

# **House Education Budget Committee**

## **HB 2360**

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Thank you for the opportunity to testify on HB 2360 and address several concerns related to this bill in its present form. Before making any changes to the existing system, we believe it is important that all interested parties – legislators, administrators, and representatives from KSDE work together to evaluate current practice and clearly identify the needs and desired outcomes.

#### **Activity Funds**

- Kept at the building level in order to address specific building level needs
- Very cumbersome and expensive to absorb into the district system
- Audited monthly internally and annually by independent auditors
- District-to-district comparison would be virtually meaningless

#### **“Real-Time” Data Search Capability**

- Expense – KSDE estimates that agency implementation will cost about \$111,000 and that statewide implementation will cost millions of dollars – similar to the cost of the state’s new SMART system
- Negative return on investment – see Value of Information Produced, below
- Real-Time data is currently not available for the State of Kansas Budget

#### **Generally Accepted Accounting Principles**

- Most Kansas districts vote to opt out of GAAP as allowed under K.S.A. 75-1120a
- Our boards of education believe that Cash Basis reporting is much more transparent and valuable to our patrons
- Forcing a GAAP requirement on districts would create additional costs beyond the uniform statewide reporting

#### **Value of Information Produced**

- Differences in district-to-district expenditures can be explained in many different ways. (See the back page)
- Two recent studies have shown that building-to-building differences in the same district are largely due to teacher placement on the salary schedule
- For the reasons listed above, it is meaningless to base statewide spending decisions on annual spending statistics, let alone instantaneous daily statistics
- The value of the information produced by this system will be much less than the cost of its implementation

Please let us work with you to address your concerns in a way that is ultimately beneficial to the public school students of Kansas.

# Explanation of Operating Expenditures and Cost Differences Between School Districts

## **BACKGROUND**

The operating expenditures attached are defined by the U.S. Census Bureau. Each state submits the data on an annual basis. Each function is defined by the National Center of Educational Statistics (NCES) handbook entitled "Financial Accounting for Local and State School Systems, 2003 Edition." The expenditure reports to the U.S. Census Bureau are completed by each state using the guidance of the NCES handbook.

## **POSSIBLE COST DIFFERENCES IN SCHOOL DISTRICTS**

Comparing expenditures between school districts must be done with caution. Listed below are some of the reasons that may cause school districts' expenditures to vary.

- **Transportation Costs** – The size of Kansas School Districts vary from 10 square miles to nearly 1,000 square miles. In addition, the number of children transported also varies from just a few students to over 18,000.
- **Number of Buildings** – Because of the size of districts, some boards choose to operate more buildings, which result in additional operating costs.
- **Age of Buildings** – The age of buildings also may require more upkeep and be less efficient than new buildings.
- **Program Offerings Vary** – Some schools operate programs such as all-day kindergarten, Parents As Teachers, Summer School, and extended learning time for students.
- **Pupil Teacher Ratio (PTR)** – The size of a district in most cases will have an impact of ratios. Smaller districts may offer similar core courses as larger districts, but have fewer students which results in a lower PTR.
- **Students Eligible for Free/Reduced Price Meals** – Districts with a high concentration of students on free and/or reduced price meals pose a special challenge for those districts, such as the need for additional social workers or guidance counselors.
- **Bilingual/Migrant Students** – Schools with bilingual and/or migrant students have a greater cost due to the needs of those students.
- **Special Needs Students** – Some schools have a high number of special needs students which result in additional teachers, paraprofessionals, and transportation costs.

## **DISTRICTS LOCALLY GOVERNED**

All Kansas School Districts are governed by local boards of education that decide locally how they want to operate their district. Some communities may prefer all-day kindergarten, while others may determine they want a smaller number of students for each teacher. Thus the percentage of expenditures reflects both the local decisions and the geographic makeup of the district.