

SESSION OF 2003

**CONFERENCE COMMITTEE REPORT BRIEF  
SENATE BILL NO. 83**

As Agreed to April 3, 2003

**Brief \***

SB 83 concerns schools and school district budgets. It would implement recommendations of the School District Budget Task Force appointed by the Legislative Educational Planning Committee and make a number of other changes. The bill's impact on school district budget documents and materials is described below:

- ! Annual Budgets of School Districts. It is not a new requirement that school district budgets be prepared to meet state and federal reporting requirements, but SB 83 would require the Director of Accounts and Reports in the Department of Administration (who is the official responsible for preparing and prescribing forms for the annual budgets of all taxing subdivisions or municipalities of the state) to prescribe forms for school district budgets that take into account recommendations of the State Department of Education. The new requirement would be that, beginning on July 1, 2004, the State Department's recommendations would be made after considering the best practices and standards established by the Government Finance Officers Association and the Association of School Business Officials. A copy of each district's budget would have to be kept on file in the district's administrative office and be made available upon request.

The school district budget would be required to include the following:

- " A table showing expenditures for salaries and wages aggregated by category, including certified and noncertified

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administrators, full-time teachers, other certified employees who are not teachers, classified employees, substitutes and other temporary employees, and other positions designated by the State Department.

- " A list of the number of full-time employee positions in each employment category identified in the bill (except for substitutes and other temporary employees) and the average salaries or wages for such positions.
- " Other information recommended by the State Department of Education.

! Summaries of Proposed Budgets. SB 83 would require the Director of Accounts and Reports, with recommendations by the State Department of Education, to prescribe a form for a summary of the proposed budget of school districts. Recommendations of the State Department would be made after consideration of the best practices and standards established by the Government Finance Officers Association and the Association of School Business Officials. This requirement would take effect on July 1, 2004. Many school districts prepare budget material for board members and patrons of the district, but SB 83 would impose the new requirement that all districts prepare summaries of proposed budgets in a format prescribed at the state level. A copy of each school district's budget summary would have to be kept on file in the district's administrative office and be made available upon request.

The summaries of proposed budgets would be required to include the following:

- " An overview of the proposed budget of the school district and the budgetary process;
- " A summary of changes in the proposed budget from the previous budget year;
- " A summary of estimated expenditures and revenues (including sources) for the ensuing budget year;
- " The Internet website address for school building report cards compiled by the State Department of Education; and

" Any other information specified by the State Department.

- ! School District Profiles. Beginning on July 1, 2004, each school district board of education would be required to prepare a profile of the school district. The profile would be based on the school district's adopted budget and would include any information the State Department of Education specifies, including information about the governing body of the school district and an overview of the school district budget. The profile would have to be on file at the administrative offices of the district and be made available upon request. A statement that the profile is available would have to be published along with the required notice of the public hearing on the adopted budget. The State Department of Education began requiring school districts to prepare standardized profiles during the 2002-03 school year.

Other provisions of SB 83, many of which were recommended by the School District Task Force, include the following:

- ! The judgments and special liability expense funds would be combined into one fund called the "special liability expense fund."
- ! The disability income benefits reserve, the health care services reserve, the group life insurance reserve, the risk management reserve, and the workers' compensation reserve funds would be combined into one fund called the "special reserve fund." Language that pertains to all municipalities, including school districts, would be amended to specify that school districts would be able to pay costs relating to uninsured losses from the special reserve fund.
- ! The student materials revolving and textbook rental funds would be combined into one fund called the "textbook and student materials revolving fund."
- ! The school district transportation fund would be abolished and made part of the school district general fund.
- ! Specific authority would be given to a school district to make transfers from the school district general fund to the new combined funds that would be created by the bill: the special reserve fund, the special liability expense fund, and the textbook and student materials revolving fund.

- ! Current law that is applicable to both school districts and community colleges would be amended to separate community colleges from changes proposed in SB 83 that only apply to school districts.
- ! School districts would be authorized to carry forward unexpended balances in all funds except the general fund and the supplemental general fund. When preparing its budget, a school district would be required to budget carry-forward balances instead of showing the money as being spent. Under current law, districts have to show the money as being budgeted for expenditure even if they intend to carry it forward.
- ! KSA 72-3703, which creates the technology education fund, would be repealed. The technology education aid program no longer exists.
- ! Existing policy would be retained which, in general, allows public agencies to receive and expend federal funds even if those funds had not been anticipated. The requirement would be added that, in the case of school districts, all budget documents must account for revenues in the form of federal aid and other grants, gifts, and miscellaneous income, other than scholarships.
- ! A new fund would be created called the “tuition reimbursement fund” into which would be credited any tuition payments received by a school district for educational services provided children in an institution under the jurisdiction of the Department of Social and Rehabilitation Services. Presently, such tuition revenue is not accounted for in a separate fund. In addition, the board of education of affected school districts is requested to work with the Department of Social and Rehabilitation Services to maximize federal matching funds.

SB 83 would require the State Department of Education to provide technical assistance to school districts in matters relating to the development of the annual school district budget, the summary of the proposed budget, and the school district profile, in order to ensure compliance with the law.

## **Background**

As introduced, SB 83 concerned school district capital outlay funds and their uses. (Those provisions were deleted by the Senate Education Committee and amended into another bill.) SB 83, as recommended by the Senate, generally incorporated the recommendations of the School District Budget Task Force, which was appointed by the Legislative Educational Planning Committee during the 2002 Interim for the purpose of monitoring the implementation of an audit by the Legislative Division of Post Audit of school district budgets that was completed in March of 2002.

The Task Force's recommendations included refinements that should be made to school district profiles, which the State Department of Education began to require in the current school year. The profile is a short summary that contains information about each school district's expenditures and revenues and is automatically produced when a school district budget is printed. Because it is generated from the budget document itself, it is comparable for all school districts.

A major change made by the House Education Committee was the addition to SB 83 of the "School Budgeting Best Practices Reform Act." The Act required that by the 2004-05 school year, the State Board of Education would establish standards and a format for the at-a-glance budget as well as the full budget document based upon the best practices and standards established by the Government Finance Officers Association and the Association of School Business Officials. In addition, the budget format would be required to include a separate table outlining the salary and wage expenditures for all district personnel divided into various employment categories. House Committee amendments also deleted sections relating to school district profiles.

The Conference Committee retained sections of the bill that incorporate recommendations of the School District Task Force, delete the School Budgeting Best Practices Reform Act (while retaining some of its provisions), restore the requirement that there be school district profiles, and replace references to the "budget-at-a-glance" with the term "summary of the proposed budget." Another change is that the State Department of Education, in making recommendations to the Director of Accounts and Reports regarding the format of annual school district budgets and summaries of the proposed budget, would be required to take into consideration best practices and standards established by the Government Finance Officers Association and the Association of School Business Officials. The House version of the bill would have required the State Depart-

ment to actually incorporate into the formats the best practices and standards of the two associations.

According to the State Department of Education, the impact of SB 83 on school districts would be minimal. The fiscal impact of the version of SB 83 agreed to by the Conference Committee on the State Department of Education has not been determined at this time.