

Approved 3-21-11
Date

MINUTES OF THE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairwoman Lana Gordon at 3:30 pm on March 3, 2011, in Room 159-S of the Capitol.

All members were present except:

Rep. Clay Aurand – excused
Rep. Connie O'Brien – excused
Rep. Sheryl Spalding – excused
Rep. Bill Feuerborn - excused

Committee staff present:

Reagan Cussimano, Kansas Legislative Research Department
Jason Long, Revisor, Office of Revisor of Statutes
Bernadine Lloyd, Committee Assistant

Conferees appearing before the committee:

Rep. Lana Gordon, Chairwoman
Steve Anderson, Director Of Budget
Dave Trabert, President, Kansas Policy Institute
Dan Murray, Kansas State Director, NFIB
Dr. Rob Balsters, Deputy Superintendent, Seaman School dist. USD 345
Dr. Gary George, Asst. superintendent, Olathe School Dist., USD 233
Diane Gjerstad, Wichita Public Schools
Robert Vancrum, Government Affairs Specialist
Scott Frank, Legislative Post Auditor
Jim Edwards, Asst. Executive Director for Operations, KASB

Others attending:

See attached list.

Hearing on:

HB 2360 - School districts; uniform chart of accounts.

Proponents:

Rep. Lana Gordon, Chairwoman, submitted and presented testimony that this bill requires the State Board of Education to modify the internet-based uniform system of reporting to compare school district data, of which, a key component of this legislation is that it is to adopt a uniform chart of accounts for reporting receipts and expenditures of the districts. She believes the good thing about this bill is that it is a start at trying to get all districts to use the same chart of accounts. (Attachment 1)

Steve Anderson, Director of Budget, submitted presented testimony that he thinks the implementation could be done with minimal impact and no cost. The larger schools have in house staff who handle this data on a regular basis and the addition of activity funds et. al. Do not comprise a burden. (Attachment 2)

Dave Trabert, President, Kansas Policy Institute, submitted and presented testimony on sample charts showing per-pupil revenue components for the Topeka school district, a chart showing spending by major category of USD 259 Wichita, and a publication providing information about the 2010-11 Shawnee Mission School District budget, as well as actual revenue and expenditures for the last two years. There is also a Telephone Survey Research Regarding School District Funding. (Attachment 3)

Dan Murray, State Director, NFIB, submitted and presented testimony that this bill is a good first step in addressing the LPA's (Legislative Post Audit) recommendation. Any well-developed process to compare measures to peers and benchmarks must start with uniform and transparent reporting systems. (Attachment 4)

Opponents:

Dr. Rob Balsters, Deputy Superintendent, Seaman School dist., USD 345, submitted and presented testimony on Activity Funds, "Real-Time" Data Search Capability, Generally Accepted Accounting

Principles, Value of Information Produced, and Explanation of Operating expenditures and cost Differences Between School Districts. ([Attachment 5](#))

Dr. Gary George, Assistant Superintendent, Olathe School Dist., USD 233, submitted and presented testimony that the bill would create an internet based uniform accounting system for all school districts and this system is to provide records at all times by funds, accounts and other pertinent classifications, the amounts appropriated, the estimated revenues, actual revenues or receipts, the unliquidated obligations, actual balances on hand, and the unencumbered balances of allotments or appropriations for each district. His concern is the bill is silent about who is to pay for this new system. ([Attachment 6](#))

Diane Gjerstad, Wichita Public Schools, submitted and presented testimony that the bill would appear to require schools use a uniform reporting system and uniform chart of accounts – which they do – in accordance to general accepted accounting principles (which conflicts with the cash basis law); and the system would allow searches of expenditures or revenue funds “at all time”. She suggested several modifications to the bill and included a chart of Summary of Total Expenditures By Function (All Funds). ([Attachment 7](#))

Robert Vancrum, Government Affairs Specialist, submitted and presented testimony on the bill and commented that Section (B) (1) says the system must follow generally accepted accounting principles (GAAP); Section (c) - Kansas already has the uniform accounting and reporting system for the receipts and expenditures of school districts; Section (e) – We also aren't sure what is meant by “the amounts appropriated; and Section (f) – We are assuming that this means that our data would be turned in to KSDE and then anyone can use their online tool to search district's information. ([Attachment 8](#))

Neutral:

Scott Frank, Legislative Post Auditor, submitted and presented testimony on the background of the bill. He stated that all states we have looked at require uniform reporting of expenditures, and most require uniform recording as well. With his testimony he included Attachment A – Types of Accounting Systems Used in a Sample of 20 States and Kansas; Attachment B - 06-1000-300 General – INSTRUCTION – Prof-Tech-Services; and, Attachment C – PERFORMANCE AUDIT REPORT, K-12 Education: School District Efficiency Audits. ([Attachment 9](#))

Jim Edwards, Assistant Executive Director for Operations, KASB, submitted and presented testimony that the proposed bill could help citizens from across Kansas better understand school budgets. The concern was on the use of the phrase, *at all times*, included in Line 1, page 2. This phrase would mean that a district, when it writes one check or receives revenue from any source, must completely send a new file to the state. He states the current reports that can be access on the Kansas State Department of Education's website still have value to the public and the Legislature. He included several examples of the KanView website. ([Attachment 10](#))

A question and answer session followed each agency presentation.

The next meeting is scheduled for March 7, 2011, in 159-S.

The meeting adjourned 5:25 pm.

