

**Assembly Committee on Education**  
**March 13, 2014**

**Department of Public Instruction Testimony on**  
**2013 Assembly Substitute Amendment 2 to Assembly Bill 662**

Thank you to Chairman Kestell and members of the committee for the opportunity to testify before you today. My name is Bob Soldner and I am the Director of the School Financial Services Team at the Department of Public Instruction (DPI), which oversees the distribution of state aids to school districts, the compliance with auditing requirements, and the calculation of revenue limits. I am here today on behalf of State Superintendent Tony Evers to testify for information only on Assembly Substitute Amendment 2 (ASA 2) to AB 662.

The department thanks Senator Cowles and Representative Steineke for the opportunity to work with them to resolve administrative and constitutional concerns with the original bill. The department believes ASA 2 accomplishes the stated goals of the authors while eliminating the numerous problems inherent in the original bill. In light of ASA 2 being moved forward, the department is removing its opposition to AB 662.

ASA 2 establishes authority for DPI to define eligible costs for community programs and services in administrative rule and creates enforcement mechanisms, both through an independent local audit and the establishment of revenue limit penalties for ineligible expenditures.

In regards to the audit, under existing law and accounting practices, the DPI is required to establish minimum standards for school district audits. Independent CPA audit firms examine local school district general purpose financial statements for all funds and certify the audit. The DPI reviews these independent audits and follows up on any issues raised through this independent audit process.

Thank you for the opportunity to testify before you today, and I would be happy to answer any questions you may have at this time.