

M I N U T E S

SPECIAL COMMITTEE ON SCHOOL FINANCE

October 27 and 28, 1977

October 27
Morning Session

The Chairman, Senator Harder, presided. Members present were Senators Angell, Meyers, Parrish and Warren and Representatives Duncan, Henry, Lowther and Reardon.

Staff present were Richard Ryan and Ben Barrett, Kansas Legislative Research Department; Avis Badke, Revisor of Statutes' Office; and Dale Dennis, State Department of Education.

Litigation

Mr. Ryan reported that the Knowles case presently is in the Shawnee County District Court, assigned to Judge Barbara's division. Pretrial preparation is now underway, and it is expected that the trial may begin in December. The case will be constructed based upon the School District Equalization Act in its present form; it will not be based upon Judge Benson's orders. There has been no action on the two other cases filed in the Shawnee County District Court affecting the School District Equalization Act.

Proposal No. 2 - School Finance - Policy Options

Staff reviewed the policy options memorandum which was sent to the Committee prior to the meeting. Following is a summary of actions taken by the Committee, including instructions to the staff:

1. A motion failed proposing that school district budget controls be modified to allow any school district to exceed its budget ceiling, without limitation, subject to voter approval. The motion was offered by Representative Duncan and seconded by Senator Parrish.

2. There was discussion about changing the lowest enrollment category from under 400 pupils to some other category and also, changing the applicable norm budget per pupil. The Committee took no action on this issue but directed the staff to prepare an analysis of the effects of changing the lowest enrollment category to "under 300" or "under 200."

To make this analysis, the actual regression line used in 1976-77 would apply to districts having enrollments of between 400 and 1,100. A new regression line would be constructed for districts in (a) the 300-400 enrollment category and (b) the 200-400 enrollment category. The results of this analysis will be presented to the Committee at its November meeting. (Under (a), the budget per pupil norm would be the median budget per pupil in the 300-399 enrollment interval; in (b) it would be the median for the 200-399 enrollment interval.)

Afternoon Session

In addition to those present during the morning session, Representatives Crumbaker and Holt were in attendance.

Proposal No. 2 - School Finance - Policy Options (cont'd.)

1. After extensive discussion of the transportation aid formula, the staff was directed to test the results of modifying the transportation aid formula by assuming that pupils who are transported less than 2.5 miles cost one-half as much to transport as those transported 2.5 miles or more. In computing transportation aid, total costs would be reduced by the amount attributable to pupils who are transported less than 2.5 miles. Then, in applying the formula, only those pupils who are transported 2.5 miles or more would be considered in computing costs, density and transportation aid. The results of this application will be provided to the Committee at the next meeting.

2. A motion was adopted stating that the Committee favors the concept of power-equalization of the various (five) school district special levies for operations. The motion was offered by Representative Duncan and seconded by Representative Reardon.

3. A motion was adopted recommending legislation to accomplish power-equalization of the levies for social security, special education, vocational education, workmen's compensation, and unemployment insurance. Levies for these special funds would be abolished. A recommendation concerning the appropriate local effort rate and the proposed level of state funding of the School District Equalization Act will be considered later. The motion was offered by Senator Angell and seconded by Representative Crumbaker.

4. A motion failed proposing that the grandfather clause be eliminated, that the income tax rebate be increased from 20 percent to 50 percent, and that such rebate be considered a deduction in computing the state aid entitlement of a district. The motion was offered by Senator Angell and seconded by Representative Crumbaker.

5. A motion was adopted recommending legislation to eliminate the tax levy for the county school foundation fund. Later, the Committee will determine the local effort rate and state aid level to be recommended to the 1978 Legislature. The motion was offered by Senator Angell.

Minutes

A motion by Senator Warren was adopted approving the minutes of the September 27 and 28 meeting.

October 28
Morning Session

The Chairman, Senator Harder, presided. All members were present.

Proposal No. 2 - School Finance - Policy Options (cont'd.)

1. The staff was directed to prepare computer applications based upon the following assumptions.

- A. - Power-equalize the funds for social security, vocational education, special education, and workmen's compensation.
- Eliminate the grandfather clause.
- Eliminate the county foundation fund levy.
- Increase the income tax rebate from 20 percent of the tax liability of resident individuals after credits to 40 percent of such liability before credits and treat such rebate as a deduction in computing general state aid entitlements.
- Adjust local effort rate so that the resultant general state aid and rebate ratio is approximately 46 percent.

B. Same as A (above) except:

- Remove taxable income from district wealth.

These applications will be based upon actual data for 1976-77.

2. The instructions of the previous day concerning the transportation aid formula were reviewed. The principle involved in this computer analysis was confirmed. In addition, the staff was instructed to prepare an application based upon the assumption that pupils who are transported less than 2.5 miles cost only one-fourth of the amount of a student transported more than 2.5 miles.

3. A motion was adopted that the Committee recommend legislation which would allow any school board to close attendance centers in the interest of improving the school system. The motion, offered by Senator Parrish, was seconded by Representative Duncan. Senators Angell and Warren and Representative Crumbaker requested to be recorded as voting against this motion.

4. A motion was adopted that legislation be recommended to amend the budget controls, and other applicable provisions, to insure that whenever the budget control "floor" is modified that the "ceiling" also is modified so that the spread between such floor and ceiling is always 10 percentage points, based upon the district's budget per pupil in the preceeding year. The motion was offered by Representative Duncan and seconded by Senator Parrish.

5. A motion was adopted that legislation be recommended to delete the budget appeal provisions pertaining to (a) vocational education and (b) state or federal agency mandated programs. The motion was offered by Representative Duncan and seconded by Senator Warren.

6. A motion was adopted that legislation be recommended to expressly require that any amount granted on appeal for a special fund must be transferred from the general fund to such special fund. The motion, offered by Representative Holt, was seconded by Representative Crumbaker.

7. A motion failed which proposed that school districts be allowed budget authority, in addition to that set by the basic budget controls, to enlarge their budgets by the actual amount of increase in the prior year of the costs of providing water, heat, or electricity. The motion, offered by Senator Angell, was seconded by Representative Holt.

Other Matters

The next meeting of the Committee is scheduled for November 21 and 22. On both days, the meetings will begin at 9:00 a.m.

Computer applications requested by the Committee will be presented at the November meeting. Also, the Committee will receive information relevant to monitoring the school finance law and a report of the work of the Special Committee on Use Value Appraisal.

The meeting was adjourned.

. Prepared by Ben F. Barrett

Approved by Committee on:

Date