March 4, 2014

The Honorable Steve Abrams, Chairperson
Senate Committee on Education
Statehouse, Room 224-E
Topeka, Kansas 66612

Dear Senator Abrams:

SUBJECT: Fiscal Note for SB 369 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 369 is respectfully submitted to your committee.

SB 369 would allow two or more school districts to enter into an agreement providing for the consolidation of administrative services, subject to certain conditions as outlined in the bill. Before any agreement would be made, a local board of education would have to adopt a resolution declaring that it has made a determination that the agreement would be in the best interests of the school district.

The bill would require the Department of Education, beginning on July 1, 2014, and each subsequent year, to determine the median amount of expenditure for each administrative function category, as outlined by the agency’s Kansas Accounting Handbook for Unified School Districts. The Department would classify each school district by total enrollment and rank each district accordingly within those enrollment classifications. In addition, the Department would determine the median amount of expenditures for each administrative function within each enrollment classification. Beginning with the 2014-2015 school year, and at least once every five years thereafter, the board of education of each district would be required to conduct a study of the administrative expenditures for which the district in ranked above the median amount for its enrollment classification.

In addition, with the conclusion of each year’s administration expense classification report by the Department, each school district must report to the State Board of Education the following information regarding education service centers: (1) a description of the agreements with education service centers into which a district has entered; (2) a description of the agreements with education service centers that a district intends to enter into and the financial and operational benefits of the potential agreements; and (3) a description of those administrative services a district intends to maintain on its own.
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The bill would require the State Board of Education, on or before January 15, 2016, and each subsequent January 15, to submit a report to the Governor and the Legislature on all agreements with education service centers. Finally, the State Board of Education would be required to publish and maintain a list of existing education service centers on its website.

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According to the Kansas Department of Education, enactment of SB 369 would require additional expenditures totaling $62,000 from the State General Fund, to finance 1.00 FTE Accountant II position. This estimate includes $60,000 for salaries and wages, and $2,000 for other operating expenditures, including office supplies, rent, and other overhead costs. This position would be responsible for compiling the administrative cost data, as outlined in the bill, as well as providing technical assistance to school districts on consolidation of administrative services. Any fiscal effect associated with SB 369 is not reflected in The FY 2015 Governor’s Budget Report.

Sincerely,

Jon Hummell,
Interim Director of the Budget

cc: Dale Dennis, Education