

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION

The meeting was called to order by Representative Denise Apt at
Chairperson

3:35 ~~am~~ p.m. on February 3, 1987 in room 519-S of the Capitol.

All members were present except:

Representative Bruce Larkin who was excused

Committee staff present:

Avis Swartzman, Revisor of Statutes' Office
Ben Barrett, Legislative Research
Thelma Canaday, Secretary to the Committee

Conferees appearing before the committee:

Chairman Apt called the meeting to order with a reminder that this is the day for the introduction of committee bills.

Representative Don Crumbaker requested a committee bill which would remove from the definition of special teacher for special education funding purposes some of the categorical areas for which special teachers are certified. Representative Vern Williams moved that this bill be introduced. Seconded by Representative Cindy Empson. Motion carried.

Representative Anthony Hensley moved that HB 2042 concerning the school district equalization act authorizing the deposit of miscellaneous revenues in the general fund of a school district be introduced as a committee bill with the provision that subsection 2 under (c) be deleted from the bill. Seconded by Representative Don Crumbaker. Motion carried.

The chairman requested that any members who have bills referred to Education Committee and desiring a hearing to get in touch with herself or Vice Chairman Don Crumbaker.

Chairman Apt directed attention to HB 2013, the work-study bill which was heard last week.

Representative David Miller offered a motion to amend the bill on line 85 by striking the comma and all the words following through line 89. Representative Kerry Patrick seconded the motion. Motion carried.

Representative Cindy Empson made a motion that HB 2013 be passed as amended. Seconded by Representative David Miller. Motion carried.

Ben Barrett of Legislative Research gave background information on the School District Equalization Act. (Attachment I)

The minutes of January 26, 27, and 28 were approved as written.

The chairman gave a preview of the agenda for next week and reminded the committee members of the joint meeting with Economic Development Committee on Thursday of this week in Room 313-S.

Meeting was adjourned by the chairman at 4:15.

MEMORANDUM

AMENDMENTS TO THE 1973 SCHOOL DISTRICT EQUALIZATION ACT

1974 Through 1986

The School District Equalization Act (SDEA) was enacted in 1973. This memorandum summarizes the major substantive amendments to the Act made each year from 1974 through 1986.

Pupil -- Defined

The 1973 law defined a "pupil" as any person regularly enrolled in any of grades kindergarten through 12 of a district. Enrollment was determined as of September 15 of the school year. A pupil who was not enrolled full time was counted proportionately to the nearest one-tenth of the pupil's enrollment in relation to full time regular enrollment. A pupil enrolled in kindergarten was counted as one-half pupil. A pupil enrolled in and attending an area vocational school was counted proportionately to the nearest one-tenth based upon the proportion of the pupil's nonvocational enrollment to full time enrollment. The term "pupil" did not include any pupil enrolled in a school district but taught at a state institution. The definition of the term "pupil" is important because a school district's budget authority and general state aid computations are based on enrollment.

Amendments adopted in 1975 provided (1) that if a pupil was enrolled in an area vocational school or approved vocational program for at least two hours per day and also was enrolled in any of grades nine through 12 at least one-half time, the pupil would be counted as a full-time pupil, and (2) a school district would include in its enrollment a pupil enrolled in and attending special education services provided by the district at a state institution under the Secretary of Social and Rehabilitation Services (SRS) but would not include a pupil enrolled in the district who was living in an SRS institution (in 1977, changed to "state institution") and receiving "specialized instruction" (in 1977, changed to "special education services"). A 1976 amendment authorized a school district to count a pupil as full time when the pupil was enrolled in and attending any of grades nine through 12 for at least two-thirds of the school day and a vocational program for at least one hour per day. In 1977, an amendment provided that a pupil in grades nine through 12 would be counted as a full-time pupil if the pupil's combined enrollment in the regular school program and in an approved vocational program equaled at least five-sixths of a school day. A 1981 amendment expanded the law to provide that a pupil whose combined vocational and nonvocational enrollment was less than five-sixths time would be counted as enrolled in the district to the nearest one-tenth of the pupil's combined enrollment in relation to full-time enrollment. A 1984 amendment provided that a pupil enrolled in a school district and in a postsecondary education institution authorized under Kansas laws to award academic degrees would be counted as one pupil if the pupil's postsecondary and

regular enrollment and attendance was at least five-sixths time; otherwise, the pupil would be counted to the nearest one-tenth of the pupil's combined enrollment in relation to full-time enrollment. Amendments adopted in 1986 expanded the definition of the term "pupil" to include in a district's enrollment four-year-old exceptional children (excluding gifted) who receive special education services provided by the school district. Each such pupil shall be counted as one-half. Also, the date for determining a district's enrollment was changed from September 15 to September 20.

Budget Controls

Basic Controls. Under the 1973 law, a school district could increase its general fund budget per pupil up to 115 percent of the amount it budgeted per pupil for the preceding school year or 105 percent of the median budget per pupil for the previous year of districts in its enrollment category, whichever was lower. Any district, however, could budget up to 105 percent of its budget per pupil in the preceding year. During the life of the SDEA, the budget control ranges have been:

<u>School Year</u>	<u>Authorized Percentage Increase in Budget Per Pupil</u>	
	<u>Floor</u>	<u>Ceiling</u>
1973-74	105	115
1974-75	107	115
1975-76	110	115
1976-77	107	115
1977-78	105	115
1978-79	106	115
1979-80	106	116
1980-81	109	119
1981-82*	105	115
1982-83	106.25	112.5
1983-84	105	115
1984-85	106	110
1985-86	105	115
1986-87	102	103.5

* In 1981, the Legislature included in the omnibus appropriations bill a section which contained a budget control range for 1981-82 of 105 percent to 108 percent (S.B. 470, Sec. 77). The Governor line item vetoed a portion of that section so that the budget control would revert to the 105 percent to 115 percent range in the basic law. On June 23, the Kansas Supreme Court, in State ex rel. Stephan v. Carlin, 229 K. 665, (1981), ruled that the Governor had no power to line item veto a portion of Sec. 77. The Court also held that Sec. 77 was not an appropriation matter; it was unrelated and not germane to an appropriation measure. Since the Legislature had no power to include an amendment to the SDEA in an appropriation measure, the section was determined to be of no force or effect. The budget control for 1981-82 thus reverted to the 105 percent to 115 percent range in the basic law.

During four of the years (1977-78, 1981-82, 1983-84, and 1985-86) the budget controls reverted to 105 to 115 percent. The "floor" reverts to 105 percent for succeeding years unless changed by the Legislature. No change was made in the 115 percent "ceiling" until 1979 when the law was amended to require a spread of 10 percentage points between the floor and ceiling. However, for the 1982-83, 1984-85, and 1986-87 school years, the spread was set at 6.25, 4.0, and 1.5 percentage points, respectively.

The obsolete requirement that no district could budget less than \$600 per pupil was eliminated in 1978.

Social Security, Utility, and Insurance Expenditure Increases. The 1978 Legislature allowed a school district to increase its general fund budget by the amount of the social security expenditure in the preceding year less an amount equal to the budget per pupil percentage increase that year times the actual social security expenditure in the second preceding year. Under a 1979 amendment, this same procedure was applied to increased costs of water, heat, and electricity; a 1986 amendment applied it to increased costs of insurance.

Declining Enrollments. The 1973 law required districts to base their budgets on the current year's enrollment if the number of pupils declined each year by more than a specified percentage -- 5 percent in the largest enrollment category, 7.5 percent in the middle category, and 10 percent in the lowest category. In 1979, the law was amended to reduce the 5 percent figure to 4 percent, to eliminate the 7.5 percent figure and to substitute a figure between 10 percent (applicable to districts with less than 400 pupils) and 4 percent based on a linear transition formula, and to provide that, if the decline is greater than the applicable specified percentage, the budget must be based on the prior year's enrollment less the number of pupils in the current year by which the percentage is exceeded. 1982 legislation provided that in 1984-85 there would be a new enrollment category for school districts having enrollments of 10,000 or more. So, commencing in 1984-85, the 4 percent figure was applied to the two largest enrollment categories.

Elections. The law as enacted in 1973 allowed electors of a district to authorize an increase in a district's budget per pupil to the level of the district in the same enrollment category which had the highest budget per pupil in the preceding school year. However, such an increase could not exceed 115 percent of the district's own budget per pupil in the preceding year. In 1978, an additional provision authorized a district, with voter approval, to increase its budget per pupil to the median budget per pupil in the district's enrollment category in the preceding year, notwithstanding the 115 percent limitation described above. In 1979, these provisions were deleted from the law. Now any district may increase its budget to any amount approved by the voters.

Transfers.* In 1977, the law was amended to prohibit school districts from making transfers from the general fund to the capital outlay fund unless the district had budgeted a capital outlay tax rate of at least 3.5 mills. The law also was amended to allow expenditures from the general fund for acquisition of equipment and repair of buildings. In 1978, an amendment authorized districts to transfer back to the general fund from the food service, capital outlay, or transportation fund an amount not exceeding the amount transferred to such fund or funds in the current school year. Another 1978 change, deleted from the law in 1980, required that, each year, an amount at least equal to the 1977 vocational education levy plus any amount transferred from the general fund to the vocational education fund in 1977-78 must be budgeted for transfer from the general fund to the vocational education fund.

Amendments adopted in 1979 allowed transfers from the general fund to the bilingual education fund and further restricted transfers to the capital outlay fund. As to the latter, no transfer may be made prior to June 1 in any year and the amount of a transfer is limited to 1 percent of the legally adopted budget in the four districts with the largest enrollments and to 2 percent in all other districts. A 1986 amendment applied this provision to the districts in the fifth (largest) enrollment category. A 1985 law permitted De Soto (USD 232) to request the State Board of Education to waive the 2 percent limit when the Board finds that extraordinary circumstances have caused an enrollment increase which necessitate expenditures for capital outlay that exceed the amount available in the capital outlay fund. In order to qualify for this waiver, De Soto must have budgeted a capital outlay levy of at least 3.5 mills.

In 1982, the law was amended to allow a school board to transfer from any of its funds to the general fund an amount which does not exceed the amount transferred from the general fund to such special fund in the same school year.

Enrollment Categories

In 1973, the law set out three enrollment categories for the 1973-74 school year and prescribed a procedure for determining the enrollment categories (minimum of three) in subsequent years. All except the lowest enrollment category (Under 400) were determined each year by the State Board of Education, based upon an analysis of the budget per pupil of the districts. Enrollment categories are used for (a) applying budget controls and (b) determining local effort rates.

* In addition to the transfers authorized in the SDEA: 1980 legislation authorized transfers from the general fund to the health care services reserve fund, the risk management reserve fund, and the school workers' compensation reserve fund; and 1983 legislation authorized transfers from the general fund to the disability benefits reserve fund.

In 1978, the lowest enrollment category (Under 400) was divided in order to establish categories of Under 200 and 200-399. As a result, there were then four (rather than three) enrollment categories. The median budget per pupil of districts in the 200-399 category applied to all districts with less than 400 pupils for budget control purposes and to districts with less than 200 pupils for calculation of the local effort rate.* These changes provided additional budget authority to districts which had enrollments of less than 400 and relatively low per pupil expenditures among districts in the two lowest enrollment categories. Also, some districts which had enrollments of less than 400 and relatively low district wealth received increased equalization aid.

A 1980 amendment provided that for determination of the local effort rate and, therefore, the general state aid entitlement of the four largest enrollment districts --Wichita, Shawnee Mission, Kansas City, Topeka -- the median budget per pupil would be 100.5 percent of the median budget per pupil of all districts in the largest enrollment category. The effect of this amendment was to recognize somewhat the higher costs in these districts by increasing their general state aid entitlements. This recognition was continued in 1982 when legislation was adopted to create a new "fifth" enrollment category for districts with 10,000 or more enrollment (Wichita, Shawnee Mission, Kansas City, Topeka, and, beginning in 1984-85, Olathe). This category is used both for determining per pupil budget controls and state aid entitlements. The change was phased in one-third at a time during the 1982-83, 1983-84 and 1984-85 school years. In addition, a new linear transition for budget control purposes was added for districts in the third largest enrollment category (400-1,999 in 1986-87). This change also was phased in one-third at a time during the 1982-83, 1983-84 and 1984-85 school years.

Appeals for Additional Budget Authority

As enacted, the 1973 law provided that the State Board of Tax Appeals may authorize a district to increase its legally adopted general fund budget beyond the limitations allowed under the basic controls, discussed above, for various specified reasons. In 1974, the appeal reason concerning mandated transportation of students was made permanent and a new appeal reason concerning unusual occurrences which have affected or will affect enrollment was added. Another appeal reason was added in 1975, namely, for implementation of new or expanded programs required by federal or state laws, court orders, or directives of federal or state agencies. In 1978 this appeal reason was eliminated. An appeal was authorized in 1977 for increases in rates or charges for supplying water, heat, or electricity to a district. The 1978 Legislature added an appeal for the salaries of additional elementary guidance counselors. It further required that amounts obtained by a district on appeal be budgeted and spent for the purpose for which the increase was granted. The 1979

* Under the 1973 law, the budget control and the norm local effort rate for the Under 400 enrollment districts were based on the median of the 400-499 enrollment interval.

Legislature added an appeal for new or enhanced bilingual education programs and restricted appeals due to a decline in enrollment to "extraordinary circumstances," as determined by the State Board of Tax Appeals. The 1980 Legislature added an appeal for compensation to library personnel. This appeal expired on July 1, 1982, it was repealed in 1985. In addition, the 1985 Legislature added an appeal for the continued operation and maintenance of a program established under authority of federal law and financed in full or in part with federal funds.*

District Wealth

"District wealth" under the 1973 law was the sum of adjusted valuation and taxable income within a district for the most recent single year for which such data were available. A 1975 amendment provided for averaging district wealth over a three-year period and a 1976 amendment extended such averaging to a four-year period. Legislation enacted in 1982 reversed the trend toward multi-year averaging by re-adopting the single year concept. This change is implemented by using a three-year average in 1982-83, a two-year average in 1983-84, and the one-year sum in 1984-85 and thereafter.

In 1981, the definition of "adjusted valuation" was modified to include, prospectively, a portion of the valuation of property exempt from property taxes due to issuance of industrial and port authority revenue bonds. This amount was a proportion of actual assessed valuation based upon the ratio of payments in lieu of taxes to the amount that would have been levied on such property had it been on the tax rolls. Amendments adopted in 1982 modified the adjusted valuation component of district wealth by removing therefrom the valuation attributed to motor vehicles, motor vehicle dealer inventories and industrial and port authority revenue bonds (but see Local Effort).

In 1984, for the 1984-85 school year only, an amendment provided that 1983 taxable income filed in 1984 was the average of the sum of Kansas taxable income of resident individuals as determined under the Kansas income tax act with the modifications to the Kansas itemized deductions of an individual which were in effect (a) in such taxable year and (b) for the taxable year ending prior to January 1, 1983. (1983 S.B. 436 limited the federal income tax deduction to a maximum of \$5,000 (\$10,000 on a joint return) or one-half of the federal income tax liability, whichever was greater. This limitation applied to tax years 1983 and 1984. One effect of 1983 S.B. 436 on school finance was that it increased the taxable income component of district wealth. This affected school finance in the 1984-85 and 1985-86 school years. The amendment, for the 1984-85 school year only, reduced by one-half the effects of 1983 S.B. 436 on the definition of the taxable income component of district wealth.)

* Other appeal reasons, which were enacted in 1973 and are still in effect, are for increased operating expenditures resulting from (1) construction of new or additional facilities, and (2) mandates of law to provide special education. (The appeal relating to requirements of law to pay out-district tuition for vocational education and requirements of contractual agreements for payments to an area vocational school was deleted in 1978.)

Local Effort Rate (LER)

Each district's wealth is multiplied by its LER to determine the principal deduction from its general fund budget in computing the district's general state aid entitlement. From 1973-74 to 1980-81, the "norm" LER* was set by law and was adjusted by the Legislature as shown below. For 1981-82 only, legislation directed the State Board of Education to determine the LER within the limits of appropriations for state school equalization aid, after payments of transportation aid. A 1982 amendment directed the State Board of Education each year to set the LER so that the full amount of money appropriated from the State General Fund for general state aid in the school year will be distributed.

School Year	Norm LER**	
1973-74	1.500%	↳ LER set by Legislature
1974-75	1.500	
1975-76	1.700	
1976-77	1.770	
1977-78	1.754	
1978-79	1.799	
1979-80	1.600	
1980-81	1.593	↳ LER set by State Board of Education
1981-82	1.544	
1982-83	1.392	
1983-84	1.361	
1984-85	1.446	
1985-86	1.565	
1986-87 (Est.)	1.685	

Changes in the amount of state aid to be distributed under the SDEA in any year take into account SDEA modifications, if any, and agreed upon levels of state assistance to school districts.

* The LER of a district is the same as the "norm" LER fixed by law if the district's budget per pupil (BPP) is the same as the "norm" BPP for all districts in its enrollment category. Otherwise, the district's LER is more or less than the "norm" LER in the same proportion that the district's BPP is more or less than the "norm" BPP.

** The amount of state aid to be distributed to school districts in the next year (taking into account school district budget controls and the estimated impact on school district general fund property taxes) is one of the major annual considerations of the Legislature. Adjustment of the LER is the means used to implement the agreed upon funding level. For example, if the LER had not been changed in 1975 and 1976, state aid entitlements would have increased more than desired by a majority of the Legislature as a matter of financial policy. The reduction in 1977 was designed to provide slightly more general state aid than would have resulted if the LER had remained at 1.77 percent. The increase in 1978 was accompanied by power equalization of five special school district tax levies, abolition of the county foundation fund tax levy, and a substantial increase in general state aid. These and the subsequent LER changes were for the purpose of implementing agreed upon school funding policies.

Local Effort

Local effort represents the sum of the "effort" that must be made by the local school district to fund the school district general fund budget. State aid makes up the difference, if any, between the sum of a school district's local effort and its legally adopted general fund budget. The 1973 legislation defined local effort to include the sum of district wealth times the district LER (discussed above), the district's receipts in the preceding year from PL 874 funds (impact aid), the district's share of the two mill county school foundation levy, and the district's share of the intangibles tax (school districts received 25 percent of this tax). A 1974 amendment allowed the use of current year P.L. 874 receipts when it is anticipated that a significant reduction in these funds will occur and when this loss will result in a significant increase in the district's general fund property tax levy. Other changes regarding P.L. 874 receipts were made in 1977 and 1979. These were technical modifications designed to insure that the treatment of P.L. 874 funds as local effort conform to the requirements of federal law. In 1975, the intangibles tax credited to a school district was eliminated as a part of local effort. This occurred because the distribution of intangible tax receipts was changed so that school districts no longer received a share of them. In 1978, the county school foundation fund levy was eliminated; therefore, the proceeds from the county foundation levy ceased to be a part of local effort. Also in 1978, the full amount of the income tax rebate became a part of local effort. In 1979, 90 percent of the rebate was treated as local effort and a further change in 1980 reduced to 85 percent the amount of the rebate considered as local effort. Legislation enacted in 1982 made the prior year's receipts credited to the school district general fund from the motor vehicle tax, the stamp tax on motor vehicle dealer inventories, and industrial and port authority revenue bond in-lieu payments components of local effort.

Grandfather Clause

In 1975, the Legislature added a "grandfather clause" to the SDEA. Districts having a sufficiently high general fund tax rate were guaranteed a minimum amount of general state aid based on their per pupil entitlement in 1972-73 of general and supplemental state aid, after taking into account their general state aid and their total income tax rebate under the SDEA. A 1976 amendment provided that 75 percent (instead of 100 percent) of the income tax rebate shall be used in computing aid under the "grandfather clause," thereby increasing the amount of such aid over what it otherwise would have been.

Income Tax Rebate

The 1973 law provided that every school district shall be entitled to an amount equal to 10 percent of its resident individual income tax liability after credits for income taxes paid to another state. This rebate was increased to 15 percent in 1975 and to 20 percent in 1976. In 1978, the rebate was made a part of each district's local effort -- in 1978-79 all of the rebate

was deducted in computing a district's general state aid and the rebate was based upon income tax liability after all credits, except withholding or estimates, instead of only credits for taxes paid to another state.

Amendments in 1979 based the rebate on tax liability before credits for taxes paid to another state and provided that 90 percent (rather than 100 percent) of the rebate would be counted as local effort. A 1980 amendment changed to 85 percent (rather than 90 percent) the amount of the rebate treated as local effort.

P.L. 874 Funds

Federal aid to federally-impacted districts under P.L. 874, (except for the major disaster and low-rent housing distributions) is part of "local effort" under the SDEA. The 1973 law required that such aid received in the preceding school year be included in local effort. In 1974, an exception was made to permit inclusion of federal aid to be received in the current school year if the State Board of Education determines that (1) a district will receive significantly less federal aid in the current year than in the preceding year and (2) inclusion in local effort of aid received in the preceding year will result in a significant increase in the district's general fund tax levy.

The law was amended in 1979 to limit the inclusion of P.L. 874 receipts in local effort to the amount allowable under federal law and regulations.

Transportation Aid

State aid for transportation is paid to all districts which transport at district expense resident pupils who live 2.5 miles or more from the school they attend. Such aid is distributed on the basis of a formula which takes into account per-pupil cost of transportation and the density of the district in terms of pupils transported and square miles of territory in the district. Enrollment as of September 15 is used for the purpose of this formula.

A 1974 amendment excluded nonpublic school pupils transported by a district in computation of the index of density in order to be consistent with the calculation of "per-pupil cost of transportation." The effect of this amendment was to increase aid to districts which transport a relatively significant number of nonpublic school pupils.

A 1976 amendment provided that all districts that transport pupils shall be included in the cost-density formula used to determine state aid entitlements. Formerly, districts which fell in the highest 10 percent of per-pupil transportation cost were excluded from the construction of such formula, although they were entitled to state aid under the formula.

A 1978 amendment excluded from the formula the effects on the cost calculation and the density determination which are attributable to the transportation of pupils who reside fewer than 2.5 miles from school. As a result, transportation aid entitlements are based only on factors related to providing transportation to resident pupils who live 2.5 miles or more from school. Districts are no longer "penalized" in terms of their transportation aid entitlements (because of lower transportation unit costs and higher pupil density) for electing to transport pupils less than 2.5 miles.

Amendments adopted in 1984 involved technical changes that related to implementation of S.B. 601 and S.B. 888 which had as their main purpose to authorize school boards to enter into agreements to provide for the attendance of pupils residing in one district in one or more grades, courses, or units of instruction in another district. The amendments accommodate school districts for transportation aid purposes in instances where pupils of the district are regularly enrolled in such district but attend school in another district pursuant to an agreement under the law. A provision of S.B. 888 clarifies that pupils who are transported by a school district other than the one of residence are not to be counted in the computation of a school district's state transportation aid.

A 1986 amendment changed from September 15 to September 20 the date for determining the enrollment of a school district for purposes of the transportation aid formula.

Distribution of State Aid

In 1984, the Legislature changed the distribution dates of state aid payments under the SDEA in order to smooth out cash flow from the State General Fund.

General state aid payments, instead of being made on the 20th of September through May, now may be made anytime between the 20th and the end of those months when sufficient moneys are available in the General Fund, as determined by the budget director, to permit such payments without depleting the cash balance of that fund. In addition, the May payment is divided roughly equally between May and June, with the June payment to be made on the 15th.

Transportation aid, which was paid in two installments in September and February, now is paid on the 25th of September, November, February, and April.

Income tax rebate payments were made in September, February, and May. Under the 1984 law, the September entitlement is split into four payments to be made on the 1st of September, October, November, and December; the February 1 payment was not changed; and the May entitlement is divided into two equal payments to be made on May 1 and June 15.

(By separate action, not requiring legislation, the State Board of Education in 1984 changed the distribution of special education aid. These payments were made on November 1, March 1, and June 25. Now they are made on the 15th of October, December, March, and April and on June 25.)

Elimination of Special Levies

The SDEA continued the practice of authorizing school districts to make a tax levy for the general operating fund. In addition, school districts had been authorized to make levies for various special funds for both operating and capital outlay purposes. Principal among the special operating levies were social security, vocational education (limit -- two mills), and special education (limit -- 1.5 mills). Workmen's compensation was added in 1974 and unemployment insurance in 1977.

In 1978, the separate tax levying authority of school districts for these five funds was eliminated. The higher of the amounts levied for each of these funds by a school district in 1976 or 1977 was added to the general fund budget of the district prior to the computation of the legal maximum general fund budget of the school district for the 1978-79 school year. In effect, the product of these levies was brought within the equalization principles of the SDEA.*

County Foundation Fund

The 1973 Act required each county to levy for the county foundation fund at a rate that would produce an amount equivalent to a two-mill levy on 1971 adjusted valuation of the county. The revenue produced from this levy was apportioned among school districts in the county primarily on the basis of their relative number of certificated employees. However, there was also a per pupil distribution from the fund where joint school district territory and pupils were involved. County foundation fund receipts were treated as an element of a district's local effort. In 1978, this fund and the levy therefor were abolished.

Intangibles Tax Deduction

Under the 1973 Act, each school district's 25 percent share of the intangibles tax was deducted in the computation of general state aid. Beginning in 1975, school districts no longer shared in that tax and, therefore, the deduction was abolished.

* Cash balances in the social security, workmen's compensation, and unemployment insurance funds were credited to the general fund when these three funds were abolished on July 1, 1978. Taxes in the process of collection after July 1, 1978, for the five levies (social security, workmen's compensation, unemployment insurance, vocational education, and special education) were credited to the school district general fund.

Capital Outlay Interest

The 1984 Legislature authorized school districts for the 1984-85 school year only to deposit interest earned on moneys in the capital outlay fund to the general fund. Any such interest deposited in the general fund had to be used for operating expenses in the 1984-85 school year. This interest was not applicable to the budget per pupil controls in the 1984-85 school year for the school district general fund; it was used in the determination of the district's budget per pupil in the following year.

Special Enactments of Limited Application

In 1973, legislation was enacted, applicable only to the 1973-74 school year, which fixed the enrollment of Auburn-Washburn (USD 437) at 2,900 for the purpose of determining the district's budget control and general state aid entitlement. (USD 437 experienced an extraordinary decrease in enrollment due to the closing of Forbes Air Force Base.) In 1980, legislation was enacted, applicable only to the 1980-81 school year, which fixed the enrollments at specified numbers for the purpose of determining the budget control and general state aid entitlements of the following six school districts: Liberal (USD 480), Goodland (USD 352), Pratt (USD 382), Phillipsburg (USD 325), Belleville (USD 427) and Herington (USD 487). These enrollments were to be used only if the enrollment decline in 1980-81 from 1979-80 exceeded the applicable percentage set forth in K.S.A. 1979 Supp. 72-7055(g). (The legislation was designed to provide some relief to certain school districts that might be adversely affected, in terms of enrollment, by the demise of the Rock Island Railroad.) In 1982, legislation, applicable only in the 1982-83 school year fixed enrollments at specified numbers for the purpose of determining the budget control and general state aid entitlements of the Arkansas City (U.S.D. 470) and Phillipsburg (U.S.D. 325) school districts. These enrollments were to be used only if the enrollment decline in 1982-83 from 1981-82 exceeded the applicable percentage set forth in K.S.A. 72-7055(g), as amended. (The legislation was designed to provide some relief to Arkansas City as the result of the closure of the Rodeo Meat Packing Plant and to Phillipsburg as a result of the closure of the CRA petroleum refinery.)