

Approved 2-2-87
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

1:30 ~~am~~/p.m. on Thursday, January 29, 1987 in room 514-S of the Capitol.

All members were present except: Representatives Wisdom, Duncan, Fuller and Solbach
(all excused)

Committee staff present: Gloria Timmer, Legislative Research
Diane Duffy, Legislative Research
Jim Wilson, Revisors Office
Sharon Schwartz, Administrative Aide
Nadine Young, Committee Secretary

Conferees appearing before the committee:

Chair recognized Ben Barrett with Legislative Research, who presented an overview of the method that is used in granting state aid to school districts. (Attachment 1) The formula used, simply stated, is the Budget of the District minus a series of deductions equals state aid. There are a total of six different deductions used in the formula, however, the most significant is the District Wealth times the Local Effort rate. Other deductions used in the formula are Income Tax Rebate, Public Law 874 funds, Motor Vehicle Tax, Motor Vehicle Dealer Stamp Tax and Revenue Bonds. Each of the deductions was explained at length.

Another handout was provided (Attachment 2) which contains historical information on the school district general fund budget for the years 1977 through the present. This chart was compiled primarily to show the property tax increase from year to year.

Chairman turned the committee's attention to HB 2020, which was heard on 1-27-87. HB 2020 was amended to define full time employment as 1500 hours per year. A balloon amendment (Attachment 3) was presented for consideration at the request of Representative Solbach. This proposed amendment relates to students who lose their residence status because their parents move out of state. On a motion by Representative Lowther and a second by Representative Chronister, the amendment was adopted.

Another proposed amendment (Attachment 4) was presented at the request of Representative Heinemann. This amendment would bring the community colleges into the bill, granting them the same benefits as the regents institutions. Representative Heinemann moved that the amendment be adopted. It was seconded by Representative Turnquist. Discussion followed - Representative Vancrum expressed concern that we were getting too far removed from the original bill. A vote was taken and the amendment was adopted. ★

Further discussion revealed that several committee members still had reservations about passing the bill out of committee. Chairman Bunten appointed a subcommittee of Representatives Heinemann, Vancrum and Teagarden to further study the bill, after consulting with the sponsor, Representative Williams. The bill will be taken up again on Monday, February 2, 1987.

Meeting adjourned at 3:30 p.m.

★ See 2-11-87 minutes for correction.

BASIC GENERAL STATE AID FORMULA 1986-87

(Ignoring the "Grandfather" Clause)

$$\begin{array}{r}
 \text{USD} \\
 \text{General} \\
 \text{Fund} \\
 \text{Budget}
 \end{array}
 \begin{array}{c}
 \text{Minus} \\
 \left(\begin{array}{c} \text{District} \\ \text{Wealth}^a \end{array} \right)
 \end{array}
 \begin{array}{c}
 \times \\
 \left[\begin{array}{c} \text{Local}^b \\ \text{Effort} \\ \text{Rate} \end{array} \right]
 \end{array}
 \begin{array}{c}
 + \\
 \begin{array}{c} \text{85\% of} \\ \text{Income} \\ \text{Tax} \\ \text{Rebate}^c \end{array}
 \end{array}
 \begin{array}{c}
 + \\
 \begin{array}{c} \text{P.L.} \\ \text{874}^d \\ \text{Receipts} \end{array}
 \end{array}
 \begin{array}{c}
 + \\
 \begin{array}{c} \text{Motor} \\ \text{Vehicle} \\ \text{Tax}^e \end{array}
 \end{array}
 \begin{array}{c}
 + \\
 \begin{array}{c} \text{Motor} \\ \text{Vehicle} \\ \text{Dealer} \\ \text{Stamp} \\ \text{Tax}^e \end{array}
 \end{array}
 \begin{array}{c}
 + \\
 \begin{array}{c} \text{Revenue} \\ \text{Bond} \\ \text{In-Lieu} \\ \text{Payments}^e \end{array}
 \end{array}
 \left. \vphantom{\begin{array}{c} \text{USD} \\ \text{General} \\ \text{Fund} \\ \text{Budget} \end{array}} \right)
 \begin{array}{c}
 \text{Equals} \\
 \text{General} \\
 \text{State} \\
 \text{Aid}
 \end{array}$$

a) Sum of adjusted property valuation and resident taxable income in the USD for the most recent year both such figures are available.

b)
$$\frac{\text{DISTRICT'S BUDGET PER PUPIL (BPP)}}{\text{BPP "NORM" FOR THE DISTRICT'S ENROLLMENT CATEGORY}} \times 1.755\% \text{ (EST.)}^* = \text{LOCAL EFFORT RATE}$$

		ESTIMATED 1986-87 BPP "NORMS"	
		"NORM"	
		BPP	ADJUSTMENTS
ENROLLMENT (E)			
Under	200	\$ 4,427	NONE
	200 - 399	4,427	\$1,920 (E-200)
	400 - 1,999	4,043	.838 (E-400)
	2,000 - 9,999	2,702	NONE
	10,000 and Over	3,068	NONE

* Set by State Board of Education within the limits of appropriations for state school equalization act.

c) Twenty percent of resident individual income tax liability after credits, except credits for income taxes paid to another state, withholding, and estimates.

d) Applicable amount determined under federal rules and regulations based upon a ratio of USD operating revenues that are "equalized."

e) Amount of prior year's receipts from these sources credited to the USD general fund.

**SUMMARY OF SCHOOL DISTRICT GENERAL FUND BUDGET, GENERAL STATE AID AND
INCOME TAX REBATE (COMBINED), AND GENERAL FUND PROPERTY TAX
INCREASES (ESTIMATED AND ACTUAL) FOR SELECTED YEARS**

(Amounts in Millions)

School Year	General Fund Budget Control Range	General Fund Budget Increase Over Prior Year ¹		General State Aid and Income Tax Rebate Increase Over Prior Year		General Fund Property Tax Increase Over Prior Year ²		
		Amount	Percent	Amount	Percent	Estimated ³	Actual	Estimate Exceeds Actual: Difference
1976-77	7%-15%	\$50.3	9.6%	\$26.3	11.8%	\$21.0	\$23.9	(2.9)
1977-78	5%-15%	41.7	7.3	3.3	1.3	42.0	45.8	(3.7)
1978-79	6%-15%	56.0	9.1	31.2	12.4	24.0	11.7	12.3
1979-80	6%-16%	54.1	8.1	54.4	19.1	11.0	(6.0)	17.0
1980-81	9%-19%	84.1	11.6	36.8	10.9	73.0	27.6 ^a	45.4
1981-82	5%-15%	64.3	7.9	28.9	7.7	41.7	81.0 ^a	(39.3)
1982-83	6.25%-12.5%	82.0	9.4	21.8	5.4	36.5 ^b	20.7	15.8
1983-84	5%-15%	76.4	8.0	38.9	9.1	58.0	48.4	9.6
1984-85	6%-10%	97.4	9.4	48.0	10.3	49.8	34.5	15.3
1985-86	5%-15%	102.2	9.0	37.4	7.3	82.3	60.4	22.0
1986-87 (Est.)	2%-3.5%	57.2	4.6	(5.6)	(1.0)	29.3 ^c	19.0	10.3

1. For the years 1976-77 and 1977-78, includes special fund tax levies eliminated in 1978 in order to make the budget data comparable to that for years after 1977-78.
2. In 1978, six special tax levies were eliminated and, in effect, were made part of the general fund levy.
3. The estimates assume that school districts will use the full amount of the budget authority that is authorized. In fact, this does not always occur. Also, school districts sometimes underspend the budget which results in an increased cash balance that can offset somewhat the property tax requirement for the next year. Sometimes a school district will reduce its revolving fund, which has the effect of utilizing the cash balance to fund a portion of the current year's budget. This results in less of a property tax requirement than otherwise would be necessary for the year such an action is taken, but, in subsequent years, tax levies may be increased above amounts that otherwise would have been required in order to replenish the revolving fund. These are the main reasons for differences between estimated and actual general fund property taxes under a proposed school finance plan. Other factors affecting the estimates are relatively minor in nature. For 1985-86, the computed amount was \$82.3 million, but a more practical view, expressed at the time, was that the actual increase probably would be in the range of \$50 million.
 - a. Legislation was enacted in 1979 changing the method of taxing motor vehicles from treatment as personal property subject to the local ad valorem property tax to a special tax based on value and subject to the countywide average mill levy for the preceding year. School districts receive a proportionate share of this tax. The first distributions of the tax were made in calendar year 1981. Due to difficulties associated with implementation of this program, receipts in that year were smaller than anticipated. As a consequence, distributions of this tax were greater in 1982 than would otherwise have occurred.
 - b. Estimated prior to the lapse in 1983 of \$16.1 million in general state aid. At that time, the property taxes for 1982-83 already had been levied.
 - c. Estimated prior to the lapse in 1987 of \$17.3 million in general state aid. At that time, the property taxes for 1986-87 already had been levied.

Kansas Legislative Research Department and
Division of Services, State Department of Education

January 16, 1987

B87-17/BFB

HOUSE BILL No. 2020

HB 2020

By Special Committee on Financing of Regents' Institutions

Re Proposal No. 28

12-15

0017 AN ACT concerning state educational institutions under the
0018 control and supervision of the state board of regents; relating
0019 to residence requirements for fee purposes; amending K.S.A.
0020 76-729 and 76-730 and repealing the existing sections.

0021 Be it enacted by the Legislature of the State of Kansas:

0022 Section 1. K.S.A. 76-729 is hereby amended to read as fol-
0023 lows: 76-729. (a) Persons enrolling in at the state educational
0024 institutions under the control and supervision of the state board
0025 of regents who, if such persons are adults, have not been, or, if
0026 such persons are minors, whose parents have not been residents
0027 of the state of Kansas for twelve (12) at least 12 months prior to
0028 enrollment for any term or session in a state educational institu-
0029 tion are nonresidents for fee purposes.

0030 Notwithstanding the foregoing provision of this section, (b)
0031 The state board of regents may adopt rules and regulations
0032 authorizing authorize the following persons, or any class or
0033 classes thereof, and their spouses and dependents to pay an
0034 amount equal to resident fees: (1) Persons who are employees of
0035 the a state educational institution and their dependents; (2)
0036 persons who are in the military and their dependents, service; (3)
0037 other classes of persons having special domestic relation cir-
0038 cumstances, and; (4) persons who have lost their resident status
0039 within six months of their enrollment, [and] (5) persons who are
0040 domiciliary residents of the state, whose domiciliary residence
0041 was established in the state for the purpose of accepting, upon
0042 recruitment by an employer, or retaining, upon transfer re-
0043 quired by an employer, a position of employment, but the domi-
0044 ciliary residence of whom was not timely enough established to

persons who have graduated from a high school accredited by the state board of education within 12 months of enrollment and who are entitled to admission pursuant to K.S.A. 72-116 and amendments thereto; and (6)

full-time employment at a place of [in Kansas]

Attachment 3
House Appropriations 1/29/87

3

0045 meet the residence duration requirements of subsection (a), and
 0046 who are not otherwise eligible for authorization to pay an
 0047 amount equal to resident fees under this subsection.

0048 (c) As used in this section:

0049 (1) "Parents" means and includes natural parents, adoptive
 0050 parents, stepparents, guardians and custodians.

0051 (2) "Guardian" has the meaning ascribed thereto by K.S.A.
 0052 59-3002 and amendments thereto.

0053 (3) "Custodian" means a person, agency or association
 0054 granted legal custody of a minor under the Kansas code for care
 0055 of children.

0056 (4) "Domiciliary resident" means a person who has present
 0057 and fixed residence in Kansas where the person intends to
 0058 remain for an indefinite period and to which the person intends
 0059 to return following absence.

0060 Sec. 2. K.S.A. 76-730 is hereby amended to read as follows:
 0061 76-730. (a) The state board of regents shall adopt rules and
 0062 regulations prescribing criteria or guidelines for determination
 0063 of residence of ~~students~~ persons enrolling at the state educa-
 0064 tional institutions, so long as such criteria or guidelines are not
 0065 in conflict with the provisions of this act.

0066 (b) If the state board of regents authorizes persons specified
 0067 in subsection (b) of K.S.A. 76-729 and amendments thereto to
 0068 pay an amount equal to resident fees when enrolling at the state
 0069 educational institutions, the state board shall adopt rules ~~and~~
 0070 regulations prescribing criteria or guidelines for determination
 0071 of eligibility of such persons therefor, and shall determine ~~the~~
 0072 evidence deemed necessary to be submitted as proof of eligibil-
 0073 ity. Evidence submitted by a person as proof of eligibility
 0074 claimed under subsection ~~(b)(5)~~ ^{(b)(6)} of K.S.A. 76-729 and amend-
 0075 ments thereto must include, but not by way of limitation,
 0076 certification of the claim by the employer of the person.

0077 (c) The state board of regents shall adopt rules and regula-
 0078 tions prescribing guidelines for the membership composition
 0079 and procedure of a residence committee for each state educa-
 0080 tional institution under its control and supervision.

0081 Sec. 3. K.S.A. 76-729 and 76-730 are hereby repealed.

(5) "Full-time employment" means employment requiring at least 1,000 hours of work per year.

(b) (6)

Proposed Amendment to House Bill No. 2020

On page 2, following line 80, by inserting a new section as follows:

"Sec. 3. K.S.A. 71-302 is hereby amended to read as follows: 71-302. (a) Tuition shall be charged to out-of-state and foreign students ~~shall--be--charged--tuition~~ at rates which shall be set by the state board of education. The Tuition charged hereunder shall at no time be set at a rate less than the lowest rate of tuition being charged in at the state universities. ~~Out-of-state-students-who-are~~

(b) The following persons, or any class or classes thereof, and their spouses and dependents, may be admitted at the same rate of tuition as in-state students: (1) Persons who are in any armed service of the United States,--and-dependents--thereof,--who do-not-reside-within-a-federal-military-reservation,; (2) persons who are employees of a community college and-dependents--thereof,; (3) other--classes--of persons having special domestic relation circumstances and; (4) persons who have lost their resident status within six months of enrollment,--may-be-admitted-at-the same-rate-of-student-tuition-as-in-state-students.---Out-of-state students--who--are-in-any-armed-service-of-the-United-States,--and dependents--thereof,--who--reside--within--a---federal---military reservation--may--be--admitted--at--the--rate--of-student-tuition established-under-subsection-(a){2}-of--K.S.A.--71-301; and (5) persons who are domiciliary residents of the state, whose domiciliary residence was established in the state for the purpose of accepting, upon recruitment by an employer, or retaining, upon transfer required by an employer, a position of full-time employment at a place of employment in Kansas but the domiciliary residence of whom was not timely enough established to meet the residence duration requirements of K.S.A. 71-406, and amendments thereto, and who are not otherwise eligible under this subsection for admission at in-state student tuition rates.

(c) As used in this section:

(1) "Domiciliary resident" means a person who has present and fixed residence in Kansas where the person intends to remain for an indefinite period and to which the person intends to return following absence.

(2) "Full-time employment" means employment requiring at least 1,000 hours of work per year.

(d) The state board of education shall adopt rules and regulations for the administration of the provisions of this section. Such rules and regulations shall prescribe criteria and guidelines for determination of eligibility of persons specified in subsection (b) for admission at in-state student tuition rates and shall specify the evidence necessary to be submitted by such persons as proof of eligibility. Evidence submitted by a person as proof of eligibility claimed under subsection (b)(5) must include, but not by way of limitation, certification of the claim by the employer of the person."

Also on page 2, in line 81, after "K.S.A.", by inserting "71-302,";

By renumbering sections 3 and 4 as sections 4 and 5, respectively;

In the title, in line 17, by striking all after "concerning"; in line 18, by striking all before the semicolon and inserting "public institutions of postsecondary education"; in line 20, before "76-729", by inserting "71-302,"