

MINUTES OF THE HOUSE EDUCATION BUDGET COMMITTEE

The meeting was called to order by Chairman Joe McLeland at 1:30 P.M. on March 8, 2007 in Room 514-S of the Capitol.

All members were present except:

Mike O'Neal- excused

Committee staff present:

Michele Alishahi, Kansas Legislative Research

Theresa Kiernan, Office of Revisor of Statutes

Conferees appearing before the committee:

Lana Gordon, State Representative, District #52

Steve Iliff, CPA, speaking as a 2010 Commission member

Connie Brand, Director of Finance, Kansas City Kansas Public Schools

Diane Gjerstad, Director of Government Relations, Wichita Public Schools

Ginger Powell, Partner Berberich and Trahan Accounting Firm (Presenting testimony written my

Mark W. Dick, Executive Vice President, Allen, Gibbs, and Houlik, Wichita Kansas

Dr. Brenda Dietrich, Superintendent, Auburn-Washburn USD 437, on behalf of the United School Administrators of Kansas

Robert Balsters, Deputy Superintendent of Business, Seaman USD 435

Jim Edwards, Governmental Relations Specialist, Kansas Association of School Boards

Others attending:

See attached list.

Hearing on **HB 2175** - School districts; centrally-maintained accounting and reporting system.

Barbara Hinton, Legislative Post Auditor from the Legislative Division of Post Audit, summarized a report containing the findings from their completed performance audit comparing the centralization of school district accounting in different states. A copy of the Performance Audit Report, Limited Scope Audit can be obtained from the Legislative Division of Post Audit at 800 SW Jackson, Suite 1200, Topeka, Kansas.

Theresa Kiernan, Office of Revisor of Statutes, explained **HB 2175** to the committee in summary form (Attachment 1).

Lana Gordon, a proponent, spoke of the benefits to Legislators in comparing monies spent within school districts and between districts while providing good data for school boards and administrators (Attachment 2).

Steve Iliff stressed the importance of being able to compare data in different school districts and cited this as one of the reasons this bill is important (Attachment 3), and his recommendations for a standardized consistent accounting system was set forth in his 2010 Commission Minority Report (Attachment 4).

Connie Brand voiced opposition to this bill because it would require school districts to keep two sets of accounting records requiring more staff, and using this data without explanatory narratives or knowledge would be misleading and ineffective (Attachment 5).

As a opponent to **HB 2175**, Diane Gjerstad cautioned the committee that implementing a new financial system takes at least three years, is extremely expensive with high labor costs for planning, training and implementation. She felt there would be better reporting if employees in accounting and reporting positions had better training, including auditors who review school district budgets (Attachment 6).

Ginger Powell presented the highlights of testimony opposing **HB 2175**, written by Mark Dick outlining the bill is unclear, and could increase complexity; the assumption of the bill is simplistic; one size does not fit all; the accounting principles are unclear, and could increase the complexity of accounting records. Misclassified expenses could decrease instead of increase reliability of financial reporting (Attachment 7).

Dr. Brenda Dietrich delivered her comments as a neutral party but advised the committee to study the full

CONTINUATION SHEET

MINUTES OF THE House Education Budget Committee at 1:30 P.M. on March 8, 2007 in Room 514-S of the Capitol.

cost and feasibility of implementing a new statewide system because of the cost and use of resources (Attachment 8).

Rob Balsters addressed the committee with neutral comments and warned of fixing a system that is not broken, stating the cost would be prohibitive because tracking all expenditures to the building level is a waste of time, and this bill would not make education budgeting less complex (Attachment 9).

Jim Edwards spoke as a neutral conferee saying his organization “opposes any state mandate 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” (Attachment 10).

The chair closed the hearing on **HB 2175**.

The meeting adjourned at 3:39 PM..

The next meeting is scheduled for Monday, March 13, 2007 at 1:30 PM in Room 514-S.