

~~P R E L I M I N A R Y~~
M I N U T E S

Special Committee on Education

December 7, 1976
Room 510 - State House

Members Present

Representative Don Crumbaker, Chairman
Senator Charlie Angell, Vice-Chairman
Senator Joe Warren
Representative Arnold Anderson
Representative James Braden
Representative Harold Dyck
Representative Joseph Norvell
Representative James Yonally

Staff Present

Ben Barrett, Kansas Legislative Research Department
Myrta Anderson, Kansas Legislative Research Department
Avis Badke, Revisor of Statutes' Office
Dale Dennis, Assistant Commissioner of Financial Services, State Department of Education

Committee Action

A motion by Senator Angell, seconded by Representative Yonally, that the minutes of the October 4 and 5 meeting by approved was adopted unanimously.

The draft Committee reports on Proposal No. 9 - Special Education and Proposal No. 10 - School Finance were approved unanimously.

Proposal No. 10 - School Finance

Copies of the following items were distributed to Committee members:

1. "Proposed changes to State School Equalization Plans", Division of Financial Services and Kansas Legislative Research Department, December 7, 1976.
2. "School Finance - P.L. 874 Low Rent Housing Aid", Kansas Legislative Research Department and Division of Financial Services, State Department of Education, December 7, 1976.
3. "100% Deduction of Section 2 Funds of P.L. 874.", Kansas Legislative Research Department and Division of Financial Services, December 7, 1976.

Item one included summary sheets and copies of seven computer applications relating to school finance alternatives in the 1977-78 school year.*

These alternatives assume:

1. Present law extended to 1977-78 (5 percent to 15 percent budget per pupil control).

* A copy of these computer applications is available in the Kansas Legislative Research Department.

2. Present law (same as 1 (above)), except:
 - a. power-equalize social security,
 - b. power-equalize special education,
 - c. power-equalize social security, special education, vocational education, and workmen's compensation.

3. Present law (same as 1 (above)), except adjust local effort rate to limit general state aid to approximately \$223 million, and
 - a. power-equalize social security,
 - b. power-equalize special education,
 - c. power-equalize social security, special education, vocational education, and workmen's compensation.

4. Present law, except increase budget per pupil control to 7 percent to 15 percent.
(Copies of the remaining two items are included as Attachments I and II.)

After some discussion, the staff was requested to prepare a proposed bill draft pertaining to the P.L. 874 low-rent housing matter (Attachment I). The draft will be designed to exclude school district entitlements under the P.L. 874 low-rent housing provision from consideration as a local resource in the computation of general state aid under the School District Equalization Act. School district receipts under this program would be deposited in the same fund as federal ESEA, Title I receipts. The bill draft will be presented for consideration to the Standing Committees on Education during the 1977 Session.

Proposal No. 9 - Special Education

The Committee reviewed the attached bill draft pertaining to amendments to the special education law. The primary purposes of the bill are to eliminate from the law the concept of "specialized instruction" and to place with certain state institutions the responsibility of providing special education services to children residing therein. Three options for amending K.S.A. 1976 Supp. 72-976 were reviewed. Option number three was approved by the Committee.

The staff reviewed for the Committee a series of projections pertaining to the estimated cost in FY 1980 of \$68.0 million for implementing the special education mandate. These projections had been studied by the staff of several state agencies in an effort to arrive at a consensus concerning the cost of the special education mandate in FY 1980.

The interim activities having been completed, the meeting was adjourned.

Prepared by Ben Barrett

Approved by the Committee on:

MEMORANDUM

December 7, 1976

TO: Special Committee on Education

FROM: Kansas Legislative Research Department and Division of
Financial Services - State Department of Education

RE: School Finance - P.L. 874 Low Rent Housing Aid

Background

The U.S. Department of Health, Education and Welfare (HEW) recently has notified the states about the current requirements applicable to school districts in making their applications for P.L. 874 funds (Impact Aid).

According to the HEW directive*, after January 1, 1977, funding will be available for certain categories set out in the law which, in recent years, have not been funded. One such category includes students whose parents reside in low-rent housing projects.**

There is no current HEW estimate for Kansas of the number of school districts that might qualify for this aid or the amount of such aid that can be anticipated.*** The State Department of Education staff is of the opinion that the total funding available to Kansas school districts under this component of the P.L. 874 program would not exceed \$100,000. However, this is a judgment estimate, not one based on hard data.

* "Summary of Assistance and Instructions to Applicants: P.L. 81-874 Impact Aid," Department of Health, Education and Welfare, September, 1976.

** Includes projects assisted under the United States Housing Act of 1937, Section 516 of the Housing Act of 1949, or Part B of Title III of the Economic Opportunity Act of 1964.

*** HEW reports that the names and addresses of low-rent housing projects are not on record. These must be identified by Housing and Urban Development project numbers.

In order for a local education agency to qualify for P.L. 874 aid, the basic requirement is that the combined average daily attendance of children of persons who reside or work on federal property must be equal to the lesser of 3 percent of the total average daily attendance or 400. In any event a minimum of 10 children in average daily attendance is required. (Other provisions may be applicable where certain specified special circumstances exist.)

HEW states that the funds available for the low-rent housing program component will be prorated at about 25 percent of the legal entitlement. The funds received by a school district for this purpose must be used to meet the "special" educational needs of educationally-deprived children from low-income families. These programs or projects are to be funded in the following order of priority:

- "(1) Where practicable, to continue to augment programs assisted under Title I of the Elementary and Secondary Education Act of 1965 which would otherwise be eliminated or diminished due to the adoption of a new formula for the distribution of assistance under such title adopted by Public Law 93-380; and to provide Title I type programs in all areas which are eligible for Title I assistance but which have not received such assistance; or
- "(2) if such programs as specified in the preceding subparagraph ((1) above) are fully provided in both cases, funds may be used for Title I type programs in other areas of such agency for educationally deprived children from low-income families."

Kansas Law

The School District Equalization Act (SDEA)* provides that a school district's local effort consists of:

1. The product of the district's local effort rate and the district wealth.
2. An amount equal to moneys the district received in the preceding school year, or was entitled to receive if no application was made for such moneys, under the provisions of Title I of P.L. 874.** (Special provisions apply when the

* K.S.A. 1976 Supp. 72-7042(c).

** Excludes 20 U.S.C.A. 241-1(b).

P.L. 874 aid in the current school year will be significantly less than in the preceding school year and when the effect will be a significant increase in the district's general fund tax levy.)

3. An amount equal to the amount the State Board of Education determines the district will receive in the current school year from the county foundation fund.

Discussion. A review of the present federal and state requirements leads to the following observations and concerns:

1. A school district must endeavor to secure available P.L. 874 funds for low-rent housing project students no matter how small the amount involved, or it must substitute local property tax resources for such amounts in funding the budget.

Whether or not a school district attempts to secure its P.L. 874 entitlement under this program, the amount of such entitlement will be taken into account as part of the district's local effort in computing the state aid entitlement under the SDEA. As a result, local property taxes make up the amount of the local effort attributable to P.L. 874 entitlements when no application is made for such aid.

2. The objectives of P.L. 874 aid for low-rent housing students and the SDEA appear not to be the same, although the SDEA takes such funds into account in determining the relative revenue sources of the district.

As noted above, the federal law requires that these P.L. 874 funds must be used in a manner which could be considered as supplementary to existing programming activities. Emphasis is placed on Title I type programs for the educationally disadvantaged. Such programs usually are regarded as additional or special emphasis projects for which specific "additional" funds are allocated. The SDEA provides that these P.L. 874 funds are to be considered as a part of local effort for purposes of the general state aid program. The SDEA does not specify a single specific use for these funds. They may be used for the same purposes as other school district general fund receipts.

Possible Alternative

If the Legislature desires to consider an alternative way of treating the Federal P.L. 874 funds for low-rent housing project students, one possibility might be to exclude such entitlements from "local effort" as defined in the SDEA and to

require that school districts deposit such receipts in the same fund as federal ESEA Title I receipts.

Other alternatives also could be explored.

Caveat

The manner in which these P.L. 874 funds may be treated by the school districts will remain somewhat uncertain until the final P.L. 874 rules and regulations implementing the 1974 amendments of that law are issued.

Kansas State Department of Education

Kansas State Education Building

120 East 10th Street Topeka, Kansas 66612

December 7, 1976

TO: Special Committee on Education

FROM: Legislative Research Department and
Division of Financial Services

SUBJECT: Proposal #10 - School Finance

100% DEDUCTION OF SECTION 2 FUNDS OF P.L. 874

Under the current law all funds received by a unified school district under Section 2 of P.L. 874 are deducted in the computation of the State School Equalization Act.

Section 2 funds are received by unified school districts due to the loss of valuation taken off of the tax rolls by the federal government.

Assessed valuation taken off the tax rolls include land for lakes, dams, ammunition plants, and airplane factories under government contract.

An applicant district may be eligible for payment under Section 2 if its tax base has been reduced as the result of the acquisition of real property since 1938 by the United States constituting 10 percent or more of the assessed valuation of all real property in the school district or in a predecessor district (at the time or times of acquisition) and such acquisition has placed a substantial and continuing financial burden on the district. Properties claimed under this section of the Act must be currently owned by the federal government and within the applicant school district.

Listed below is an example of how Section 2 funds are computed in U.S.D. #260, Derby, on the airplane factory for fiscal year 1976.

1974 Mill Levies:	<u>Rate</u>	<u>Dollars</u>
General (25.43-1.58)*	23.85	\$ 259,788
Social Security	7.02	76,480
Voc. Educ.	2.00	21,785
Spec. Educ.	1.50	16,324
Workman's Comp.	0.00	-----
TOTAL	<u>34.37</u>	<u>\$ 374,377</u>

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Amount payable to U.S.D. (assessed valuation of plant--\$10,892,563 X adjusted mill rate--34.37)

Some school districts believe it is unfair to use the mill rate for the social security, vocational education, special education, and workman's compensation levies in computing the funds to be received by Section 2 and deduct the full amount in the computation of the general state aid. Some school districts believe that consideration should be given to amending the law to eliminate this "injustice."

The alternatives appear to be:

1. Prorate the Section 2 money among the levy funds that are included in the computation and only deduct in the equalization aid formula the amount received in the general fund.
2. Power equalize the mill levies for special education, vocational education, social security, and workman's compensation.

*The levy was adjusted due to the cash balance in the general fund

PROPOSED BILL NO. _____

By Special Committee on Education

AN ACT requiring special education services for exceptional children to be provided in certain state institutions; amending K.S.A. 1976 Supp. 72-962, 72-970, 72-976 and 72-7033, and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 1976 Supp. 72-962 is hereby amended to read as follows: 72-962. As used in this act, unless the context otherwise requires:

- (a) "School district" means any public school district.
- (b) "Board" means the board of education of any school district.
- (c) "State board" means the state board of education.
- (d) "Department" means the state department of education.
- (e) ~~"Secretary" means the secretary of social and rehabilitation services.~~

~~(f)~~ "State institution" means the following institutions: Topeka state hospital, Osawatomie state hospital, Larned state hospital, Parsons state hospital and training center, Norton state hospital, ~~southeast-Kansas-tuberculosis-hospital~~, Winfield state hospital and training center, the youth center at Atchison, Kansas neurological institute, the youth center at Topeka, the youth center at Beloit, Kansas state school for the deaf and Kansas state school for the visually handicapped.

~~(g)~~ (f) "Exceptional children" means persons who: (1) Are school age, to be determined in accordance with rules and regulations which shall be adopted by the state board and said school age may differ from the ages of children required to attend school under the provisions of K.S.A. 1976 Supp. 72-1111; and (2) differ in physical, mental, social, emotional or educational

characteristics to the extent that special education services ~~or specialized instruction--is~~ are necessary to enable them to progress toward the maximum of their abilities or capacities.

~~(h)~~ (g) "Special education services" means programs for which specialized training, instruction, programming techniques, facilities and equipment may be needed for the education of exceptional children.

~~(i)---"Specialized--instruction"--means--programs-of-life-and social adjustment-provided--in--a--state--institution--under--the jurisdiction-of-the secretary.~~

~~(j)~~ (h) "Special teacher" means a person employed by a school district or a state institution for special education services who is: (1) A teacher qualified to instruct exceptional children as determined by standards established by the state board and who is so certified by the state board; or (2) a paraprofessional qualified to assist certificated teachers in the instruction of exceptional children as determined by standards established by the state board and who is so approved by the state board.

~~(k)~~ (i) "State plan" means the state plan for special education services authorized by this act.

Sec. 2. K.S.A. 1976 Supp. 72-970 is hereby amended to read as follows: 72-970. ~~(a)~~ Every state institution shall provide special education services for all exceptional children housed and maintained in the state institution and said special education services ~~which--are--provided--by--state--institutions--for exceptional-children~~ shall meet standards and criteria set by the state board in accordance with the state plan and shall be subject to approval by the state board. State institutions may contract with local school districts for special education services. Prior to the time any state institution enters into a contract with any school district the special education services provided by such school district shall be approved by the state board.

~~(b)---Specialized-instruction--which--is--provided--by--state~~

~~institutions--for--exceptional--children--shall--meet--standards--and
criteria--set--by--the--secretary.~~

Sec. 3. K.S.A. 1976 Supp. 72-976 is hereby amended to read as follows: 72-976. Subject to the provisions of K.S.A. ~~1975~~ 1976 Supp. 72-972 to 72-975, inclusive, no school district shall be required to keep an exceptional child in regular instruction when the child cannot materially benefit from the work of the regular classroom, nor to provide such exceptional child with special education services for exceptional children ~~in-a--regular
school--setting~~ when it is determined that the child can no longer materially benefit therefrom but needs ~~specialized--instruction to
be~~ housed, maintained and provided with special education services in a state institution. Nothing in this section shall be construed to limit or supersede or in any manner affect the requirements of each board to comply with the provisions of K.S.A. ~~1975~~ 1976 Supp. 72-933 and 72-906 to provide special education services for all exceptional children in the school district.

Sec. 4. K.S.A. 1976 Supp. 72-7033 is hereby amended to read as follows: 72-7033. (a) "Pupil" means any person who is regularly enrolled in any of the grades kindergarten through twelve (12) of a district. Any pupil who is not regularly enrolled full time shall be counted as that proportion of one pupil (to the nearest one-tenth) that his or her regular enrollment bears to full-time regular enrollment. A pupil enrolled in kindergarten shall be counted as one-half (1/2) pupil. Any pupil enrolled in and attending any area vocational school, area vocational technical school or approved vocational education program shall be counted as one pupil if such pupil's vocational education enrollment and attendance is for one (1) hour in each school day and such pupil is regularly enrolled in and attending any of grades nine (9) to twelve (12) at least two-thirds (2/3) time or if such pupil's vocational education enrollment and attendance is for two (2) or three (3) hours in each school day and such pupil is regularly enrolled in and attending any of grades nine (9) to twelve

(12) at least one-half time, otherwise any such pupil shall be counted as that proportion of one pupil (to the nearest one-tenth) that his or her non-vocational education enrollment bears to full-time enrollment. Any pupil enrolled in and attending special education services provided for by the district in a ~~state institution under the jurisdiction of the secretary of social and rehabilitation services~~ shall be counted as one pupil. The word "pupil" shall not include any pupil enrolled in the district but housed, maintained, and receiving ~~specialized instruction, as defined in K.S.A. 1976 Supp. 72-962,~~ special education services at a state institution.

(b) "Enrollment" or "E" means the number of pupils in a district on September 15.

(c) "Enrollment category" means a group of districts described by establishing maximum and minimum enrollments thereof.

(d) "Graph" means a bivariate frequency distribution.

Sec. 5. K.S.A. 1976 Supp. 72-962, 72-970, 72-976 and 72-7033 are hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the statute book.

Sec. 3. K.S.A. 1976 Supp. 72-976 is hereby amended to read as follows: 72-976. Subject to the provisions of K.S.A. +975 1976 Supp. 72-972 to 72-975, inclusive, no school district shall be required to keep an exceptional child in regular instruction when the educational development of the child to the maximum of such child's abilities or capacities cannot materially-benefit from be successfully achieved through participation in the work of the regular classroom, nor to provide such exceptional child with special education services for exceptional children ~~in--a regular--school--setting~~ when it is determined that the special educational needs of the child can no longer--materially--benefit therefrom--but--needs--specialized--instruction be satisfactorily served only if the child receives special education services while housed and maintained in a state institution. Nothing in this section shall be construed to limit or supersede or in any manner affect the requirements of each board to comply with the provisions of K.S.A. +975 1976 Supp. 72-933 and 72-966 to provide special education services for all exceptional children in the school district.

Sec. 3. K.S.A. 1976 Supp. 72-976 is hereby amended to read as follows: 72-976. ~~Subject to the provisions of K.S.A. 1975 Supp. 72-972 to 72-975, inclusive, no~~ A school district shall not be required to keep an exceptional child in regular instruction ~~when the child cannot materially benefit from the work of the regular classroom, nor~~ school programs or to provide such exceptional child with special education services for exceptional children ~~in a regular school setting~~ when it is determined pursuant to the provisions of K.S.A. 1976 Supp. 72-972 to 72-975, inclusive, that the education of such child can no longer materially benefit therefrom but needs specialized instruction cannot be satisfactorily achieved thereby and that such child requires housing, maintenance and special education services provided at a state institution. Nothing in this section shall be construed to limit or supersede or in any manner affect the requirements of each board to comply with the provisions of K.S.A. 1975 Supp. 72-933 and 72-966 to provide special education services for all exceptional children in the school district.