

Approved: 2-23-95
Date

MINUTES OF THE HOUSE COMMITTEE ON EDUCATION.

The meeting was called to order by Chairman Rochelle Chronister at 3:30 p.m. on February 8, 1995 in Room 519-S of the Capitol.

All members were present.

Committee staff present: Ben Barrett, Legislative Research Department
Dale Dennis, Department of Education
Avis Swartzman, Revisor of Statutes
Lois Thompson, Committee Secretary

Conferees appearing before the committee: Ben Barrett, Legislative Research

Others attending: See attached list

Ben Barrett, Legislative Research explained the memorandum prepared to assist the committee in deliberations on various school finance policy issues. (Attachment 1)

Action on **HB 2152**, school finance bill proposed by Governor Graves, was considered by the committee.

Representative Reardon moved and Representative Pettey seconded motion to amend to increase base state per pupil funding from \$3,600 to \$3,700. Motion failed on a division of 8 to 11.

Representative Powers moved and Representative Swenson seconded motion to report **HB 2152** adversely.

Representative Reardon made a substitute motion to incorporate **HB 2259** providing for increase in at-risk funding from .05 to .25 into HB 2152. Representative Tomlinson seconded. Motion failed on a division of 8 to 11.

Chairman Chronister adjourned the meeting at 5:50 p.m.

The next meeting is scheduled for February 9, 1995.

MEMORANDUM

Kansas Legislative Research Department

300 S.W. 10th Avenue
Room 545-N – Statehouse
Topeka, Kansas 66612-1504
Telephone (913) 296-3181 FAX (913) 296-3824

February 8, 1995

To: House Committee on Education

From: Kansas Legislative Research Department and State Department of Education

Re: Selected School Finance Policy Issues

At the request of the Chair, Representative Chronister, the following listing has been prepared to assist the Committee in the first stage of its deliberations on various school finance policy issues. Computer printouts might be required during the course of the Committee's consideration to illustrate the impact of various combinations of policy choices that might be proposed.

ISSUES

Present Law	Changes and Implications -- FY 1996
Base State Aid Per Pupil (BSAPP)	• \$1.00 <u>equals</u> \$539,000
BSAPP is \$3,600	• \$100 <u>equals</u> \$53.9 million
(FY 1996 is \$1.94 billion -- funded from local and state sources)	• 1.0 percent <u>equal</u> \$19.4 million

Pupil Weights

Vocational Education , for full-time equivalent enrollment in approved programs is 0.50 (50 percent)	• 0.10 (10 percent) <u>equals</u> \$3.5 million
---	---

(FY 1996 is \$17.4 million)

Bilingual Education , for full-time equivalent enrollment in approved programs is 0.20 (20 percent)	• 0.10 (10 percent) <u>equals</u> \$1.1 million
--	---

(FY 1996 is \$2.2 million)

House Education
Attachment 1
2-8-95

Present Law

At-Risk, for pupils who qualify for free lunches under the National School Lunch Program, is 0.05 (5 percent)

(FY 1996 is \$19.5 million)

Larger Enrollment Districts, schools 1,900 and above -- no pupil weight based on enrollment; schools 1,800 to 1,899, some pupil weight ranging from 3.6121 percent down to 0.0362 percent

(FY 1996 -- not applicable)

School facilities, 0.25 (25 percent) for pupils enrolled in such facilities. Available for two years and district must be at the LOB maximum (25 percent)

(FY 1996 is \$3.0 million)

Transportation, cost-density formula for pupils 2.5 miles or more from school and for whom transportation is made available

(FY 1996 is \$68.5 million)

Decreasing Enrollments. For decreasing enrollment, subject to a 4.0 percent threshold, districts count 50 percent of the enrollment lost from the preceding year

(FY 1996 is \$5.0 million)

Preschool Four-Year-Olds. No preschool program four-year-old at-risk children counted in USD enrollment.

NOTE: It should be noted that if BSAPP is changed, the impact of the various weights (except transportation), also will change.

Contingency Reserve Fund. The contingency reserve fund districts may maintain is limited to an amount equal to not more than 2 percent of the general fund budget. Proceeds can be used for emergencies or contingencies unforeseen when the budget was adopted.

Changes and Implications -- FY 1996

- .01 (1 percent) equals \$3.9 million
- .10 (10 percent) equals \$39.0 million
- Expanding the definition of "at-risk" to permit school districts to include anyone served -- effects unknown
- at 3.6121 percent for all districts 1,800 and over equals \$38.0 million
- five-year phase out -- 20 percent in FY 1996 for "third year" recipients -- equals \$1.8 million
- five-year phase out using local property tax for years 3, 4, and 5 -- equals no cost to the state -- all from local property tax
- reimburse for transportation two miles and over equals about \$7.5 million
- reimburse for transportation 1.5 miles and over equals about \$15.0 million
- use preceding year's count if enrollment declines in the current year equals \$5.4 million (excludes the Ft. Riley issue)
- count up to 2,500 preschool program four-year-old pupils @ 0.5 in school district enrollment equals \$5.4 million
- 1.0 percent equals \$19.4 million.
- proposal to permit expenditures from this fund for contingencies not anticipated when the budget was adopted would make it easier for districts to tap this fund; the fiscal consequences are unknown.

Present Law

In FY 1995, 154 USDs have contingency reserve funds totaling about \$17.8 million (0.9 percent).

(FY 1996 maximum amount permissible in USD contingency reserve funds is \$38.8 million. Money is transferred to this fund from the school district general fund.)

Local Option Budget (LOB). Districts may adopt an LOB equal to not more than 25 percent of the general fund budget. LOB resolution is good for up to four years and is subject to a 5 percent protest petition election provision. If not at the LOB cap, a district can increase the LOB authorized percentage by resolution (subject to protest petition election) one time during the life of the original resolution.

Currently 143 USDs have LOBs, 13 of which are at the 25 percent cap. LOB resolutions in at least 138 districts will expire at the end of the 1996-97 school year.

Changes and Implications -- FY 1996

- 1.0 percent LOB authority granted to all districts would equal about \$19.4 million. The total for districts not at 25 percent cap equals about \$17.1 million. Supplemental General State Aid would be about \$6.5 million for all districts and about \$6.0 million for districts not at the cap.

Policy Options

- eliminate protest petition election
 - recognize currently authorized LOB levels as no longer being subject to protest, with only future increases subject to protest
 - allow all districts some threshold LOB percentage increases above which would be subject to protest
 - allow districts to increase the LOB by some specified percentage each year not subject to protest, but protest applicable for increase above the "safe" amount
 - extend the duration of the LOB resolution
-
- increase or reduce the protest petition signature requirement
-
- remove the provision that requires the 25 percent LOB cap to be reduced when the LOB increases
-
- modify or eliminate the LOB cap

Present Law

Changes and Implications -- FY 1996

Uniform Mill Rate

The uniform mill rate for school district general fund budgets is 35 mills in 1995

(FY 1996 taxes from the uniform mill rate (35 mills in both 1994 and 1995) are estimated at \$539.0 million (including delinquencies).)

- 1 mill in 1995 raises: about \$15.3 million -- \$9.9 million of which would be received in FY 1996 and \$5.4 million of which would be received in FY 1997 (amount excludes delinquencies)

Minimum School Term. In general, the minimum school term is 186 days. More specifically:

- for grades 1-12, a school day is 6 hours
- for kindergarten, a school day is 2.5 hours
- for grade 12, the minimum school term is 181 school days

- a longer minimum school term would increase transportation costs under the current formula equal to about \$365,000 per day
- on a pro rata basis, the cost of extending the school year is about \$10.0 million per day -- about \$18.50 in BSAPP.

In the alternative, the minimum school term may be expressed in hours.

-
- the minimum school term could be increased or decreased without adjusting the BSAPP
-

School District Accountability

In general, school district accountability for state level purposes is compliance with QPA, which, among other things, includes involvement in the state assessment program. (In FY 1996, this includes testing in math and reading at three grade levels and writing (grade levels not yet determined).