

M I N U T E S

SPECIAL COMMITTEE ON SCHOOL FINANCE

November 17, 1975

Representative Crumbaker presided. All members except Senator McCray were in attendance.

Staff present included Richard Ryan and Ben Barrett from the Legislative Research Department; Avis Badke from the Revisor of Statutes' Office; and Dale Dennis, Director of School Finance and Statistics - State Department of Education.

Morning Session

Proposal No. 46 - School Finance

General. A motion by Representative Maag, seconded by Representative Yonally, was adopted approving the minutes of the October 22 meeting.

Mr. Ryan discussed the recommendations of the Special Committee on Assessment and Taxation relative to Proposal No. 6 - Assessment Ratio Study. At the request of the Committee, copies of that report will be provided to each member.

Computer Applications. The Committee reviewed a document entitle "Proposed Changes to State School Equalization Plans" (November 17, 1975) which contained data showing eight different approaches to making changes in the School District Equalization Act. These data were based on estimates of how each plan would have operated had it been in effect during 1975-76. Each of seven of the plans was followed by an alternative which was the same as the original except the LER had been increased so that the plan required approximately the same amount of state aid as the estimates indicate will be required in 1975-76*.

* Copies of these applications are on file in the Legislative Research Department.

The summary table which accompanied the computer applications showed the total estimated state aid requirements under the School District Equalization Act in 1975-76, but the individual applications, did not include amounts for budget appeals, enrollment changes or transportation aid.

P.L. 874. Senator Harder reported that HEW is still in the process of developing P.L. 874 guidelines. Presently, it appears that Kansas might not be able to qualify for approval to continue to deduct P.L. 874 funds as a local resource. The basic guideline may include a requirement that there cannot be a deviation in expenditures per pupil of greater than 20% between the fifth and ninety-fifth percentile expenditure districts. However, an alternative guideline may be formulated under which Kansas might comply, at least in part. This alternative is still being developed, and should be available for review by Senator Harder and the staff prior to its adoption.

Afternoon Session

Proposal No. 46 - (continued)

Knowles Case. Mr. Ryan reported that both the plaintiff and defendant briefs have been filed with the Kansas Supreme Court. The plaintiff has approximately 15 days to file a reply. Mr. Dennis stated that counsel for the State Board of Education plans to file a brief in the case and has asked the Court for a delay of a few days for completion of the brief. It is expected that all of the documents in the case will be filed by early December.

Committee Discussion. There was discussion about what actions or recommendations the Committee should make. The Committee discussed meeting in informal session early in January, perhaps during the first week of the legislative session, to analyze more current data on school finance, review certain additional computer applications, and propose any recommendations for change in the law that appear to be appropriate.

In response to a question, it was estimated that if no change is made in the school finance law during the 1976 Session, then in 1976-77 it could be expected that the total additional state aid required would be about \$7 million and school district property taxes for the general fund would increase by about \$36 million. If no change were made in the present law, except an increase in the minimum budget control from 105% to 110% of the previous year's BPP, general state aid would increase by about \$26 million and school district general fund property taxes by about \$40 million.

After considerable discussion, a motion by Representative Weaver, seconded by Representative Bower, was adopted that the Committee members plan to meet informally during approximately the first week of the 1976 Session to review several computer applications and to consider the possibility of making recommendations to the 1976 Legislature. Representative Crumbaker will call the meeting.

The staff was instructed to prepare the following computer applications based on data applicable in the 1975-76 school year:

1. (a) Same as present law, except use the following enrollment categories: Under 300, 300-999, and 1,000 and over. (The norm BPP applicable in the lowest enrollment category would be the median BPP for the 300-399 enrollment interval. Other norm BPP's would be computed as in the past.) (1.7 LER)
- (b) Same as (a), except increase LER to distribute approximately the same amount of general state aid as currently is estimated for 1975-76.
2. (a) Same as present law, except in district wealth substitute a three-year average of actual assessed valuation for assessed valuation adjusted to 30%. (1.7 LER)
- (b) Same as 2(a), except increase LER to distribute approximately the same amount of general state aid as currently is estimated for 1975-76.
3. (a) Same as present law, except combine proposals 1(a) and 2(a). (1.7 LER)
- (b) Same as 3(a), except increase LER to distribute approximately the same amount of general state aid as currently is estimated for 1975-76.

Two additional computer applications will be based on the most recent data available (includes use of 1975 assessment ratios) and will estimate state aid requirements in 1976-77. The printouts will show:

1. The present law projected to 1976-77. (5%-15% budget controls and 1.7 LER).
2. The present law projected to 1976-77, except use budget controls applicable in 1975-76 - 10%-15%. (1.7 LER).

Committee Report. The staff was instructed to prepare a draft report of the interim activities of the Committee. The report will be circulated among the membership, with members being given approximately five days to comment thereon. The staff will communicate with the chairman regarding any proposed changes.

The interim work of the Committee being completed, the meeting was adjourned.

Prepared by Ben Barrett

Approved by Committee on:

11 / 24 / 75
Date