformity in reporting is essential to the decision-making process. Unfortunately Kansas' schools are not all complying with the Kansas Accounting Handbook for Unified School Districts. Included with his testimony was a chart K-12 Pupil Expenditures for the 2007-2008 School Year. (Attachment 2)

As a taxpayer from Wichita, Kansas, Walt Chappell stated to the committee that without standardized accounting data by school district, and by attendance centers within each school district, no decision maker will be able to confirm if our K-12 dollars are being spent wisely. (Attachment 3)

Steve Iliff, Independent Certified Public Accountant in Topeka, Kansas supports **HB 2239** because the purpose of accounting systems is to communicate financial information about an organization, and for years, legislators have expressed concerns of the difficulty to meaningfully compare expenditures for different school districts. (Attachment 4)

Bob Corkins, Topeka, Kansas said his support for **HB 2239** was two-fold: 1) Legislators need the information to guide K-12 fiscal policy and defend its constitutionality; and, 2) they need to be able to identify ineffective and inefficient K-12 spending. (Attachment 5)

CONTINUATION SHEET

Minutes of the House Education Budget Committee at 3:30 p.m. on January 25, 2010, in Room 159-S of the Capitol.

Dr Rob Balsters, United School Administrators, the first opponent of this bill to speak, said this bill presents an expensive and bureaucratically bloated solution to a problem that simply doesn't exist. ([Attachment 6](#))

Dr Gary George, Assistant Superintendent, USD 233, Olathe, Kansas presented four reasons this bill should not move forward. 1) Purpose is not clear 2) costs of implementation 3) time-line unrealistic 4) does not address complexity of school accounting. ([Attachment 7](#))

Diane Gjerstad, Director of Government Relations is opposed because schools already have uniform accounting standards. The proposed system would be costly and greatly expand school districts. She also offered suggestions on how to improve the system already in place. ([Attachment 8](#))

Opposition to this bill came from Jim Edwards, Assistant Executive Director, Kansas Association of School Boards, because there are already these reporting systems in place and adding another one would be one more item which would add to administrative costs and remove those funds from the classroom. ([Attachment 9](#)). Included with Mr. Edwards testimony was a copy listing the website where school reporting information can be obtained.. ([Attachment 10](#))

Opposing written testimony only was received from Sharon Zoellner, Superintendent USD Louisburg District 416, says the concept of having a uniform financial accounting mechanism might sound fairly easy to implement; however, it should be noted that this type of legislation would put an undue financial burden on every school district who might be required to re-tool their current financial software. ([Attachment 11](#))

After a question and answer session **HB 2239** was closed.

Scott Frank, Legislative Post Audit Manager, passed out a summary of answers to questions posed to him from his presentation of K-12 Efficiency Audits presented on January 20, 2010. ([Attachment 12](#))

The next meeting is scheduled for January 26, 2010.

The meeting was adjourned at 05:13 p.m.

Type Committee name here COMMITTEE GUEST LIST
 DATE: JANUARY 25, 2010

NAME	REPRESENTING
Dae MEYER	KANSAS REPORTER
TERRY FORSYTH	KNEA
Jim Edwards	KASB
Amy, Amy	Olathe School Dist.
Rob BALSTERS	United Sch. Adm.
Jack Deyae	USD 232 DeSoto
Walt Chappell	EMC - WICHITA
STEVE SHOCKEN	WICHITA CEO. K. BAUM + CO.
Bob Corkius	self

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TOPEKA

HOUSE OF
REPRESENTATIVES

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MEMBER: EDUCATION
HEALTH AND HUMAN SERVICES
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RESOURCES

HB 2239 creates the Kansas Uniform Financial Accounting and Reporting Act (KUFARA). During my service to the Legislature the past 9 years, I have continually been frustrated by the lack of transparency in school finance and the ability to compare like expenditures to like expenditures from District to District.

Attempts have been made since Bill Bunten was in the Senate and further attempts in school finance bills were made the last couple of years, to encourage a uniform budgeting and reporting system so that we are really comparing like information statewide. This bill is slightly different than one I presented in the past.

A 2007 Legislative Post Audit on school district accounting was to find out if any other states use a centralized system. Though centralized accounting is not used by any of the 20 states studied, 14 of them have adopted standardized charts of accounts and business rules for school district staff to use when both recording and reporting accounting transactions. Eleven of the 14 states have had the standardized accounting systems for 20 years or more ago, the other 3 have had them for at least 10 years. They have worked with systems and companies to manage this data. They also report and budget in a uniform manner for all school districts in their state. Some states like, Minnesota, require their schools to account and report building by building data and has done so since 1999.

HB 2239 directs the State Board of Education to develop and implement a uniform accounting and reporting system.

This system would not only benefit the Legislature in more clearly being able to compare monies spent within districts and between districts; but also would provide good data for school boards and administrators. Until we can truly compare apples to apples in districts, we still do not have the most accurate information of how school districts are spending their allocations. I have always believed that one might find that more funding may be needed in some areas and less in others, but it is hard to be sure when the exact amounts are not substantiated by facts and only lumped together. It would be my goal to see things line by line on actual spending.

With school financing consisting of more than 51% of our budget, it is prudent of us as Legislators to derive a more accurate picture of expenditures by putting into place a system that will help us do this.

I would appreciate your support of HB 2239.

Thank you,

Lana Gordon

House Education Budget Committee
Date: 01-25-2010
Attachment #: 1



Testimony Presented to the House Education Budget Committee
Dave Trabert, President
January 25, 2010

Mr. Chairman and esteemed members of the Committee:

Thank you for the opportunity to testify in support of HB 2239, enacting the Kansas uniform financial accounting and reporting act.

My support of this bill is prompted by decades of experience in analyzing data and financial reports, both as an accountant and as the general manager of several companies. Consistency and uniformity in reporting is essential to the decision-making process, but unfortunately Kansas' schools are not all complying with the Kansas Accounting Handbook for Unified School Districts.

Legislative Post Audit reported last July that "...school districts didn't always report certain types of data consistently, making meaningful comparisons difficult."¹ LPA said that the state accounting handbook provides good guidance on how to categorize expenditures, but schools don't always follow it.

Our own research found extraordinary variances in per-pupil spending across many cost centers, as shown on the attached spending comparison from the 2007-08 year. (Of course, any variances attributable to schools' failure to follow the accounting manual are eliminated when comparing total spending per pupil.)

Having accurate information on school spending is an essential element of determining the State's minimum funding requirement for schools. The Supreme Court ruling in *Montoy vs. State of Kansas* was not based on independent study of the minimum funding requirements, but largely reflected the opinions of employees and retirees of school organizations. A 2006 Legislative post audit study has been cited as having determined minimum funding levels, but the audit report clearly did no such thing; in fact, LPA said their cost studies "...weren't intended to dictate any specific funding level and shouldn't be viewed that way." They also said they "...weren't directed to, nor did [they] try to, examine the most cost effective ways for Kansas school districts to be organized and operated."² Accordingly, no independent study of the State's minimum Constitutional funding analysis exists.

¹ "Performance Audit Report, K-12 Education: School District Efficiency Audits, Legislative Division of Post Audit, July 2009, p.17.

² "Elementary and Secondary Education in Kansas: Estimating the Cost of K-12 Education Using Two Approaches," Legislative Division of Post Audit, January 2006, p.2.

The State's current and future budget challenges demand that all spending be done as efficiently as possible in order to avoid harmful tax increases or reductions in other essential services. K-12 spending consumes over half of State General Fund expenditures so it is imperative that we operate schools efficiently, and having accurate spending data is an integral part of achieving efficiency.

In addition, the uniform accounting system should be school-based, not district-based as is the present budget system. School-based budgets would be based on meeting the educational needs of the students in each school, which would make it easy to verify that aid is getting to the students. That is not possible with district-based budgeting.

Some may object to spending money on a new accounting system at a time when money is tight, but in my experience, good systems more than pay for themselves by identifying ways to save money that otherwise might be overlooked.

But if you want to hold off for awhile until the economy improves, you could force compliance with the State accounting manual without spending any money by imposing a penalty for repeated failure to comply. One warning and then a reduction in state aid might be enough to compel schools to follow the rules.

K-12 Per Pupil Expenditures 2007-08 School Year

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
School Administration					
Less than 100 FTE	7	580.0	1,325	771	392
100 to 499	129	38,438.4	1,549	710	47
500 to 999	79	56,282.1	1,063	668	434
1,000 to 1,999	37	53,447.1	869	569	364
2,000 to 2,999	15	36,203.3	816	565	423
3,000 to 9,999	21	104,666.2	702	518	364
Over 10,000	7	158,545.6	699	593	473
All Districts	295	448,162.7	1,549	590	47

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Central Services					
Less than 100 FTE	7	580.0	356	118	0
100 to 499	129	38,438.4	1,039	111	0
500 to 999	79	56,282.1	455	107	0
1,000 to 1,999	37	53,447.1	411	148	0
2,000 to 2,999	15	36,203.3	338	122	19
3,000 to 9,999	21	104,666.2	492	264	17
Over 10,000	7	158,545.6	642	441	333
All Districts	295	448,162.7	1,039	268	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Operations & Maint.					
Less than 100 FTE	7	580.0	2,555	1,747	1,100
100 to 499	129	38,438.4	2,330	1,298	782
500 to 999	79	56,282.1	1,928	1,147	314
1,000 to 1,999	37	53,447.1	1,413	1,001	706
2,000 to 2,999	15	36,203.3	1,075	900	668
3,000 to 9,999	21	104,666.2	1,272	930	655
Over 10,000	7	158,545.6	1,536	932	737
All Districts	295	448,162.7	2,555	997	314

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Student Transportation					
Less than 100 FTE	7	580.0	1,358	914	631
100 to 499	129	38,438.4	1,651	642	59
500 to 999	79	56,282.1	1,192	551	171
1,000 to 1,999	37	53,447.1	812	427	168
2,000 to 2,999	15	36,203.3	597	372	202
3,000 to 9,999	21	104,666.2	573	352	182
Over 10,000	7	158,545.6	718	423	284
All Districts	295	448,162.7	1,651	438	59

Compiled by Kansas Policy Institute

Source: Kansas Dept. of Education

Capital costs all shown in Capital Outlay. Non-current categories and Total Spending exclude USD 422 Greensburg, which was rebuilding from tornado damage

K-12 Per Pupil Expenditures 2007-08 School Year

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Instruction					
Less than 100 FTE	7	580.0	11,529	9,864	7,999
100 to 499	129	38,438.4	13,401	7,696	6,302
500 to 999	79	56,282.1	11,094	6,915	5,610
1,000 to 1,999	37	53,447.1	10,983	6,295	4,770
2,000 to 2,999	15	36,203.3	11,346	7,042	4,800
3,000 to 9,999	21	104,666.2	8,675	6,250	4,998
Over 10,000	7	158,545.6	8,238	6,501	5,767
All Districts	295	448,162.7	13,401	6,620	4,770

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Student Support					
Less than 100 FTE	7	580.0	226	132	0
100 to 499	129	38,438.4	818	280	12
500 to 999	79	56,282.1	1,799	352	72
1,000 to 1,999	37	53,447.1	972	364	136
2,000 to 2,999	15	36,203.3	1,729	590	204
3,000 to 9,999	21	104,666.2	1,431	596	237
Over 10,000	7	158,545.6	842	683	559
All Districts	295	448,162.7	1,799	540	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Staff Support					
Less than 100 FTE	7	580.0	496	323	35
100 to 499	129	38,438.4	1,103	292	26
500 to 999	79	56,282.1	861	378	17
1,000 to 1,999	37	53,447.1	663	325	158
2,000 to 2,999	15	36,203.3	582	375	184
3,000 to 9,999	21	104,666.2	838	427	89
Over 10,000	7	158,545.6	948	647	365
All Districts	295	448,162.7	1,103	471	17

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
General Administration					
Less than 100 FTE	7	580.0	1,907	1,436	804
100 to 499	129	38,438.4	1,895	643	162
500 to 999	79	56,282.1	838	409	200
1,000 to 1,999	37	53,447.1	773	307	133
2,000 to 2,999	15	36,203.3	579	356	149
3,000 to 9,999	21	104,666.2	642	286	141
Over 10,000	7	158,545.6	256	136	59
All Districts	295	448,162.7	1,907	288	59

Compiled by Kansas Policy Institute
Source: Kansas Dept. of Education

Capital costs all shown in Capital Outlay. Non-current categories and Total Spending exclude USD 422 Greensburg, which was rebuilding from tornado damage

K-12 Per Pupil Expenditures 2007-08 School Year

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Community Services					
Less than 100 FTE	7	580.0	1	0	0
100 to 499	129	38,438.4	579	5	0
500 to 999	79	56,282.1	20	1	0
1,000 to 1,999	37	53,447.1	5	0	0
2,000 to 2,999	15	36,203.3	68	8	0
3,000 to 9,999	21	104,666.2	41	6	0
Over 10,000	7	158,545.6	1	0	0
All Districts	295	448,162.7	579	3	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Food Services					
Less than 100 FTE	7	580.0	1,159	821	607
100 to 499	129	38,438.4	1,075	629	379
500 to 999	79	56,282.1	830	561	367
1,000 to 1,999	37	53,447.1	832	518	337
2,000 to 2,999	15	36,203.3	551	480	338
3,000 to 9,999	21	104,666.2	637	468	358
Over 10,000	7	158,545.6	552	440	407
All Districts	295	448,162.7	1,159	491	337

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Current Operating Costs¹					
Less than 100 FTE	7	580	17,926	16,127	14,873
100 to 499	129	38,438	18,774	12,306	9,790
500 to 999	79	56,282	16,322	11,089	8,513
1,000 to 1,999	37	53,447	15,433	9,954	7,949
2,000 to 2,999	15	36,203	15,960	10,810	7,956
3,000 to 9,999	21	104,666	13,777	10,097	8,272
Over 10,000	7	158,546	13,931	10,797	9,465
All Districts	295	448,162.7	18,774	10,707	7,949

¹ Exclude Architecture & Engineering, Capital Outlay and Debt Service

Compiled by Kansas Policy Institute
Source: Kansas Dept. of Education

Capital costs all shown in Capital Outlay. Non-current categories and Total Spending exclude USD 422 Greensburg, which was rebuilding from tornado damage

K-12 Per Pupil Expenditures 2007-08 School Year

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Architecture & Eng.					
Less than 100 FTE	7	580.0	0	0	0
100 to 499	128	38,241.4	569	7	0
500 to 999	79	56,282.1	178	3	0
1,000 to 1,999	37	53,447.1	80	3	0
2,000 to 2,999	15	36,203.3	35	4	0
3,000 to 9,999	21	104,666.2	112	14	0
Over 10,000	7	158,545.6	3	1	0
All Districts	294	447,965.7	569	5	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Capital Outlay					
Less than 100 FTE	7	580.0	8,658	2,045	0
100 to 499	128	38,241.4	3,877	661	0
500 to 999	79	56,282.1	2,619	557	0
1,000 to 1,999	37	53,447.1	1,817	544	118
2,000 to 2,999	15	36,203.3	1,469	512	86
3,000 to 9,999	21	104,666.2	1,108	492	85
Over 10,000	7	158,545.6	1,247	703	122
All Districts	294	447,965.7	8,658	599	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Debt Service					
Less than 100 FTE	7	580.0	0	0	0
100 to 499	128	38,241.4	2,424	408	0
500 to 999	79	56,282.1	1,532	524	0
1,000 to 1,999	37	53,447.1	2,119	768	0
2,000 to 2,999	15	36,203.3	1,344	715	326
3,000 to 9,999	21	104,666.2	2,526	883	129
Over 10,000	7	158,545.6	1,943	901	487
All Districts	294	447,965.7	2,526	775	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Total Spending					
Less than 100 FTE	7	580.0	25,240	18,171	16,277
100 to 499	128	38,241.4	19,992	13,365	10,299
500 to 999	79	56,282.1	17,584	12,173	9,623
1,000 to 1,999	37	53,447.1	16,137	11,269	9,240
2,000 to 2,999	15	36,203.3	16,832	12,041	9,017
3,000 to 9,999	21	104,666.2	15,392	11,485	9,337
Over 10,000	7	158,545.6	14,549	12,402	11,269
All Districts	294	447,965.7	25,240	12,084	9,017

Compiled by Kansas Policy Institute

Source: Kansas Dept. of Education

Capital costs all shown in Capital Outlay. Non-current categories and Total Spending exclude USD 422 Greensburg, which was rebuilding from tornado damage

TESTIMONY IN SUPPORT OF HB2239

By

Dr. Walt Chappell, President, Educational Management Consultants

The main issues facing Legislators on School Finance are (1) the “costs” to provide (2) an “equal opportunity” for (3) a “suitable education” (4) to “each K-12 student” in the State. But, without standardized accounting data by school district and by attendance centers within each school district, no decision maker will be able to confirm if our \$5.6 billion dollars in K-12 spending is being spent wisely.

Current financial reports are just a reflection of previous district level spending patterns and politically expedient weightings which have little to do with the actual cost of teaching students in each public school. Until a thorough analysis is done to determine what it costs to teach students so they are proficient on State competency standards, and learn employable skills, the Legislature will not be able to assure that each child in the State is provided the resources needed to reach these learning objectives for a “suitable education.” Nor will educators know which instructional strategy is most cost effective.

The basic, “cost-center” of education is the School Building—not the School District. To be meaningful, all budgets must be built on the actual costs to teach students who attend each school so that they can learn and demonstrate their mastery of employable skills. **The Tax Payers are paying for a Service. That educational service is provided at the building level.** So, it is essential that any School Finance Model or accounting system start with the cost of providing an equal educational opportunity to learn where a specific group of students actually attends school.

Management by Objectives is not new. It has been used by business and industry for years as a way to accurately state Goals and Objectives and then assign the resources needed to reach those objectives. Unfortunately, the “weightings” in most State school finance formulas have little to do with education. In most cases, they merely perpetuate the inefficient use of public funds by hiding the low productivity of instructional facilities and staff. This amounts to hundreds of millions of dollars of unnecessary expenses which have limited, if any, benefit to students.

By stating the minimum competency standards to which each K-12 student is to achieve, the State Legislature and local school boards can assess how well tax dollars are being used to reach these objectives. There will then be accurate measures of a “suitable education” and the most cost-effective ways to achieve those objectives.

Basing the State school finance formula and accounting data to verify the cost to reach these measurable objectives on data from each school building, will allow the funds to go where they are needed. Some schools will require more dollars per pupil than others. But these differences will be based on learning needs within each school rather than the value of property within an “artificial school district” boundary. The ability for a “District” to raise revenue at the local level should not determine a child’s educational opportunity to learn and compete as an adult in the 21st Century.

Any structure is built from the ground up!! The same goes for school budgets. They must be based on facts—starting with the actual learning needs of the students and including the cost to teach those students plus an itemization of the available resources in each school throughout the State. That is why passage of HB2239 is necessary. It is essential that decision makers at all levels clearly see how well our investment in education is working and be able to answer the all important question:

How Much Money is ENOUGH to provide a “suitable education”??

For further information, contact Dr. Walt Chappell @ (316)838-7900 or educationalmanagers@cox.net

House Education Budget Committee
Date: 01-25-2010
Attachment #: 3

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 1:32 p.m. on March 10, 2004 in Room 123-S of the Capitol.

All members were present except:

Senator David Corbin (excused)
Senator Janis Lee (excused)

Committee staff present:

Carolyn Rampey, Legislative Research
Theresa Kiernan, Office of the Revisor of Statutes
Judy Steinlicht, Committee Secretary

Conferees appearing before the committee:

Dr. Walt Chappell, Educational Management Consultants
Jim Edwards, Kansas Association of School Boards
Dr. Kent Hurn, United School Administrators

Others attending:

See Attached List

Overview School Finance Formula

Dr. Walt Chappell, Educational Management Consultants, presented a Model for Funding Quality-Equal Education in Kansas. Dr. Chappell said this model has been in development for about 30 years and was started in California. His focus is on kids to make sure there is enough funding to have their needs met. He believes that first we need to determine what we want each child to learn, what the current achievement level is in each school building, what resources are needed to get to that achievement level and then what the financial costs would be to provide the necessary resources to assure a suitable education for each child. Dr. Chappell believes **SB512** is an excellent bill. He believes that we must build a budget from the building up and build the budget on the actual cost to teach students who attend each school. When the total budget for each school to achieve state standards is determined, the total costs can be determined for each school district and those combined can determine the cost for the entire state. (Attachment 1)

Jim Edwards, Kansas Association of School Boards, expressed the concerns of KASB on measures that would require individual school building budgets. Two of three proposals would expand the currently required budgets that have already been criticized for being perplexing for patrons and board members. Last year legislation was passed to streamline budgets into clear, concise and accurate documents. The Legislative Post Audit and the Legislative Educational Planning Committee (LEPC) recommended not pursuing building level budgets. Attachments are a comparison of the different proposals; excerpt from post audit report; excerpt from LEPC Task Force; consultant's reply to the interim Building-Based Budget Workgroup request; revised QPA detailing accreditation criteria for quality and performance; letter from Olathe school district on projected cost of implementing building-based budgets; and a copy of Budget-at-a-Glance. (Attachment 2)

Dr. Kent Hurn, United School Administrators, provided a copy of Seaman USD 345's pilot project building-based budget. Dr. Hurn explained the findings of Mr. Rob Balsters, Deputy Superintendent of Business at Seaman USD 345. Dr. Hurn read the comments in the letter from Mr. Balsters that said when the building-based budget is looked at closely, the summary information shows that the differences in expenditures per student are directly related to the salaries paid at each building. The salaries of teachers are determined by level of experience, while the salaries of other employees are determined by initial experience and length of time on the job. Mr. Balsters letter also stated that given the cost of implementing this system, he could not recommend that it be considered as a cost-saving measure for school districts. It gives interesting information, but does not give any useful way of reducing costs, other than hiring less experienced and/or less educated teachers and staff. Mr. Balsters advised that he believed it would take \$40,000 to reprogram their computers for the building-based budget and that it would take someone 3 hours a day to maintain the system. This pilot project took a total of 240 hours to complete.

CONTINUATION SHEET

MINUTES OF THE SENATE EDUCATION COMMITTEE at 1:32 p.m. on March 10, 2004 in Room 123-S of the Capitol.

(Attachment 3)

SB 512--School districts; building-based budgeting

Senator Bunten advised the committee that he was not happy that the information completed on the building-based budgets by Mr. Balsters from Seaman was shared with the Senate Education Committee prior to being shared with his working group. KASB has been opposed to building-based budgets and Senator Bunten advised that he was denied a copy of the minutes when the building-based budgets were discussed. KASB told him they were not open to the public.

Chairman Umbarger stated that it was his intent that the committee be fully informed prior to voting on **SB512**. Chairman Umbarger yielded to Senator Bunten if he wished to make that motion. Senator Bunten declined as two members of the committee were not present. He believes there is interest in the bill and wants the bill brought out of the committee and debated on the floor.

In discussion, a committee member stated that she did not believe that the bill was a bad idea, but that it was a work in progress and believes that this is not the time. She believes that next year the school finance formula will have to be rewritten. She would like to see a pilot program sanctioned by the legislature and set up with the cooperation of the State Board of Education with a volunteer school district to participate. Secondly, she likes the idea of separate budgets, but in her school district, the budget change would take 1500 more pages and this is a time when schools are trying to cut costs.

Chairman Umbarger again yielded to Senator Bunten to make a motion if he so desired. Senator Bunten requested that the vote not be taken until next week when the full committee is present.

Senator Oleen requested that **HB2795** be brought back to the committee as there is another measure, similarly related, that she would like to put in the bill. Senator Oleen made a motion to reconsider the committee action and bring **HB2795** back to the committee. Seconded by Senator Emler. Motion carried.

Meeting adjourned. The next meeting is scheduled for Monday, March 15th.

Audit Report Reveals Important Questions

by

John R. LaPlante

Do some school districts spend your dollars more efficiently than others, and if so, how can the others catch up? An auditing office in Kansas state government started to look at these questions. But what it did not ask - and in some cases, was not allowed to ask-is just as interesting, if not troubling.

After being ordered by the Kansas Supreme Court to send more state aid to schools, the Legislature started ramping it up. It started with \$145 million for the 2005-06 school year. It also created the 2010 Commission and directed it to work with the Legislative Division of Post Audit, to "monitor school district funding" and to "ensure that the Kansas system is efficient and effective."

The Legislature suggested 11 topics that the Commission might review. For example, how accurate are the financial reports that districts submit to the state? Do district managers spend money efficiently? Since Kansas schools spend over \$5 billion each year, these are reasonable questions.

A few weeks ago the office released a report describing the spending habits of five different types of districts. It lumped the state's 296 districts into clusters with similar characteristics. One cluster, for example, consisted of small, rural districts with little poverty, few bilingual students, and moderate property values.

The audit team decided to look at seven different kinds of spending that are not directly related to classroom learning. These included administrators in the central office and in school offices. These are the people you think of when you say "school administrators." It also looked at spending on instructional support (curriculum directors, training staff, and librarians), student support (counselors, social workers, and nurses), operations and maintenance (the physical plant), student transportation and food service.

For each cluster, the team calculated averages and determined patterns for the seven different types of spending. It found some interesting patterns. In some cases, the most efficient districts contracted out services. In other cases, they did the work in house. Larger districts were often, though not always, more efficient than smaller ones. (Districts can grow so large that they become monuments to inefficient bureaucracy, but the report did not look at the 15 or so largest districts in the state.) The report also suggested ways for districts to economize in each category of spending.

The report identified several outliers, or districts that spent disproportionately more than their peers. You might wonder whether these out-of-the-ordinary expenses were justified. Good question. But we can't tell, for it's here where the report begins to falls short.

Don't blame the Legislative Division of Post Audit, whose people call things as they see them. Their work was limited by what the 2010 Commission allowed. The commission is an 11-person study group whose members include people appointed by legislative leaders, as well as the leaders of the legislative committees on education. All but one person is either employed by or retired from public schools or state government.

The audit team had designed the report to have two phases. The first involved everything I've mentioned above, which involved taking official reports and then crunching some numbers. The second phase required going out to districts to ask questions. In the words of the report, the team planned to analyze the outliers "to determine if there were ways they could reduce costs."

But to quote the report, "Several members of the 2010 Commission indicated they had received complaints from school superintendents about having an efficiency audit conducted at a time when they were trying to address funding cuts from the State."

The 2010 commissioners then directed the LPA to "suspend the second phase of the audit," since "it wasn't their intention to create stress among school districts."

It's inexcusable that the 2010 Commission has stonewalled the people's auditors. Taxpayers have increased K-12 funding by \$1.3 billion over the last five years and they have a right to know if their money is being spent efficiently.

John R. LaPlante is an Education Policy Fellow with the Kansas Policy Institute. He has a Masters of Art in Political Science from The Ohio State University, where he studied the politics of economic development, social movements, and international relations. Mr. LaPlante has worked in the field of public policy since 1998, assisting lawmakers across the country in promoting consumer-driven, cost-effective solutions to the public issues of the day, particularly in regards to education. His commentaries have been widely published online and in publications such as the The Wichita Eagle, the Minneapolis Star-Tribune, the Detroit News, the Hutchinson News, and the Salina Journal.

Kansas Education Personnel Increases Since Montoy

	2004-05	2008-09	Change
<u>Certified Personnel Positions</u>			
Superintendants	268.7	264.9	(3.8)
Associate/Assistant Superintendants	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	1,111.3	1,169.9	58.6
Clinical/School 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	273.5	341.1	67.6
Reading Specialists/Teachers	688.5	829.3	140.8
Others	352.8	292.7	(60.1)
Certified Total	39,481.1	42,537.5	3,056.4
Certified Teachers Only			
Total	32,824.6	35,438.0	2,613.4
<u>Non-Certified Personnel Positions</u>			
Assistant Superintendants	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)
Non-Certified Total	24,525.9	27,871.9	3,346.0
Total of Certified and Non-Certified Personnel	64,007.0	70,409.4	6,402.4
FTE Enrollment	441,867.6	447,705.6	5,838.0

Source: Kansas Department of Education

K-12 Per Pupil Expenditures 2007-08 School Year

Appendix "b"

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Instruction					
Less than 100 FTE	7	580.0	11,529	9,864	7,999
100 to 499	129	38,438.4	13,401	7,696	6,302
500 to 999	79	56,282.1	11,094	6,915	5,610
1,000 to 1,999	37	53,447.1	10,983	6,295	4,770
2,000 to 2,999	15	36,203.3	11,346	7,042	4,800
3,000 to 9,999	21	104,666.2	8,675	6,250	4,998
Over 10,000	7	158,545.6	8,238	6,501	5,767
All Districts	295	448,162.7	13,401	6,620	4,770

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Student Support					
Less than 100 FTE	7	580.0	226	132	0
100 to 499	129	38,438.4	818	280	12
500 to 999	79	56,282.1	1,799	352	72
1,000 to 1,999	37	53,447.1	972	364	136
2,000 to 2,999	15	36,203.3	1,729	590	204
3,000 to 9,999	21	104,666.2	1,431	596	237
Over 10,000	7	158,545.6	842	683	559
All Districts	295	448,162.7	1,799	540	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Staff Support					
Less than 100 FTE	7	580.0	496	323	35
100 to 499	129	38,438.4	1,103	292	26
500 to 999	79	56,282.1	861	378	17
1,000 to 1,999	37	53,447.1	663	325	158
2,000 to 2,999	15	36,203.3	582	375	184
3,000 to 9,999	21	104,666.2	838	427	89
Over 10,000	7	158,545.6	948	647	365
All Districts	295	448,162.7	1,103	471	17

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
General Administration					
Less than 100 FTE	7	580.0	1,907	1,436	804
100 to 499	129	38,438.4	1,895	643	162
500 to 999	79	56,282.1	838	409	200
1,000 to 1,999	37	53,447.1	773	307	133
2,000 to 2,999	15	36,203.3	579	356	149
3,000 to 9,999	21	104,666.2	642	286	141
Over 10,000	7	158,545.6	256	136	59
All Districts	295	448,162.7	1,907	288	59

*Compiled by Kansas Policy Institute
Source: Kansas Dept. of Education*

Capital costs all shown in Capital Outlay. Non-current categories and Total Spending exclude USD 422 Greensburg, which was rebuilding from tornado damage

K-12 Per Pupil Expenditures 2007-08 School Year

Appendix "B"

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
School Administration					
Less than 100 FTE	7	580.0	1,325	771	392
100 to 499	129	38,438.4	1,549	710	47
500 to 999	79	56,282.1	1,063	668	434
1,000 to 1,999	37	53,447.1	869	569	364
2,000 to 2,999	15	36,203.3	816	565	423
3,000 to 9,999	21	104,666.2	702	518	364
Over 10,000	7	158,545.6	699	593	473
All Districts	295	448,162.7	1,549	590	47

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Central Services					
Less than 100 FTE	7	580.0	356	118	0
100 to 499	129	38,438.4	1,039	111	0
500 to 999	79	56,282.1	455	107	0
1,000 to 1,999	37	53,447.1	411	148	0
2,000 to 2,999	15	36,203.3	338	122	19
3,000 to 9,999	21	104,666.2	492	264	17
Over 10,000	7	158,545.6	642	441	333
All Districts	295	448,162.7	1,039	268	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Operations & Maint.					
Less than 100 FTE	7	580.0	2,555	1,747	1,100
100 to 499	129	38,438.4	2,330	1,298	782
500 to 999	79	56,282.1	1,928	1,147	314
1,000 to 1,999	37	53,447.1	1,413	1,001	706
2,000 to 2,999	15	36,203.3	1,075	900	668
3,000 to 9,999	21	104,666.2	1,272	930	655
Over 10,000	7	158,545.6	1,536	932	737
All Districts	295	448,162.7	2,555	997	314

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Student Transportation					
Less than 100 FTE	7	580.0	1,358	914	631
100 to 499	129	38,438.4	1,651	642	59
500 to 999	79	56,282.1	1,192	551	171
1,000 to 1,999	37	53,447.1	812	427	168
2,000 to 2,999	15	36,203.3	597	372	202
3,000 to 9,999	21	104,666.2	573	352	182
Over 10,000	7	158,545.6	718	423	284
All Districts	295	448,162.7	1,651	438	59

*Compiled by Kansas Policy Institute
Source: Kansas Dept. of Education*

Capital costs all shown in Capital Outlay. Non-current categories and Total Spending exclude USD 422 Greensburg, which was rebuilding from tornado damage

**K-12 Per Pupil Expenditures
2007-08 School Year**

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Community Services					
Less than 100 FTE	7	580.0	1	0	0
100 to 499	129	38,438.4	579	5	0
500 to 999	79	56,282.1	20	1	0
1,000 to 1,999	37	53,447.1	5	0	0
2,000 to 2,999	15	36,203.3	68	8	0
3,000 to 9,999	21	104,666.2	41	6	0
Over 10,000	7	158,545.6	1	0	0
All Districts	295	448,162.7	579	3	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Food Services					
Less than 100 FTE	7	580.0	1,159	821	607
100 to 499	129	38,438.4	1,075	629	379
500 to 999	79	56,282.1	830	561	367
1,000 to 1,999	37	53,447.1	832	518	337
2,000 to 2,999	15	36,203.3	551	480	338
3,000 to 9,999	21	104,666.2	637	468	358
Over 10,000	7	158,545.6	552	440	407
All Districts	295	448,162.7	1,159	491	337

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Architecture & Eng.					
Less than 100 FTE	7	580.0	0	0	0
100 to 499	129	38,438.4	569	7	0
500 to 999	79	56,282.1	178	3	0
1,000 to 1,999	37	53,447.1	80	3	0
2,000 to 2,999	15	36,203.3	35	4	0
3,000 to 9,999	21	104,666.2	112	14	0
Over 10,000	7	158,545.6	3	1	0
All Districts	295	448,162.7	569	5	0

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Capital Outlay					
Less than 100 FTE	7	580.0	8,658	2,045	0
100 to 499	129	38,438.4	3,877	661	0
500 to 999	79	56,282.1	2,619	557	0
1,000 to 1,999	37	53,447.1	1,817	544	118
2,000 to 2,999	15	36,203.3	1,469	512	86
3,000 to 9,999	21	104,666.2	1,108	492	85
Over 10,000	7	158,545.6	1,247	703	122
All Districts	295	448,162.7	8,658	599	0

*Compiled by Kansas Policy Institute
Source: Kansas Dept. of Education*

Capital costs all shown in Capital Outlay. Non-current categories and Total Spending exclude USD 422 Greensburg, which was rebuilding from tornado damage

K-12 Per Pupil Expenditures 2007-08 School Year

Appendix "B"

	Districts	Total FTE	Per Pupil Spending		
			High	Avg.	Low
Debt Service					
Less than 100 FTE	7	580.0	0	0	0
100 to 499	129	38,438.4	2,424	408	0
500 to 999	79	56,282.1	1,532	524	0
1,000 to 1,999	37	53,447.1	2,119	768	0
2,000 to 2,999	15	36,203.3	1,344	715	326
3,000 to 9,999	21	104,666.2	2,526	883	129
Over 10,000	7	158,545.6	1,943	901	487
All Districts	295	448,162.7	2,526	775	0

	Districts	Total FTE	Per Pupil Spending			
			High	Avg.	Low	
Current Operating Costs¹						
Less than 100 FTE	7	580.0	17,926	16,127	14,873	21%
100 to 499	129	38,438.4	18,774	12,306	9,790	92%
500 to 999	79	56,282.1	16,322	11,089	8,513	92%
1,000 to 1,999	37	53,447.1	15,433	9,954	7,949	94%
2,000 to 2,999	15	36,203.3	15,960	10,810	7,956	101%
3,000 to 9,999	21	104,666.2	13,777	10,097	8,272	67%
Over 10,000	7	158,545.6	13,931	10,797	9,465	47%
All Districts	295	448,162.7	18,774	10,707	7,949	136%

¹ Exclude Architecture & Engineering, Capital Outlay and Debt Service

	Districts	Total FTE	Per Pupil Spending			
			High	Avg.	Low	
Total Spending						
Less than 100 FTE	7	580.0	25,240	18,171	16,277	55%
100 to 499	128	38,241.4	19,992	13,365	10,299	94%
500 to 999	79	56,282.1	17,584	12,173	9,623	83%
1,000 to 1,999	37	53,447.1	16,137	11,269	9,240	75%
2,000 to 2,999	15	36,203.3	16,832	12,041	9,017	87%
3,000 to 9,999	21	104,666.2	15,392	11,485	9,337	65%
Over 10,000	7	158,545.6	14,549	12,402	11,269	29%
All Districts	294	447,965.7	25,240	12,084	9,017	180%

Compiled by Kansas Policy Institute
Source: Kansas Dept. of Education

Capital costs all shown in Capital Outlay. Non-current categories and Total Spending exclude USD 422 Greensburg, which was rebuilding from tornado damage

Introduction

My name is Steve Iliff

I am an independent CPA with a Masters in Business from Kansas University. I have been an accountant in Topeka since 1980 and a business manager since 1987.

I was appointed to the 2010 Commission by Speaker of the House Doug Mays and have serve for four years.

I am here in support of House Bill 2239 which requires uniform accounting and reporting that is accessible to all.

Efficient and effective management starts will accurate and accessible data that is comparable from year to year and building to building.

Districts often are too big and varied to be comparable, but one elementary school can easily be compared to another elementary school even if they are of different sizes because you can gets the costs down to individual students and classrooms.

There are some districts where the money has been coming in so fast they either cannot use it all or they have seen no reason to try to be more efficient. There is plenty of money available. But if your enrollment is dropping and your classrooms and buildings are not full, you should consolidate.

Why is a uniform accounting so critical?

The hallmark of a good accounting system is that it provides helpful financial information to its many users. *The purpose of an accounting system is to communicate financial information about an organization. For that information to be valuable, it must be understandable, reliable, relevant, timely, consistent, and comparable.*

Advantages states cited in using a standardized accounting system included more consistent and comparable data, fewer errors in the data, easier submission of data, and more timely data.¹

- Without Accurate Data you can't even know if you have a problem.
- Benchmarking allows comparison to yourself over time, your peers and the nation.
- It makes efficiency audit much easier.
- You can make effective decisions timely.

¹ LPA 07PA14 Feb 2007

- Its gets more eyes on to the target. This alone helps cause efficiency.

Consider this:

Insurance

What if school A has buildings and property worth \$5,000,000 and pays \$200,000 per year for insurance or 4%.

But every other school with similar size property only pays 1% or \$50,000.

Would that be worth looking into? How would you know this information?

If school A lumped property insurance in with health insurance, workman's compensation and liability insurance you may never know.

Transportation

What if school A has 5 buses and the repair and maintenance is \$50,000 per year or \$10,000 per bus. In addition school A transports 100 students on average per year. Maintenance is \$500 per student.

All other schools average \$3,000 per bus and \$50.00 per student. How would you know? Would it make any difference?

- Administration
- Libraries
- Food Service

2010 Commission

- The best thing the 2010 Commission has done is order Efficiency Audits
- The worst thing the 2010 Commission has done is to stop them because administrators complained they were too busy.
The second worst thing we have done is put them off so long. We should have begun ordering them in 2006.

But several districts have courageously volunteered and we are seeing great results. If everyone had this done regularly you would not have to raise taxes or even lower wages.

The Derbe District could save over \$1 million per year.

The Ellenwood district will be out this Wednesday also with very positive results. But the LPA must correct a good deal of misclassification by those in charge of the local accounting in order to get good information.

The more the LPA does these audits the better they will get. They are highlighting best practices on each one.

Why does Kansas not do it?

Some say cost but I can't imagine this could be true. One the chart of accounts is set and descriptions written the a little training given you would be good to go. You don't even have to change accounting systems as long as the end result gets to the internet in the detail required.

Is shouldn't cost much if anything

It doesn't cost any more to code correctly than it does to code incorrectly. There is not reason why we can't add a special code for building level and use the current chart of accounts. This would not necessary mean any addition hardware or software. The coders simply have to be accurate. Once they are trained which they should have been already, then to you have a uniform accounting system. The best districts are already doing this.

Further Recommendations

Training in management efficiency for all principals and superintendents
No district should get an increase or even a reduced decrease unless you can prove two things:

1. The district or building is training and actually coding according to the Kansas Accounting Handbook down to the building level.
2. The district or building has undergone an efficiency audit by the LPA and are making significant progress in following their recommendations.

Testimony of Bob L. Corkins
House Appropriations Committee
November 23, 2009

*and Education Budget Committee
Jan. 25, 2010 HB 2239*

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... Inefficiency in such cases is difficult to identify directly; we relied on the consultants to have been linked with this inefficient spending." Explaining their rationale, Duncombe & Yinger stated that "directly measuring efficiency is very difficult. The approach that we use is to include in

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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.

Testimony on HB 2239

House Education Budget Committee

25 January 2010

Presented by: Rob Balsters, Ed.D., RSBA, USA|Kansas Past-President

USA|Kansas is against this bill because it presents a very expensive and inefficient solution to a problem that doesn't exist. Much of the information anticipated by the passage of this bill is already available through the State Department of Education.

School districts have a uniform accounting system as outlined in the Kansas Accounting Handbook for Unified School Districts prepared by KSDE. This system was developed and reviewed by superintendents, assistant superintendents, business managers, certified public accountants, state association representatives and KSDE personnel. We believe that it presents useful and timely information on school district budgets in accordance with Kansas' education funding statutes.

One goal of the bill is to facilitate comparisons of expenditures at the building level. A study completed for the Legislature in 2004 showed that the greatest difference in building expenditures within a district was directly related to the salaries paid to the building's teachers. Other differences in expenditures from building to building are related to the number of special needs students and staff.

Building-to-building comparisons between districts are even more diverse due to the differences in salary schedules and student needs that are unique to each school district. The majority of Kansas' school districts are small enough that they have only two or three schools. Each of these schools educates a different level of student and thus has different education requirements and expenditures, further complicating the issue.

The State Budget Director relates that KSDE estimates the cost of a feasibility study at \$150,000. KSDE also estimates that a new accounting system like the one described in the bill would take years to implement. Indeed, the new accounting system implemented by other state agencies has taken over 2.5 years with an estimated cost of \$40.7 million. Implementing a similar system for school districts would certainly take longer and could cost as much as \$60 million to \$80 million.

Additional consideration must also be given to the large number of clerks and technicians who will have to be hired and trained to maintain the proposed accounting system. Given the current status of budget cuts and hiring freezes, adding office staff would not be viewed by the public as a productive venture.

Our state has a lot of problems that need thoughtful, creative solutions. This bill presents an expensive and bureaucratically bloated solution to a problem that simply doesn't exist. Please do not move this bill forward.

Thank you for your consideration.

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Olathe School District
Testimony provided by Dr. Gary George
House Bill 2280
January 25, 2010

I am present to speak in opposition to House Bill 2280, which would make capital outlay funds ineligible for state aid after the effective date of this bill and bond issues after the effective date of this bill would also be ineligible for state assistance. We believe this is the wrong approach for the state to take.

Capital outlay aid and bond and interest assistance were established to create a measure of equalization among school districts in the state. Prior to this time, school districts with low assessed valuations per pupil found it very difficult to address facility and technology needs in their district.

Olathe receives nine percent aid for new bond issues. We currently have \$61M in bond authority, most of which will be issued in the next 12 months. This bill would make these bonds ineligible for state aid. If this bill passes, it will create a tax increase for local taxpayers as a result of legislative action. We, like other districts, made mill levy projections for our taxpayers. We estimated the costs for homes of selected values. If this bill passes, those projections will be invalid and the cost to our taxpayers increases, thus causing school districts to "break faith" with their communities. This is not good public policy as it reduces trust in state and local government. Further, this bill will significantly impact our community in the future. Olathe is a rapidly growing district that will continue to need many new schools to support its escalating student enrollment. Significant mill levy increases will have to be passed on to our local taxpayers without the bond and interest aid.

We recognize that the state must reduce its expenses, but these are not the areas in which to make cuts. We do not believe this bill should go forward.

Thank you.

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House Education Budget Committee Representative McLeland, Chair

H. B. 2239 – Uniform Accounting

*Submitted by Diane Gjerstad
Wichita Public Schools*

January 25, 2010

Mr. Chairman, members of the Committee:

This issue has been reviewed by committees, such as yours, interim committees and special taskforces. These thorough and exhaustive reviews have similar findings: the legislature **can** demand exhaustive fiscal accounting from each district. The issue is: at what expense? At a time when, in the most optimistic terms, schools will be funded at less than the previous years, this bill would increase overhead costs.

First – schools already have uniform accounting standards required by the State Department of Education. The standards and guidelines are posted on the Department’s website and the Department reviews changes at several statewide meetings each year. The Department works diligently to educate clerks and financial officers.

The requirements of this bill would expand Wichita Public Schools budget to larger than the Sears and Roebuck Catalog (without photos). Itemizing each and every expenditure to the building level doesn’t add clarity for the public – in fact, it does quite the opposite. When expenditures are broken down 100 times, it is much more difficult to see trends. How would we treat centralized functions – like the School Service Center? For example, when the district purchases a tar tank to haul roofing tar, would the cost be allocated across 100 buildings requiring 100 lines of accounting code to string one purchase to 100 sites?

All of these tasks are possible but this would be an expensive mandate. At a time when school districts are being chided to lower administrative costs and almost every budget hearing includes questions about what schools are doing to combine administration, this bill goes far the other direction. It will require additional staff to input and audit this information, the cost of printing the budget will increase and may require additional software, computers, and servers.

Mr. Chairman, we oppose this bill but would suggest the committee examine the following:

- require school employees who code and submit district budgets to attend annual in-service to address the issues raised by LPA audits concerning improper coding (perhaps school CPA training should emphasize proper coding);
- and secondly, although CPA’s should be testing the coding as part of the audit, direct KSDE to require a specific “procedures engagement” to expand that testing with a special report on the results.

Both suggestions would increase costs to schools but should improve the quality of reporting without the extraordinary cost of a statewide system.

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KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

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

Testimony before the
House Education Budget Committee
on
HB 2239

by
Jim Edwards, Assistant Executive Director/Leadership Development
Kansas Association of School Boards

January 25, 2010

Mr. Chairman, Members of the Committee:

HB 2239 would create a uniform accounting and reporting system for the receipts and expenditures of the 294 Kansas unified school districts. This would be in addition to the three other reporting systems (Budget-at-a-Glance, District Profile and the CPFS - Comparative Performance and Fiscal System) already in place. KASB would oppose this bill due to the fact that there are already these three reporting systems in place and adding an additional one would become one more item which would add to administrative costs and remove those funds from the classroom.

So there are no misunderstandings, KASB does support making the general public aware of the costs of public education because we believe that patrons and citizens who know that information are supportive of school funding. Our current policy, which was adopted through our governance model states:

I. School Budgets

To ensure that school district patrons, legislators and the general public are aware of the costs of operating public schools and how those costs are financed, KASB supports the use of common, easy-to-comprehend budget reports and also making those reports available on a district-by-district basis at the state level. KASB opposes state mandates which would require any additional budget processes where 1) the results would not be used to fund the actual costs of educating students; and 2) they become added administrative costs that remove funds from the classroom.

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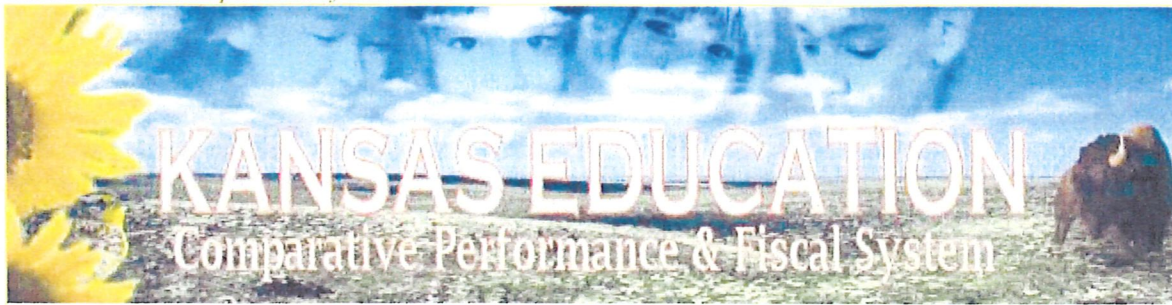
Let me give you a few examples of where such data becomes very misrepresentative of what might actually be taking place:

- There are currently 294, soon to be less, school districts in Kansas. And in those districts there are 263.5 superintendents. Without a very cumbersome footnote, this information becomes somewhat useless.
- In those 294 districts, there are approximately 1,600 school attendance centers which come in all sizes, shapes and conditions. How can the data for a district with extremely old buildings be compared to a district with relatively new buildings? Persons working in the business sector understand this completely. To put this even more succinctly, can anyone here today tell me, as a taxpayer in the state of Kansas, how the square footage costs for maintenance for the Docking State Office Building compare to those for the Landon building? If not available, where can I get it? And in the end, what will it tell me?
- How will the data reporting for this differ from the current systems, of which there are three in place, and will the Legislature abandon preceding requirements? If not, how will constituents know what is what? I might add Kansas schools already have more financial information available to citizens than any other governmental entity, including state government, in Kansas.
- How will the data be disaggregated to allow for regional differences in cost?

I appreciate the opportunity to appear before you today and express our deep concerns on this proposal as well as our opposition to it.

Thank you for your consideration and I would be happy to respond to questions.

The Kansas State Department of Education



Custom Reports

This site allows you to design your own report based on:

- Unified School District (USD)
- School Year
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Tip

(Move your mouse over "Tip" to display helpful hint - Click on "Tip" to view CPFS Handbook)

NOTE: The 2008-2009 School District Budget data available from this website is derived from adopted and republished budgets.

How to Use This Website

- ▶ START BUILDING YOUR CUSTOM REPORT
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KSDE HOME SEARCH COMMENTS SUBJECT CATEGORIES K-12 SCHOOL STATS

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NOTE: These USD budget summaries are based upon the official budget adopted by the local Boards of Education in August of 2009 and may have been amended since then due to enrollment changes as well as other factors.

The Budget At A Glance includes graphs depicting the total expenditures in the budget by category, supplemental and general fund expenditures, instruction expenditures as well as enrollment figures, mill rates by fund, average salaries and KSDE website information.

The Profile Information includes characteristics of the district, supplemental information for tables found in the summary of expenditures, KSDE website information and the summary of expenditures.

All files are in PDF format.

Some of the content on this page is available in Portable Document Format (PDF). To view these files you must have the FREE Adobe Reader or an equivalent PDF reader installed on your computer.

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- (To see 2007-08 budget information [click here.](#))
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Louisburg Unified School District No. 416

29020 Mission Belleview – P. O. Box 550
Louisburg, KS 66053

Phone: (913) 837-1700 Fax: (913) 837-1701 zoellners@usd416.org

Sharon Zoellner, Superintendent

January 25, 2010

To: House Education Budget Committee
From: Dr. Sharon Zoellner, Superintendent
Re: HB 2239 Kansas Uniform Financial Accounting and Reporting Act

Dear Committee Members:

The concept of having a uniform financial accounting mechanism might sound fairly easy to implement. However, it should be noted that this type of legislation would put an undue financial burden on every school district who might be required to re-tool their current financial software. In this time of reduced budgets and staff reductions, I don't believe it is fiscally responsible to go down this path.

We don't have a good understanding of how pertinent this information is to the state. Our current funding formula has our hands pretty well tied with how we can spend the dollars and every district currently reports that on a standardized form to the state department. I fear that we may be asked to incur great costs only to have those asking for this information realize that the major variance in spending among districts is with regard to salaries. Salaries and associated employee costs make up about 80-85% of any school district's budget. The other 15-20% is spent on utilities and instructional supplies.

It would be much more financially prudent for the legislature to review the various studies that have been done in the past 5-7 years addressing school spending and student achievement. I believe those results will show that we are doing a good job of using our limited resources to achieve outstanding student learning goals. Let's be careful about putting additional financial burdens on districts at this very difficult economic time.

I strongly urge you to vote against this legislation. Thank you for your time.

Sharon L. Zoellner

Our goal in Louisburg USD 416 is to teach every child - allow each child to progress to the limit of his or her capabilities. We will provide a wide range of programs and methodology to allow for individual differences, while educating the whole child.

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LEGISLATURE OF KANSAS
LEGISLATIVE DIVISION OF POST AUDIT

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January 25, 2010

Representative Joe McLeland, Chair
House Education Budget Committee
Room 458-W, Statehouse
Topeka, Kansas 66612

Dear Representative McLeland:

Thank you for allowing me to present several completed school district performance audits at last Wednesday's committee meeting. During my presentations, members had a couple of questions that I didn't know the answer to but promised to provide. Here is what I found out:

- During my presentation of the Derby efficiency audit, it was noted that Derby has about the same number of instructional staff (e.g., teachers and paraprofessionals) as its peers, but spends almost \$500 per student more on instruction. I was asked to follow up and see how Derby's teacher salaries compare to its peers, to see if this might be a possible explanation.

According to teacher salary data compiled by the Department of Education, Derby's average teacher salary (including fringe benefits and supplemental salary) for the 2008-09 school year was \$51,990, and the average salary for its 11 peers was \$52,799. This would suggest that teacher salaries don't explain the difference in instructional expenditures per student. For your reference, I've attached a figure that shows the average salaries for Derby and its peer districts.

- As part of my presentation of the uniform accounting audit, I handed out an additional figure summarizing the degree to which different states require school districts to record and report expenditure data at the building level. At the time of the audit, officials in Arizona indicated that they required districts to record expenditures by building, and were planning to require building-level reporting, beginning with the 2006-07 school year.

I was asked to follow up with Arizona officials to find out if they ever began requiring building-level reporting. According to the official in the Arizona Department of Education who helped us with the audit, school districts resisted building-level reporting and the state abandoned that initiative, although it continues to require districts to track expenditures locally at the building level.

- Finally, as part of my presentation of the special education catastrophic aid audit, I made reference to a letter that we had prepared for the Legislative Post Audit Committee that estimates the potential effect of various funding plans that have been proposed. I've attached a copy of that letter.

House Education Budget Committee
Date: 01-25-2010
Attachment #: 12

Once again, thank you for the opportunity to present our audits. If you or members of your committee have any questions, or if there's anything else we can do for you, please feel free to call me at (785) 296-3792.

Sincerely,



Scott Frank
Audit Manager

cc: Members, House Education Budget Committee
Reagan Cussimano, Audrey Dunkel, Legislative Research Department
Theresa Kiernan, Office of the Revisor of Statutes

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**Average Teacher Salaries for the
Derby School District and Its Peers
2008-09 School Year**

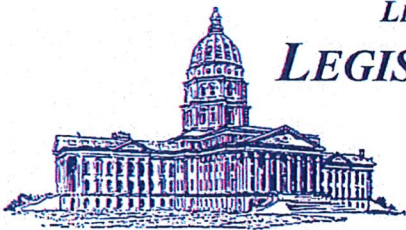
USD #	USD Name	Average Teacher Salary 2008-09 (a)
265	GODDARD (b)	\$58,166
385	ANDOVER (b)	\$56,872
266	MAIZE (b)	\$55,417
261	HAYSVILLE (b)	\$53,282
231	GARDNER-EDGERTON-ANTIOCH	\$52,876
305	SALINA	\$52,714
260	DERBY	\$51,990
450	SHAWNEE HEIGHTS	\$51,954
373	NEWTON	\$51,216
437	AUBURN WASHBURN	\$50,525
383	MANHATTAN	\$50,241
345	SEAMAN	\$47,525
PEER AVERAGE (c)		\$52,799

(a) Average teacher salaries including fringe benefits and supplemental salary.

(b) Peer districts identified by Derby school district officials.

(c) The peer average doesn't include Derby.

Source: Department of Education's Comparative Performance & Fiscal System
(<http://cpfs.ksde.org>)



LEGISLATURE OF KANSAS
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November 17, 2009

To: Members, Legislative Post Audit Committee

Representative Virgil Peck Jr., Chair	Senator Terry Bruce, Vice-Chair
Representative Tom Burroughs	Senator Anthony Hensley
Representative John Grange	Senator Derek Schmidt
Representative Peggy Mast	Senator Chris Steineger
Representative Cindy Neighbor	Senator Dwayne Umbarger

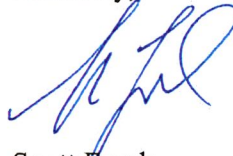
As you may recall, at the October 12 meeting of the Legislative Post Audit Committee, members voted to introduce legislation to implement the recommendations from our school district performance audit, *K-12 Education: Reviewing Issues Related to Catastrophic Funding for Special Education*. Specifically, the proposed legislation would increase the annual threshold for a special education student's cost to be considered "catastrophic" from \$25,000 to \$36,000, adjust that threshold for inflation in future years, and begin requiring districts to deduct any special education State aid they've already received from the catastrophic cost calculation (i.e., eliminate "double dipping").

On November 19, the Legislative Educational Planning Committee will be meeting, and one of the items on its agenda is to review proposals from three groups—the 2010 Commission, the Kansas special education directors, and the Legislative Post Audit Committee—that would address the catastrophic aid issue.

Our audit report included evaluations of the impact the 2010 Commission and special education directors' proposals would have on catastrophic aid. I've attached a similar analysis of the Legislative Post Audit Committee proposal, which shows that the estimated number of catastrophic aid applications for the 2009-10 school year would decrease from almost 5,500 to 130, and the corresponding amount of aid would decrease from almost \$48 million to just more than \$1 million. As noted in the report, these proposals only affect how special education aid is distributed, and wouldn't have any effect on the total amount of aid provided by the Legislature.

I'll be providing a copy of this analysis to the Legislative Educational Planning Committee to assist them in their discussions. Please feel free to contact me at (785) 296-5180 if you have any questions.

Sincerely,



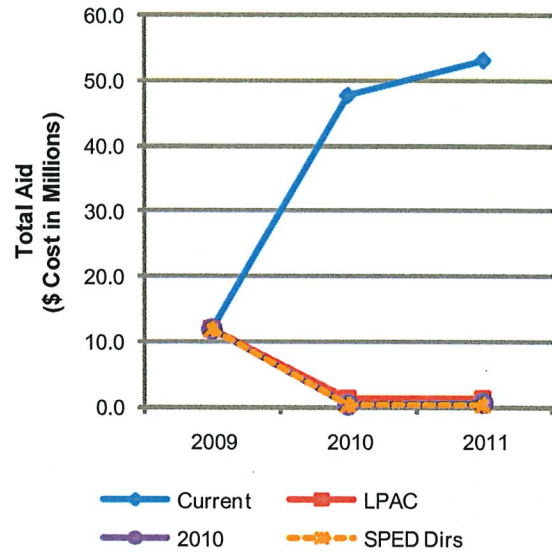
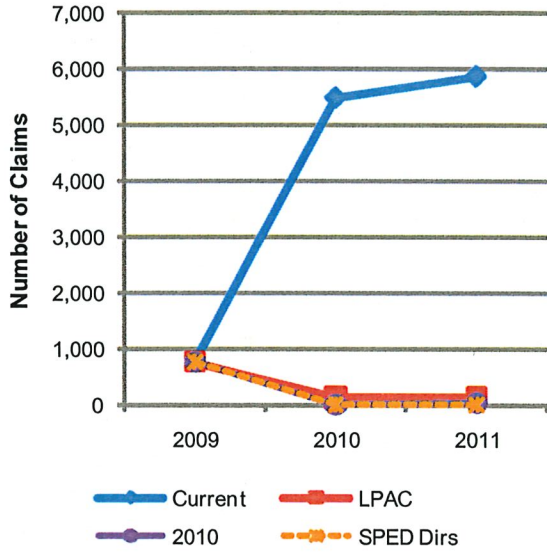
Scott Frank
Audit Manager

cc: James A. Wilson III, Scott Wells, Theresa Kiernan, Revisor of Statutes' Office
Sharon Wenger, Martha Dorsey, Reagan Cussimano, Legislative Research Department

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**Estimated Catastrophic Claims and Aid
Under Various Proposed Changes to Catastrophic Aid Requirements
Legislative Post Audit Committee, 2010 Commission, and Special Education Directors Proposals**



Proposed Change:	Details of the Proposed Change:			Estimated # of Claims and Estimated Catastrophic Aid	
	Threshold	Accounts for inflation?	Eliminates Double-Dipping?	2009-10	2010-11
No change to current law	\$25,000	no	no	5,490 claims \$47.7 million	5,880 claims \$53.0 million
Legislative Post Audit Committee	\$36,000 (a)	Yes	Yes	130 claims \$1.2 million	140 claims \$1.4 million
2010 Commission	\$56,400 (b)	Yes	Yes	10 claims \$420K	40 claims \$650K
Special Education Directors	\$59,550 (c)	Yes	Yes	10 claims \$390K	10 claims \$420K

(a) The LPAC proposal would increase the threshold to \$36,000 in 2009-10, and then adjust it for inflation in subsequent years.
 (b) This amount is tied to the prior year's special education aid per teacher. For example, the 2007-2008 aid amount per teacher was \$28,200, so the threshold for 2008-09 would be \$56,400.
 (c) This amount is tied to the prior year's Statewide average cost per special education FTE. For example, the 2007-08 Statewide average special education cost for 1.0 FTE was \$29,775, so the threshold for 2008-09 would be \$59,550. Total catastrophic aid would be capped at \$4 million.

Source: LPA analysis of KSDE and district expenditure and revenue data.