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M I N U T E S

SPECIAL COMMITTEE ON SCHOOL FINANCE

September 27 and 28, 1977

September 27

Morning Session

The morning session was held in the Board room of the State Department of Education. Members present included Senator Harder and Representatives Duncan, Henry and Lowther. Staff present included Richard Ryan and Ben Barrett from the Kansas Legislative Research Department, Avis Badke from the Revisor of Statutes' Office and Dale Dennis from the State Department of Education.

P.L. 874

The purpose of the Committee during the morning was to attend a public meeting which consisted of a presentation by Mr. Tom Johns and Mr. Dexter Majors of the U.S. Office of Education (USOE) during which it was explained how USOE proposes to make eligibility determinations under Section 5(d) 2 of P.L. 874. These determinations relate to whether or not a state which purports to have an expenditure equalization type of school finance plan can consider all or a portion of P.L. 874 receipts as local effort in determining the state aid entitlement of a school district.

The following items were distributed to persons in attendance at the meeting, copies of which are filed in the Committee notebooks under Grant Project No. 5 - P.L. 874 funds:

1. "School Assistance in Federally Affected Areas," Federal Register, March, 22, 1977.
2. "Determination Proceedings for Eligibility Determination under Section 5 (d)(2) of Public Law 81-874."
3. "An Illustration of the Application of the Expenditure Disparity Standard to the Kansas School Aid Program."
4. "An Illustration of the Application of the Wealth Neutrality Standard to the Kansas School Aid Program."

Mr. Johns said that after this explanation of how state finance programs will be evaluated under Sec. 5(d)2, the State of Kansas will be requested to supply data so that USOE can make its determination. Section 5(d)2 contains two standards under which a state may qualify to consider P.L. 874 funds as local effort in a school finance plan. One is an "expenditure disparity" standard; the other, a "wealth neutrality" standard. The first standard is an existing federal regulation while the second is a proposed regulation.

Mr. Johns stated that persons who object to these standards or have suggestions for changes can contact the U.S. Commissioner of Education and these comments will be taken into consideration.

Based upon the data Kansas provides, USOE will make its findings and present them to the state. The state will have an opportunity to offer clarifying questions, observations, or objections. After this, USOE will issue its final determination. Within 30 days thereof, a state may request the U.S. Commissioner of Education to conduct a hearing on the final determination. Such a hearing will occur prior to the implementation of the final determination.

If, after the various procedural steps have been exhausted, USOE finds that a state does not have a sufficiently equalizing school finance plan and that P.L. 874 payments are, nevertheless, being considered as part of local effort, the federal remedy is to terminate, beginning with the 1977-78 school year, P.L. 874 payments to all Kansas school districts. In 1976-77, such payments totaled \$7.5-\$8.0 million.

States which opt to meet the wealth neutrality test and, therefore, do qualify to deduct P.L. 874 funds, must be able to demonstrate that 85 percent of school operating revenues are wealth neutral. The actual amount that may be deducted is determined on a district-by-district basis, depending on the ratio of the district's operating revenues that are equalized.

Afternoon Session

The Committee met in Room 529 of the State House. Senator Harder, Chairman, presided. Senator Meyers and Representatives Duncan, Henry, Holt and Reardon were present.

Minutes

Upon a motion by Representative Henry, seconded by Representative Reardon, the minutes of the August 16 and 17 meeting were approved unanimously.

Grant Project No. 5 - P.L. 874

The staff presented a memorandum (included in the Committee notebooks.) entitled:

1. "P.L. 874 Impact Aid," Kansas Legislative Research Department and Financial Services Division of the Department of Education, August 16, 1977.

The remainder of the afternoon session was spent discussing the P.L. 874 issue and possible implications of various responses to the federal government if Kansas school districts are, in fact, faced with the prospect of losing their impact aid, beginning in 1977-78.

There was a consensus that the Kansas Congressional delegation should be encouraged to make an effort to secure passage of legislation that would delay the effective date of the federal regulations until at least July 1, 1978. This would give the legislature an opportunity to amend the School District Equalization Act, if it so desired, to remove the objections of the federal government to the Kansas law. In the current situation, if Kansas learns it will lose Impact Aid in 1977-78, it probably would not be possible for the 1978 Legislature to accomplish changes applicable to the 1977-78 school year to accommodate to the federal regulations, some of which have yet to be finally adopted. (The Chairman plans to communicate with the Kansas Congressional delegation in this regard.)

September 28

Morning Session

Senator Harder presided. All members except Senators Angell and Warren were present. Staff present included Richard Ryan and Ben Barrett from the Kansas Legislative Research Department, Avis Badke from the Revisor of Statutes' Office, and Dale Dennis from the State Department of Education.

Hearings

The following persons appeared before the Committee and submitted their comments and recommendations concerning the School District Equalization Act. All conferees submitted written testimony, copies of which are attached to these minutes:

1. Mr. Bob Wootton, Kansas-NEA
2. Dr. M.A. McGhehey, Kansas Association of School Boards
3. Mr. Paul Fleener, Kansas Farm Bureau
4. Mr. Ferman Marsh, United School Administrators
5. Mrs. Marian Warriner, League of Women Voters of Kansas
6. Dr. Harold Hosey, Superintendent of Emporia (USD 253)
7. Mr. Jack Parker, Supterintendent of Inman (USD 448)

Grant Project No. 3 - Budget Controls

Staff reviewed the following memorandum, copies of which are in the Committee notebooks.

1. "Appeals for Additional Budget or Expenditure Authority," Kansas Legislative Research Department and Financial Services Division of the Department of Education, September 27, 1977.

Afternoon Session

Grant Project No. 6 - Transportation

Staff reviewed the following memorandum, copies of which are filed in the Committee notebooks:

1. "Selected Public School Transportation Requirements Among the States," Kansas Legislative Research Department and Financial Services Division of the Department of Education, September 27, 1977.

Grant Project No. 1 - District Wealth

Staff reviewed the following memorandum which was accompanied by five computer applications. The memorandum and computer applications are included in the Committee files:

1. "Computer Applications Emphasizing Redistribution of Amount Equal to Income Tax Rebate," Kansas Legislative Research Department and Financial Services Division of the Department of Education, September 27, 1977.

Other Matters

Mr. Ryan reported that a pretrial hearing in the Knowles case has been set for October 5. The case has been assigned to Judge Barbara in the Shawnee County District Court.

The next meeting of the Committee is October 27 and 28 at 9:00 a.m. in Room 529 of the State House. For that meeting the staff will prepare a memorandum identifying policy questions concerning the various aspects of the School District Equalization Act and incorporate therein the testimony submitted by conferees at the September 28 meeting. This memorandum will be mailed to Committee members prior to the meeting. Other materials also will be prepared for the Committee's consideration.

Mr. Ryan said that the report related to the effects on school finance of a use value appraisal method will not be available to the Committee for the October meeting. It will be available in November.

The meeting was adjourned.

Prepared by Ben F. Barrett

Approved by Committee on:

10/27/77
Date



September 28,

For the Special Committee on School Finance

Mr. Chairman and members of the Committee:

Thank you for allowing me once more to state the views of teachers in Kansas concerning this increasingly complex and frustrating subject - the school finance laws of the state.

Much of what I could say on this matter would be repetitious of many other meetings over other years. The list is all too familiar to you:

- ...increase or remove the limitation on school budgets;
- ...disallow transfers of money from the general fund to special funds;
- ...fund from the state level programs which you mandate;
- ...remedy the tax mix which supports schools;
- ...correct the income tax rebate inequity which penalizes eastern counties;
- ...change that incessant number, PL 874, to some other number to lend variety to the proviso.

As the bill becomes more complex, the list gets longer.

Your early examination of the issue in this interim has caused other ingredients to appear. Since there is still some uncertainty about factors over which you have no control, let me deal in a few general areas and make some general recommendations about those areas.

I recommend:

1. that you provide direct assistance to school districts for increases in the cost of utilities. The Board of Tax Appeals has demonstrated that it will not be reluctant to deny appeals on this subject. One district is beginning to examine the possibility of closing schools during winter months in order to conserve fuel. As recently as early this morning, the United States Senate was struggling to make decisions as to whether natural gas will be deregulated.
2. that no legislation be passed which will directly impact on the ability of school districts to finance their programs until a full examination is made of the extent of that impact. The Use Value concept is an illustration of what I refer to.
3. that no competency - based education program be enacted without a recognition of the fact that such a program without remedial solutions will be damaging to young people.
4. that legislation recommended by this panel have a durability of more than one year.

There is one other comment which I feel is appropriate. It is based on one of those many good pieces of research done by your research staff. Called "Comparison of Selected Features of School Programs - Eleven Districts," it is dated July 14, 1977. Table I of that paper illustrates a problem which is of increasing

Attch. 1

concern to teachers. While the salary line of the budget of any large operation naturally attracts the attention of the stockholders, one should be aware that other costs for the operation of schools are increasing at a more rapid rate than the salary line. Comparing the percentage of increase in cost per pupil for teacher services with the percentage increase in the cost per pupil for something like transportation, for instance, reveals a shift which is increasingly disturbing to teachers.

In the case of Macksville, for instance, costs for the service of teachers rose from \$622 per pupil in 1972-73 to \$931 in 1976, an increase of about 50%. The cost to the state for transportation in the same period rose from \$86 per pupil in 1972 to \$219 in 1976, an increase of over 150%. Teacher salaries in the same period rose about 40%. In Wichita teacher cost rose about 45%, transportation rose over 200%. Teacher salaries increased a little over 40%.

We look forward eagerly to seeing what the Committee produces from this mass of material. We know the task is not simple. Please allow teachers to help in convincing local patrons all over the state that a school finance act which is simple and fair, though by its nature expensive, is to the advantage of boards, children, patrons, and teachers alike.

Thank you, Mr. Chairman.

Testimony before the Interim Committee on School Finance

September 28, 1977

M. A. McGhehey, Executive Director
Kansas Association of School Boards

We are pleased to have this opportunity to appear before the interim school finance committee to present some observations concerning the operation of the equalization aid law. A part of this presentation will have to be very tentative in nature, because our delegate assembly does not meet until November 27, and our school finance priorities for the 1978 session will not be finally adopted until that time.

This presentation will be divided into two parts: (1) some observations about the problems we see with the plan after a few years of operation and (2) the proposals which our Legislative Committee will make to our Delegate Assembly in November.

Operating Tax Levies. One of the objectives of the equalization aid law was to reduce the disparity in operating tax levies among the school districts. This disparity was reduced in 1973 and 1974, but the disparity increased in 1975 and 1976, and we believe, based upon preliminary estimates, that the disparity will increase again in 1977. That is to say that the equalization aid law is no longer operating to reduce the gap between the low tax levy and the high tax levy districts. One of the principal reasons for this gap is the fact that there are some very substantial levies, principally the social security levy, the special education levy, and the vocational levy, which are not fully equalized. When all operating levies are considered, the gap between

the low tax levy and the high tax levy districts is great and growing. We have attached a summary of the comparisons in the general fund levy from 1972 to 1975, and will update these figures for the committee for 1976 and 1977, when the current year tax levies are available to us.

Per-Pupil Budgets. A second objective of the equalization aid law was to reduce the disparity in expenditures per pupil among the unified school districts. This was one of the objections raised by the court in the Caldwell case in finding the old foundation finance formula unconstitutional. The fact of the matter is that the equalization aid law has never reduced the distance between the high spending districts and the low spending districts. Moreover, unless some action is taken by the legislature this gap will continue to grow. The table below shows the budget per pupil from 1972-73 (the last year of the foundation finance law and 1975-76). We have not calculated the data for 1976-77 or 1977-78 but we have no doubt that the disparity will continue to grow.

Comparison of Budgets Per Pupil, 1972-73 to 1975-76

	1972-73	1973-74	1974-75	1975-76
High Budget per pupil	\$2,013	2,210	2,513	4,068*
Mean Budget per pupil	859	954	1,068	1,222
Low Budget per pupil	484	609	704	840
Standard Deviation	243	248	265	322

*This figure is somewhat misleading. It represents the budget per pupil for the final year of operation of USD 478 (Kendall), which was granted a substantial budget appeal in its final budget. It does not have any effect upon the calculation of the standard deviation.

The standard deviation is a common statistical calculation for measuring the variability of a set of scores above and below the mean. It is especially useful in comparing trends in data from one year to the next between sets of scores based upon the same population (in this case, all of the unified school districts in the state). The standard deviation of \$243 in 1972 means that about two-thirds of the school districts' budget-per-pupil fell \$243 above or below the mean. In 1973-74 the standard deviation was \$248, even though the mean itself rose from \$859 to \$954 per pupil. The correct interpretation of this figure is that there was slightly less variability above and below the mean in the first year of operation of the equalization aid law. In 1974-75 the standard deviation had risen to \$265 and in 1975-76 it leaped to \$322. We believe that this clearly shows that the equalization aid law has failed to reduce the disparity among the school districts in relative budget power, which is a key factor in keeping the equalization aid law constitutional.

Another analysis shows that school districts on the low end of the scale in terms of budget-per-pupil are unable, even with full utilization of the 15 per cent budget increase available, to improve their relative budget position. Of the 10 districts which were lowest in terms of budget per pupil in 1972-73, nine were still in the bottom 10 districts in 1975-76, and one had improved its position to 13th from the bottom.

Income in the Definition of District Wealth. We wish to express again our concern about the way taxable income is used in the definition of district wealth. In arriving at the district's wealth from income sources, the local effort rate is multiplied times the actual taxable income of the district. At the top of the scale, this multiplication resulted in the taxable income portion of district wealth being represented as 3.5 times as much as it actually was (1973-74 data). We believe that it is inequitable to use the

LER in this fashion since it penalizes small school districts for being small, creating a penalty from which they cannot realistically escape. It also penalizes the school districts which are heavily involved with taxes paid to another state. Power equalizing taxable income is different from power equalizing assessed valuation because the local property tax levy, which is affected directly by the power equalization, is not fixed, and may be adjusted by the local board of education. Moreover, the power equalizing base year was the actual practice in 1972-73 which also directly reflected the relative wealth of school districts from the only tax available to them under our tax system. We hope that the committee will make an earnest effort to resolve this problem. This question has been reviewed in former years and was rejected, among other reasons, because of the cost involved in correcting the definition of district wealth. In response to this, we would suggest that the change of district wealth does not require any additional state dollars; the formula may be rearranged to change the definition of wealth within the same number of state dollars available otherwise.

There will undoubtedly be strong resistance in 1978, an election year, to any formula change. We would hope that this would not be the case because some districts are facing severe financial problems. Any one of the problems with the present formula might not be sufficient to produce new litigation to test the constitutionality of the equalization aid law; but the combination of these, and other problems with the formula, might very well precipitate new litigation which would place the legislature in a position of playing "catch up" in the future.

Our Legislative Committee has recommended the following resolution to our Delegate Assembly with respect to school finance priorities in the 1977 session:

SCHOOL FINANCE PRIORITIES - 1978

Be it resolved by the Delegate Assembly of the Kansas Association of School Boards that the following school finance priorities be established for 1978:

Priority No. 1. That the budget control limits be retained at 5% and 15% for the 1978-79 school year.

Priority No. 2. That any proposed legislation to restrict the authority of a school district to transfer from the general fund to special funds be opposed.

Priority No. 3. That the legislature adopt a school finance plan for special education based in principle on that presently in effect in the State of Washington, in which the local school district responsibility for special education students is established at the same rate as that for other students of a district, with all costs in excess of this per-pupil amount being a responsibility of the State of Kansas, under a formula structure recognizing the varying costs of different types of programs.

Priority No. 4. That the definition of local wealth in the equalization aid law be amended to provide for a direct relationship between the amount received from the state through the income tax rebate and the amount deducted in the state aid formula for income tax resources of the district.

Priority No. 5. That the legislature provide substantial property tax relief by incorporating the social security levy within the general fund.

Priority No. 6. That the legislature repeal the county foundation fund levy.

We would want to emphasize again that these priorities may be rearranged entirely by our Delegate Assembly when it meets on November 27. As soon as we have a final determination of our legislative priorities for 1978, we will report to your committee, along with our analyses of 1977-78 budget information and tax levies.

We appreciate the time you have given to us, and hope that we can all work together to achieve a more equitable school finance system in Kansas.

GENERAL FUND LEVIES, 1972-75 INCLUSIVE

	1972	1973	1974	1975
HIGH	75.23	54.31	45.77	55.84
MEDIAN	21.56	21.78	28.88	29.71
LOW	4.27	3.51	12.86	11.70
Standard Deviation	8.59	6.26	5.80	6.37
Mean	22.42	22.22	29.06	29.71

Statement to
Special Interim Committee on School Finance

Presented by
Paul E. Fleener, Director
Public Affairs Division
Kansas Farm Bureau

September 28, 1977

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to appear before you on behalf of Farm Bureau members in Kansas.

Our members have long had an interest in the topic before you today-- school finance. Our members have studied school finance at length, in great depth, and to its outer reaches. The Legislature, too--through standing committees, select committees, special committees, Council committees and Interim committees--has studied school finance. We believe, Mr. Chairman and members of the committee, the time has come to put into practice some of the things we have all learned from our studies.

Our study leads us to support these objectives in school finance:

- (1) *State support, from non-property tax revenues, of "basic education;"*
- (2) *Equality of educational opportunity for all our school children in all of our school districts;*
- (3) *Minimal reliance on the property tax for the support of elementary/secondary schools.*

Legislative studies have resulted in conclusions similar to our own. To reach back a few years, the 1968 Report and Recommendations of Kansas Legislative Council Education Committee contained this statement:

The time has long passed when ownership of tangible property was the best measure of wealth or ability to pay taxes . . . Complaints are mounting over regressive and other inequitable characteristics of the property tax and the manner in which it is administered. Income, sales, and other non-property taxes which are much better suited to modern economic conditions should be the major sources of revenue to support services such as public education.

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Since 1945, the property tax in Kansas, in dollars, has increased from \$58.9 million to a take of \$665.2 million in 1976. Just since the so-called TAX LID went on, the climb has been from \$490.1 million.

Both major political parties have expressed the belief that general property taxes must be reduced. There has been executive, legislative, and more recently judicial recognition of the need to shift from reliance on general property taxes.

In *Serrano vs. Priest*, the Supreme Court of the State of California determined that the California public school financing system, "with its substantial dependence on local property taxes," could not withstand constitutional challenge.

Many individuals and organizations, within and without the state of Kansas--particularly since *Serrano*, *Rodriguez*, and *Caldwell*--have recommended more modern approaches, more equitable approaches, and more rational approaches to school finance.

In discussion material connected with *Caldwell vs. Kansas*, Senator James B. Pearson, Senior United States Senator from Kansas, was quoted as follows: *The taxpayers' revolt has been triggered by attempts to finance 20th Century education with an inequitable, inadequate, outmoded 19th Century tax system.*

FORMULA FACTORS SUGGESTED

We do not presume that as a result of our testimony you are going to leap into development of a new formula. Not today. Not with court cases pending. But one day soon you will begin a process of developing a formula to provide a fair, just, equitable and balanced state-shared guarantee.

We believe a basic guarantee should be expressed in terms of pupils. We believe differences among and between school districts, some of which result from legislative action . . . some of which result from legislative fiat, should be taken into consideration in a new formula.

We believe vocational education programs, course offerings and programs for developmentally disabled students, for exceptional students, for special education students . . . all of which result in higher per pupil expenditures, should be taken into consideration when devising a new formula. We believe grade level differential . . . K, elementary, junior high, senior high . . . should be considered. We believe geographic size of districts, sparsity or density of student population, as well as total student enrollment, should receive consideration.

Our reading of Caldwell vs. Kansas leads us to believe that the variations and differences listed above can be--SHOULD BE--taken into consideration when you decide to write a new school finance law. Discussion from Caldwell indicates: *The right to equal protection of the law is not (emphasis added) tantamount to a regimented homogeneity. Equality does not exclude variety.*

One other item, Mr. Chairman, from the discussion material connected with and a part of the Caldwell decision, after which we want to restate our basic beliefs and conclude with some items of historical significance . . . from court cases and from students of and political leaders concerned with school finance:

FROM CALDWELL MATERIAL: *The Legislature must determine whether high or low property taxes in relation to other tax forms (emphasis added) is the proper course and this burden cannot be thrust on the courts.*

The following items are of concern to our members as regards taxation and school finance:

- (1) We believe the county foundation levy should be abolished;
- (2) We believe school districts should once again share in distributions from the LAVTRF (Local Ad Valorem Tax Reduction Fund);
- (3) We believe there should be minimal reliance on the property tax to finance elementary and secondary schools; and
- (4) Locally elected school boards should retain control of and responsibility for programs and budgets.

In conclusion, Mr. Chairman and members of the committee, we reprint below for you the complete text of the policy position on school finance adopted by the voting delegates at the December 8, 1976, Annual Meeting of Kansas Farm Bureau.

School Finance

We believe that as long as property is used as a measure of wealth, then all classes of property — tangible and intangible — should be a part of such measurement of wealth. The geographic size of some districts, and the density or sparsity of student population, along with total student enrollment, should be recognized as factors which result in necessarily higher expenditures per pupil in some districts.

We believe the Legislature should ascertain what a "basic education" consists of in grades K-12; and should make state aid available on the basis of "basic education."

We continue to believe that there should be minimal reliance on the property tax for support of our elementary and secondary schools. The property tax serves as the revenue source for many other local units of government. We believe there should be a school district income tax, state-collected and returned to the district of origin. Authorization for the county school foundation fund tax levy should be repealed, or at the very least phased out over the next four years.

We believe that federally and state mandated programs — vocational education programs, developmentally disabled student programs and other special education programs — should be fully funded by the federal or state government, which ever mandates a given program.

We have opposed in the past, and we will continue to oppose efforts to establish a state-wide property tax levy.

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United School Administrators
School Finance Task Force
Report to the Interim Committee on School Finance
September 28, 1977

I am Ferman Marsh, Chairman of the Special Task Force on School Finance, representing the United School Administrators of Kansas, an umbrella organization representing all levels of school administration. The Task Force consists of thirteen school administrators representing all types of school districts in Kansas from high to low enrollment districts and from high to low State aid districts.

The Task Force has had an opportunity to review the information presented to the Interim Committee and appreciates the opportunity to suggest several recommendations for the committee's review.

Our greatest concern is with the current definition of wealth used to determine the level of responsibility for financing our public schools. The sales-ratio study and the adjusted wealth formula creates many inequities in the current formula for distributing State support for public education in Kansas. We realize that steps are being taken at the present time to correct this situation. We recommend the committee consider establishing an equal state-wide assessment of all property, at the same time a land use assessment formula is initiated. This assessment should be maintained at the State level to insure continued equity of assessment. We also recommend that wealth be limited in definition to include only factors that are available to local boards to finance our schools. State support could then be distributed on a true power-equalized basis after each district has made a true local effort. When this is accomplished, we then would support the concept of power equalizing all funds used to finance the public schools of Kansas.

We realize the committee will have to review possible changes in the current formula in order to meet the needs of our schools between now and the time our first suggestion could be initiated. We would like to recommend consideration of the following:

1. No further power-equalizing of funds until state-wide assessment is accomplished. If, however, it is found to be necessary to further power-equalize in the interim period in order to salvage P.L. 874 funds, we would suggest the social security fund be brought under the concept of power-equalization as a temporary measure.
2. We would suggest a change in the current transportation aid formula by counting those students transported less than 2-1/2 miles as one-half student on both sides of the current formula; that is, in the density factor as well as State aid for transporting students. We do not recommend any further changes in transportation requirements.
3. In an effort to allow local districts to be as efficient as possible, we would suggest the committee consider allowing boards of education to evaluate the efficiency of each attendance center and the opportunity to close attendance centers the board considers to be financially inefficient. At the present time local boards of education are not allowed to do this except in cities of the first class with 20,000 or more population and only then within the confines of the city limits.

4. We suggest the grandfather clause be retained as it currently exists due to the inequities in the wealth formula. When equal assessment is achieved, however, there would be no further need for the grandfather clause.
5. The county foundation fund should be abolished and the local effort rate should be adjusted to assume this portion of school funding. It is our opinion that the county foundation fund currently requires unnecessary bookkeeping at the local, county, and state levels.
6. In an effort to accomplish the requirements of the Federal government to retain our P.L. 874 funds as they are currently used, we would suggest the committee consider allowing a referendum at the local level in order to exceed their budget greater than the fifteen percent that is allowed at the present time.

Mr. Chairman, we appreciate the opportunity to appear before the Interim Committee and would attempt to answer any questions the committee might have for our group. We look forward to working with you throughout the upcoming legislative session.

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LWVK

LEAGUE OF WOMEN VOTERS OF KANSAS

STATEMENT TO THE SPECIAL COMMITTEE ON SCHOOL FINANCE

September 28, 1977

I am Marian Warriner, representing the 1400 members of the League of Women Voters of Kansas. We very much appreciate the invitation to present our position on financing public schools in Kansas.

On behalf of the League, I want to express appreciation of the excellent study you are doing this interim. The research into the alternatives to the present plan, especially in areas of serious conflict and challenge, and your willingness to discuss them, both on their pure merits and also on how they affect school finance down to any and all districts in Kansas, is worthy of praise. The research is, as always, very thorough and unbiased. Your discussion is open, both in fiscal and political aspects. We hope this statesmanlike approach will continue into the session where your leadership will emphasize the welfare and educational health of the state as a whole.

"The question of equalizing public school resources is a moral and political issue as much as an educational one. The goal is justice in the distribution of educational funds in a country that strives to be a democracy. As long as there is a large and important public education institution, its benefits, however imperfect, should be equally available to all children."¹

I have chosen this quote for it so well states the basic principle and goal of the Kansas League as we work to improve the funding of our public schools--- both in equalization of money raising and in equalization of money spending.

Equalization and District Wealth

The League of Women Voters sees public education as a state responsibility including the funding, either directly or through authorization to local districts. Because of the unequal distribution of local wealth among school districts, and the unequal assessment of that wealth, we strongly endorse equalization of funding. We support the use of the Assessment Sales Ratio Study, or some similar instrument, that puts all real estate taxpayers over the state on a more nearly equal footing. Realizing that ownership of property is an imperfect measure of ability to pay, we endorse the idea of including taxable income in the measure of district wealth either through the present procedure or some other that might better withstand the constitutional challenge to the present methods of achieving equity in school finance.

¹ Fleming, Virginia. The Cost of Neglect. The Value of Equity. Southern Regional Council, Inc. Atlanta. January 1974. p. 7.

The School District Equalization Act of 1973 has these two elements. We recommend that you keep them. We feel Kansas has a good basic formula. It does provide equalization to a point, as can be seen by the inverse relationship of general state aid to district wealth, and the drawing toward the median of both budgets per pupil and tax levies. It is so designed that substantial decisionmaking is left at the local level.

We do see three major imperfections, two of which you are currently studying. One is the lack of equalization of the income tax rebate; the other the lack of equalization of the funding of those basic operating functions now outside the general fund. We would like to see the ratio of state aid to all general operating expenses rise to 50%.

Income Tax Rebate

Setting aside for the moment the border county problem, let's look at the income tax rebate. The present method of distribution is not equalized. Taken together, the income tax rebate and the use of taxable income in the definition of district wealth give the system a responsiveness to changes in income levels while retaining equalization for most districts. But this response is not present in the high wealth districts which receive income tax rebate but no general state aid. As income rises, their state aid which is in the form of the income tax rebate also rises.

Of the various suggested changes, the League would choose to add the rebate dollars to the general state aid and to distribute it through the formula. This would remove the unequalizing influence mentioned above. It would also solve the before credits-after credits problem in the border counties.

Should another system be developed that we judge would accurately reflect ability to pay and put equal resources behind each pupil, we could support that. Perhaps, of the possibilities suggested to the committee, the most worthy in our opinion is the use of the ratio of income per pupil to the state average income per pupil, as long as it provides the return of dollars in the income tax rebate in an inverse relationship to wealth similar to that of the equalization formula.

Equalization of Special Funds

Another major concern is interdistrict inequality in effort and dollars available in the special funds--special education, vocational education, and the employee-related expenditures supported by special levies. We see no logic, except the political and fiscal adjustments we realize are sometimes necessary, in such programs being outside the general operating budget. In order to be honest with the principle of equal wealth behind each child, we favor bringing these into the general operating fund, thereby equalizing them. To maintain at least the 40% ratio and if possible to increase it, we suggest incorporating these with the present state funding in a phase-in over several years. We urge the Legislature to make such a commitment in the forthcoming session. Our choice for the initial phase would be special education, for the date of the mandate is drawing near. This will perhaps most strongly affect the welfare of the students in the schools.

Ratio of State to General Operating Budgets

We think that it is important that the State of Kansas fund public education, K-12, at at least the 50% level. The general state aid is the equalizing money. The higher the ratio the greater the equalization. We would like to see more of the educational burden transferred from the property tax to state taxes.

Budget Controls

The Legislature has faced equalization of spending through budget controls. We would like to see another significant trend toward the state median in both expenditures per pupil and in mill levy (related to equalized assessment). We do not mean exactly the same dollars for each student, for that would mean equal dollars for unequal situations. Educational needs vary from student to student and from area to area.

Raising the money

Of course the million dollar question is money. League members are not enthusiastic about tax increases--but they are willing to pay higher taxes for state services they feel are essential.

You have two suggestions before you for raising school revenue at the state level. The remittance of excess local effort to the state would bring Kansas closer to "pure" power equalization. We recommend that you study further the remittance proposal looking at it in combination with use value appraisal and ascertaining the effect on the agricultural industry, already bothered by adverse differential between selling price and cost of production. If "pure" equalization of the income factor in school finance is to be considered, it is only fair to also consider pure equalization of the property factor.

A state property tax on state assessed property replacing the comparable local school district tax would bring more equalization to school finance. This would spread the unusual wealth a district acquires simply by virtue of geographical location. The League has agreed in the past with the commitment to no state property taxes, but the virtues of this in the school finance situation should not be ignored in its possibility of greater equity for school taxpayers statewide.

We believe more of the total state general revenue should come from the income tax in preference to the sales tax. The Legislature needs to investigate how our income tax might produce more revenue: a change in the base? a change in the rates? We would like to think that greater efficiency in government might make dollars available, but we do not believe that sufficient dollars will be found in this way to finance the state's growing responsibilities. We would like to think that economic growth might provide the dollars needed--that the oil wells would flow anew, the price of wheat would again reach \$5.00 a bushel, that the water that fell in Kansas City might be put underground in western Kansas. Another source is the state balances, but their use can provide at the most only a temporary source of revenue for additional state aid to education. We believe that the state will be faced with finding additional revenue, either to finance some of education now supported by property taxes, or to finance the growing needs and scope of educational institutions as they respond to the demands and expectations of citizens.

LWVK LEAGUE OF WOMEN VOTERS OF KANSAS

SUMMARY OF POSITIONS ON VARIOUS ISSUES BEFORE THE SPECIAL COMMITTEE ON SCHOOL FINANCE

September 28, 1977

1. Definition of District Wealth.
 - Taxable Income. Some measure of ability to pay based on income level should be retained, or a distribution plan on the basis of need related to wealth be developed.
 - Adjusted Assessed Valuation. Adjusted (equalized) assessed valuation should be retained. The use of the Kansas Assessment Sales Ratio Study is necessary to compute equalized assessments, or some other tool must be developed that will provide that all assessments (not under use value, if passed) will be at the same percentage of market value.
2. Income Tax Rebate.
 - Equalization. The income tax rebate should be eliminated and at least an equal number of dollars added to the general state aid and distributed according to the formula.
 - Tax liability after credits. This is patently unfair to the border counties. Equalization will correct this problem.
 - Deduction of income tax rebate in computing general state aid. Equalization is a better method.
3. Local Income Tax. A local income tax should not be used. It is unequalized.
4. Equalization of special funds. All programs and expenditures of an operating nature should be included in the general operating fund and equalized.
5. Ratio of state aid to local support. The state should provide a major portion of the general operating fund. The Legislature should continue to strive for at least 50% state funding.
6. "Grandfather Clause." The "grandfather clause" should be eliminated. It is not equalized.
7. Remittance of excess local effort. This should be studied further with provisions of use value and effect on the agricultural industry.
8. State property tax on state assessed property. Further study with computer runs should be undertaken.

League of Women Voters of Kansas
Attachment to Statement to the Special Committee on School Finance

STATEMENT OF POSITION ON SCHOOL FINANCE

September 28, 1977

The entire burden of financing education should not fall on local units of government, but should be shifted partially to larger geographical areas and their units of government. Specifically, we believe that:

The State of Kansas should promote equal educational opportunity for all children through a state school finance plan which makes equivalent resources available to each pupil regardless of the wealth of any particular school district. The League supports the following as a means of implementing this position:

1. Equalized expenditures per pupil should consist of revenue from each school district, based on its ability, with the balance funded from state sources.
2. The state should provide the major portion of the total operating costs for education in Kansas.
3. A major portion of the increased monies for the state's share of educational support should be derived from the state income tax.
4. Statewide equalization of the assessment of property is a necessary condition for fair use of the property tax.
5. Equalized expenditures per pupil should incorporate a weighting system which takes into account the educational level of the pupil, the enrollment of the school system, and adjustments for special, compensatory and vocational education.
6. Special provision should be made for the rapid correction of deficiencies of those school districts whose per pupil expenditures do not provide an adequate basic education.
7. Each school district could be allowed a minimum discretionary amount of local tax money above the equalized expenditure per pupil.
8. The following factors should be regulated by state guidelines. They should not be used as determinants in school funding.
 - a. Incentives for school district consolidation,
 - b. Pupil teacher ratios (maximum and minimum),
 - c. Teacher training and experience.

EMPORIA

U S

D 253

EMPORIA UNIFIED SCHOOL DISTRICT NO. 253 . PH. 316-342-4455
501 MERCHANT STREET . BOX 1008 . EMPORIA, KANSAS . 66801

TRANSPORTATION of STUDENTS

RECOMMENDATION

KSA 72-8302 should be changed to allow the board of education of any school district to provide or furnish transportation to and from any school of the school district for students that reside more than one and one-half (1 1/2) miles by the usually traveled road from the residence of the student.

The cost of furnishing or providing such transportation shall be considered on the formula of one-half (1/2) or fifty (50) percent of the computation of the district's transportation allowance under article 70 of Chapter 72 of the Kansas Statutes Annotated.

RATIONALE

The change would be made on a "permissive basis" and would not require a school district to change their present rules and regulations adopted by the board of education or the present authorization to furnish transportation of students (KSA 72-8302).

The proposed change would provide for much greater efficiency in the transportation of students. (As pointed out in the Emporia USD 253 report.)

Atch. 6

The proposed change would address itself to the national energy crisis. This change would reduce the use of private vehicles, thus decrease the consumption of gasoline in the state of Kansas.

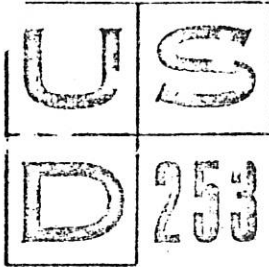
The proposed change would also enhance the safety for transportation of students. With fewer vehicles on the roads and streets, it would also improve pedestrian safety for students walking to and from school.

The proposed change would not drastically increase the local school district's cost for transporting students. Most local school districts have a fleet of buses or contract with private firms on a lease arrangement. Qualified bus drivers are also available.

The proposed change could be adequately funded under the state formula listed above.

The proposed change would cost the state of Kansas approximately 2.8 million dollars according to reliable sources.

The proposed change would provide a more reasonable distance for elementary and secondary students to travel to and from any school of the school district.



EMPORIA UNIFIED SCHOOL DISTRICT NO. 253 . PH. 316-342-4455
501 MERCHANT STREET . BOX 1008 . EMPORIA, KANSAS . 66801

TO: Board of Education
FROM: Harold R. Hosey, Superintendent of Schools *A*
RE: Shuttle Bus Service to Lowther Middle School (Grades 6-7-8)

On Tuesday, May 11, 1976, the Board of Education tabled the shuttle bus service to Lowther Middle School item. The program will be placed on the agenda for Tuesday, June 8, 1976 for consideration.

Two proposals were drafted for earlier consideration. Briefly, they were as follows:

PLAN "A": Eight (8) pick up areas or points would be established.

<u>LOCATION</u>	<u>NUMBER OF STUDENTS SERVED</u>
Village Elementary School	130
Mary Herbert Elementary School	64
Lincoln Village and I-35	52
Walnut Elementary School	29
William Allen White Elementary School	37
U.S. Army Reserve Center on East Sixth	39
Riverside Garden Area	24
Logan Avenue Elementary School	<u>45</u>
TOTAL	420

The projected cost was estimated at \$15,000 per year.

• Loss of state revenue	\$ 9,000
• Fuel costs	1,500
• Replacement of buses	2,200
• Salaries (65 hours)	<u>2,300</u>
TOTAL	\$15,000

PLAN "B": Mr. Ted Fowler, Director of Transportation, developed a plan which requires twelve (12) pick up points throughout our community including the five (5) elementary attendance centers. (See map on memorandum dated 5-6-76.)

This plan would also serve 450 students at a cost of \$25,190.

• Fuel costs	\$ 1,990
• Replacement of buses	2,200
• Additional drivers	12,000
• Loss of state revenue	<u>9,000</u>
TOTAL	\$25,190

PLAN "C": It was suggested that we estimate the cost for transporting all Lowther Middle School students next fall.

It is difficult to determine how many youngsters would ride if service were provided. There are approximately 450 students not included in the Plan "A" or Plan "B".

These students would walk back to the pick up points which would be Walnut, Mary Herbert, William Allen White, Logan Avenue, and Riverside Garden Area in Plan "A" and in Plan "B" all the pick up points plus points number 5, 7 and 21 shown on map "B".

Using the same cost factor as established in the earlier analysis, the cost would be \$16,079 (450 students x \$35.72 = \$16,079)

The total cost for transporting all students would be:

Plan "A"	\$31,079
Plan "B"	\$41,269

RATIONALE FOR SHUTTLE BUS SERVICE:

- a. Few elementary youngsters now travel more than one (1) mile to their elementary attendance center.
- b. Many parents and students have difficulty providing transportation.
- c. This transportation program would improve the traffic problem around the Lowther Middle School area and lessen a hazard problem.
- d. This transportation program will be in the interest of the national energy crisis.
- e. Our present transportation system can adequately handle the additional students without additional buses and would make our program more efficient.

RECOMMENDATION

It is recommended that we provide a limited shuttle bus program for Lowther Middle School students. Students living twelve (12) blocks or more from their attendance center would be entitled to transportation. This recommendation would also include that the district not spend more than or have loss of revenue more than \$15,000 for 1976-77.

HRH:ft

6-4-76

7-7-77 (Rev.)

400 added to funds posed.

02-07-16.

ESTIMATED COMPUTATION OF THE TRANSPORTATION ALLOWANCE

- 1. Total cost of all pupils transported 1976-77 (do not include activity trips) . . . \$ 176,000.00 191,000.00
(This amount corresponds to amount shown on Annual Report, Form 16-18E, 1976-77)
- 2. All Public Pupils Transported September 15, 1976 1564 1964
- 3. Per Pupil $\frac{\$176,000}{(\text{Line 1})} \div \frac{1564}{(\text{Line 2})} =$ \$ 112.53 97.25
- 4. Area of District, September 15, 1977 135.0
- 5. All Public Pupils Transported who reside in the district or for whom transportation is being made available September 15, 1977 (Estimated) 1587 1987
- 6. INDEX OF DENSITY = $\frac{1587}{(\text{Line 5})} \div \frac{135.0}{(\text{Line 4})} =$ 11.76

TRANSPORTATION ALLOWANCE:

- 7. Using Index of Density (Line 6), determine approximate amount from table below . \$ 103.00 (Amount Per Pupil) 97.00
- 8. Per Pupil Cost (Line 3). \$ 112.53 (Amount Per Pupil) 97.25
- 9. District's Transportation Allowance Per Pupil. \$ 103.00 97.00
(Total in Line 7 or Line 8 - whichever is lower)
- 10. Resident School Pupils Transported September 15, 1977 (Estimated). 1268
(Residing 2 1/2 miles or more from the school house attended or for who transportation is being made available at district expense)
- 11. ESTIMATED TRANSPORTATION ALLOWANCE Line 9 times Line 10 (7/1/77 to 6/30/78). . . \$ 130,604 \$122,996
- 12. Fifty Percent of Line 11 for Payment Estimated 9/25/77 (7/1/73 to 12/31/78). . . \$ -

DENSITY (Pupils Per Square Mile)*

Less Than .15 = 350	.35 to .37 = 264	.57 to .59 = 232	1.03 to 1.13 = 196	3.73 to 4.23 = 138	14.23 to 15.23 = 97
.15 to .17 = 336	.37 to .39 = 259	.59 to .61 = 230	1.13 to 1.23 = 193	4.23 to 5.23 = 133	15.23 to 16.23 = 95
.17 to .19 = 320	.39 to .41 = 256	.61 to .63 = 228	1.23 to 1.33 = 187	5.23 to 6.23 = 126	16.23 to 17.23 = 93
.19 to .21 = 307	.41 to .43 = 253	.63 to .65 = 227	1.33 to 1.43 = 184	6.23 to 7.23 = 122	17.23 to 18.23 = 92
.21 to .23 = 299	.43 to .45 = 250	.65 to .67 = 226	1.43 to 1.53 = 181	7.23 to 8.23 = 118	18.23 to 19.23 = 90
.23 to .25 = 293	.45 to .47 = 248	.67 to .69 = 223	1.53 to 1.63 = 177	8.23 to 9.23 = 113	19.23 to 20.23 = 89
.25 to .27 = 287	.47 to .49 = 246	.69 to .71 = 221	1.63 to 1.73 = 174	9.23 to 10.23 = 109	20.23 to 21.23 = 88
.27 to .29 = 281	.49 to .51 = 242	.71 to .73 = 218	1.73 to 2.23 = 168	10.23 to 11.23 = 108	21.23 to 23.23 = 87
.29 to .31 = 276	.51 to .53 = 238	.73 to .83 = 214	2.23 to 2.73 = 158	11.23 to 12.23 = 103	23.23 to 25.23 = 84
.31 to .33 = 271	.53 to .55 = 236	.83 to .93 = 208	2.73 to 3.23 = 150	12.23 to 13.23 = 101	25.23 & over = 79
.33 to .35 = 268	.55 to .57 = 235	.93 to 1.03 = 203	3.23 to 3.73 = 144	13.23 to 14.23 = 99	

UNIFIED SCHOOL DISTRICT NO. 448

119 S. Main

McPherson County

Box 98

Jack D. Parker
Superintendent

Inman, Kansas 67546

Telephone
316-585-6424

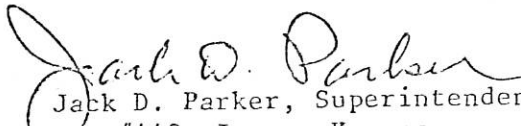
September 28, 1977

Exhibits Attached:

- A. Comparison of 1975-76, 1976-77, 1977-78 budget factors.
- B. Total expenditures, budget and tax levy summary for 1975, 1976, *1977.
- C. 1977-78 budget - notice of hearing.
- D. State form 02-07-148 computed estimated state aid.

*Proposed.

Sincerely,


Jack D. Parker, Superintendent
USD #448, Inman, Kansas

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	<u>1975-76</u>	<u>1976-77</u>	<u>Estimated</u>	
			1977-78	
1. LEGAL MAXIMUM BUDGET GENERAL FUND	\$586,694	631,720	663,308	
2. Enrollment 9/15 each year	488.5	457.0	425.0	
3. Average taxable income	4,094,467	4,304,325	4,859,735	
Average Adjusted Valuation	14,003,010	16,667,011	21,293,124	
District Wealth	18,097,477	20,971,336	26,152,859	
4. BUDGET PER PUPIL	1,201	1,382	1,560	
5. BUDGET PER PUPIL(NORM FOR STATE)	1,186	1,299	1,421	
6. LOCAL EFFORT RATE(4 divided by 5)	.0172210	.0188385	.0192654	
7. LOCAL EFFORT (District Wealth X effort rate)	311,657	395,069	503,845	
REVENUE:				
County Foundation	21,604	21,300	19,662	
Income Tax	25,382	39,873	33,037	
State Aid	253,433	215,351	139,799	
OTHER FACTORS:				
Reduction in cash carry-over		93,033	61,670	-31,363
Budget Increase 5%		631,720	663,308	+31,588

TOTAL EXPENDITURES, BUDGET AND TAX LEVY SUMMARY

FUNDS		Preceding Year (Actual)		Current Year (Actual)		Budget Year (Proposed)	
		(1)	(2)	(3)	(4)	(5)	(6)
		1975 Levy, Mills	1975-1976 Expenditures	1976 Levy, Mills	1976-1977 Expenditures	1977 Levy, Mills	1977-1978 Expenditures
1. General	10	28.77	591,603	29.08	641,225	45.68	663,308
2. Social Security	11	3.44	32,908	3.27	35,801	3.01	38,000
3. Capital Outlay	12	.38	25,290	1.02	53,973	4.00	76,000
4. Vocational Education	13	2.00	25,444	1.97	31,026	2.00	31,713
5. Transportation	14		55,001		63,906		86,250
6. Special Education	15	1.50	24,260	1.48	32,733	1.50	36,847
7. Workmen's Compensation	16	.08	1,866	.19	2,025	.20	2,500
8. Adult Education	17						
9. Co-op Special Education	18	XXXXXX		XXXXXX		XXXXXX	
10. Driver Training	19	XXXXXX	3,690	XXXXXX	4,572	XXXXXX	4,760
11. Food Service	20	XXXXXX	66,057	XXXXXX	68,638	XXXXXX	72,930
12. Special Assessment	21						
13. Recreation	22						
14. Bond and Interest No. 1	23	3.55	33,627	2.91	37,248	0	36,560
15. Bond and Interest No. 2	24						
16. Temporary Notes	25						
17. No-Fund Warrants	26						
18. Unemployment Insurance	27					.42	3,333
19. Total all Funds	30	39.72	859,746	39.92	971,147	56.81	1,052,201
20. Taxes Per \$100.00		\$ 3,972	XXXXXXXXXXXX	\$ 3,992	XXXXXXXXXXXX	\$ 5,681	XXXXXXXXXXXX

TEMPORARY NOTES AND NO-FUND WARRANTS INDEBTEDNESS

Nature of Indebtedness	Date of Issue	Rate of Interest	Original Amount of Indebtedness	Amount Unpaid 7-1-77	To be Paid 7-1-77 to 6-30-78		To be Paid 7-1-78 to 12-31-78	
					Interest	Principal	Interest	Principal
21.								
22.								
23.								
24.								
25.								
26.								
27.								
28.								
29.								
30. TOTAL	XXXXXX	XXXXXX						

(To be used by Unified Districts)

1977-1978 BUDGET—NOTICE OF HEARING

PUBLIC NOTICE is hereby given, in compliance with the provisions of K. S. A. 1976 Supp. 79-2929, that the governing body of Inman school district, 448 McPherson County, Kansas, will meet on the 11th day of August 1977, at 8:00 o'clock, P. M., at LA High School Band Room for the purpose of hearing objections and answering questions of taxpayers relating to the following budget and the proposed tax levy, and considering amendments relating thereto. Detailed budget information on State Budget Form 4 will be available at District Central Office and will also be available at the hearing.

Edna M. Evans Clerk.

Chris W. Ridge President.

PROPOSED TAX LEVIES BY FUNDS

Tangible Valuation	1975, \$ 11,004,956		1976, \$ 11,337,844		1977, \$ 12,250,000	
FUNDS	Year 1975-1976		Year 1976-1977		Year 1977-1978	
	Tax Rates	Expenditures	Tax Rates	Expenditures	Tax Rates	Expenditures
General	28.77	\$ 591,603	29.08	\$ 641,225	45.68	\$ 663,308
Social Security	3.44	32,908	3.27	35,801	3.01	38,000
Capital Outlay	.38	25,290	1.02	53,973	4.00	76,000
Vocational Education	2.00	25,444	1.97	31,026	2.00	31,713
Transportation		55,001		63,906		86,250
Special Education	1.50	24,260	1.48	32,733	1.50	36,847
Workmen's Compensation	.08	1,866	.19	2,025	.20	2,500
Adult Education						
Co-op Special Education	XXX		XXX		XXX	
Driver Training	XXX	3,690	XXX	4,572	XXX	4,760
Food Service	XXX	66,057	XXX	68,638	XXX	72,930
Unemployment Insurance						3,333
Bond and Interest	3.55	33,627	2.91	37,248		36,560
Total	39.72	\$ 859,746	39.92	\$ 971,147	56.81	\$ 1,052,201
Taxes Per \$100.00	\$ 3.972		\$ 3.992		\$ 5.681	
Indebtedness	July 1, 1975		July 1, 1976		July 1, 1977	
Bonds Outstanding	\$ 100,000		\$ 70,000		\$ 35,000	
Temporary Notes						
No-Fund Warrants						
Total	\$ 100,000		\$ 70,000		\$ 35,000	

This form is to be used by school district officials and county clerks to compute the estimated state aid. It is not to be filed with the Kansas State Department of Education. Attach one copy of this completed form to Budget Form No. 4 to be filed with the County Clerk on or before August 25, 1977.

ESTIMATED STATE AID COMPUTATION - 1977-78 Budget

1. *Estimated Legally Adopted Budget Per Pupil (Legally Adopted Budget) 663,308.00 ÷ 9/15/77, Enrollment 425.0 = \$ 1,560.72
2. Local Effort Rate = Dist. Budget Per Pupil (Line 1) 1,560.72 ÷ Norm Budget Per Pupil 1,420.94 * 1.098371 * 1.754% = 1.926542 %
3. *Legally Adopted Budget (See Line 1 above) = \$ 663,308.00
4. Local Effort Rate (Line 2) .01926542 x District Wealth (See Pages 2 & 3) 26,152,859 = \$ 503,845.81
5. District Computed County Foundation (See Page 5 - Line 3) = \$ 19,662.20
6. Actual Receipts for P.L. 874, 7/1/76 to 6/30/77 (or receipts district was entitled to receive if no application was made) = \$ none
7. Total Deductions (Line 4 + 5 + 6) = \$ 523,508.01
8. PROPOSED STATE AID FOR DISTRICT (Line 3 - Line 7) = \$ 139,799.99
9. Computed State Aid under Grandfather Clause (Gen. State Aid per pupil 1972-73 (see pages 4 & 5) x 9/15/77 Enrollment) = \$
10. Proposed State Aid under Grandfather Clause (Multiply Line 9 by % (listed below based on your 1976 General Fund Mill Rate). = \$ -0-
11. Estimated General State Aid (See Line 8 above). = \$ 139,799.99
12. Estimated Income Tax Receipts (Line 2 + 3 + 5 - Form 152) x 75% . . 33,037.28 = \$ 24,777.96
13. Sub-Total (Line 11 + 12). = \$ 164,577.95
14. Estimated State Aid under Grandfather Clause (Line 10 - Line 13). = \$ -0-
15. Estimated State Aid 7/1/77 to 6/30/78 (Line 8 + Line 14). = \$ 139,799.99
16. Estimated State Aid for 7/1/78 to 12/31/78 (40% of Line 15) = \$ 55,919.99

Enrollment of the District	**Norm Budget Per Pupil	Adjustment
Under 400	\$1429	None
400 - 1199	\$1429 Minus	\$.32250 (11-400)
1200 and over	\$1171	None

1976 Gen. Fund Mill Rate	% of Entitlement
25.78 & Above	100%
20.78 - 29.77	90%
27.78 - 28.77	80%
26.78 - 27.77	70%
25.78 - 26.77	60%
24.78 - 25.77	50%
23.78 - 24.77	40%
22.78 - 23.77	30%
21.78 - 22.77	20%
20.78 - 21.77	10%
Below 20.77	0%

*Legally Adopted Budget Cannot Exceed Line 1 - Form 02-07-150