A PROPOSED FINANCE PLAN FOR STATE AID TO ELEMENTARY AND SECONDARY SCHOOLS IN KANSAS

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A PROPOSED FINANCE PLAN FOR STATE AID TO ELEMENTARY AND SECONDARY SCHOOLS IN KANSAS

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PREFACE

Basic to the tenets of our democratic society is the ideal of educational opportunity for all through the publicly supported school system. While mounting evidence indicates numerous important changes, this long accepted principle maintains a continuous priority in American tradition. Educational programs, organizational structure and financial policies have changed greatly during the past decade. Considerable progress has been made, however, in adapting education to the needs of society. In recent years economists have suggested that education warrants increased attention and consideration in the public sector. No one denies that good schools are essential to the national welfare. Few disagree that the most important resource of the United States is its citizens. The financial support of public education is one of the most pervasive problems of government. Local boards of education and state legislatures find themselves increasingly involved with questions pertaining to funds for public education.

The direct relationship between the funding of school finance formulas and the quality of education must be articulated to those in the political decision making positions. Improvements are needed in incentive aid programs to overcome

existing weaknesses and to demonstrate the advantages of flexibility.

The Kansas public schools at present face a serious financial crisis. Sanctions have been imposed by the NEA and KSTA. Kansas educators and politicians cannot avoid engagement with the struggle to meet demands of a changing environment, or the involvement of issues for financial support of public schools.

The present foundation plan for school finance in Kansas was adopted in 1965. Although that plan is an improvement over past finance plans, there still remain unsolved problems. The most controversial issues in public school finance are: the source of the revenue needed, the method of distributing the state funds, and the establishment of acceptable practices to identify quality education.

It is hoped that this study will offer a new approach for distributing state funds to local school districts and will create an incentive for local districts to work toward optimum efficiency with maximum effort.

The purpose of this study is twofold. First, the writer plans to develop a defensible foundation program that will assure equalization in distributing state funds to Kansas schools. The second purpose is to reinforce and supplement the knowledge now possessed by legislators, educators, and interest groups relative to the theory of equalization and educational opportunity. The writer will cite new revenue sources not only to fund the foundation

program but to give relief to overburdened school districts.

The successful completion of this study is due to support given the writer by his Advisory Committee, the Kansas Association of School Administrators, the Kansas State Department of Education, the Kansas State Teachers Association, the Kansas Association of School Boards, and a number of individuals who made special contributions.

Sincere appreciation is expressed to my Committee, Dr. Richard Jungers, Chairman, who co-authored the foundation proposal for the Oklahoma Education Association, Dr. Kenneth St. Clair, Dr. James Appleberry, and Dr. Ansel Sharp. Special gratitude is extended to Senator Joe Harder, Chairman of the Joint Legislative Finance Committee, and Damon Weber of the National Education Association, who provided special assistance for the project. Indebtedness is acknowledged to members of my staff who were always diligent, cooperative, considerate, and helpful. Finally, I am very grateful to my wife, Lois, for her confidence and understanding, and above all, her patience during the development of this project.

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CHAPTER I

INTRODUCTION

Public education in the United States is provided through the cooperative actions of the federal, state and local governments. Although each of the three levels of governments has responsibilities for public education, the primary responsibility rests with the state government.[1]

State policy for public education is set by the legislature of each state and may be designed to include a wide range of purposes. Jarvis, Gentry, and Stephens list primary purposes for state support in public education as:

1. Social benefit
2. Equalization of educational opportunity
3. Equalization of tax burden
4. Stimulation of local expenditures
5. Distribution of costs among different tax sources
6. State control[2]

School requirements have risen steadily in recent years. This in turn has created a need for greater understanding on the part of all citizens to provide greater support for public education. It is therefore necessary to suggest or

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[1]Robert L. Drury and Kenneth Ray, Principles of School Law (New York, 1965), pp. 2-21.

[2]Oscar Jarvis, Harold Gentry, and Lester Stephens, Public School Business Administration and Finances (West Nyack, New York, 1967), pp. 44-46.

create and explain financial programs which not only provide greater support but which also are accepted by the legislature and educators. Demands for increased funding result from increasing enrollments, rising standards of living, and changing programs within the school system.

Politically powerful groups in Kansas have had considerable effect on school finance. Power groups enact or defeat legislation which is urgently needed to solve educational finance problems. Burkhead has observed:

> Education is one of the most thoroughly political enterprises in American life--or for that matter in the study of society.[3]

When power groups understand educational proposals, they can make an impact on legislators. When constructive programs are presented and explained to the many power groups, legislative action reflects this orientation. Elwood Cubberly states:

> The first important step in the provision of educational advantages for the children of the state has been taken when the people of that state come to recognize a broad and general responsibility for the education of all the children of the state, rather than proportions of them here and there. This recognition of responsibility is evidenced by the establishment of large area taxing units and a wide pooling of maintenance costs. These marked attempts to equalize, to some important degree, the burdens of support for which is conceived to be for the common goal of all.[4]

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[3]Jesse Burkhead, Public School Finance, Economics and Politics (Syracuse, New York, 1964), p. 93.

[4]Elwood P. Cubberley, State School Administration (Boston, 1927), p. 450.

Although the three levels of government are interested in public schools and involved in their financing, the responsibility for the direct administration and supervision of the public schools is vested in the local school district.[5] The American three level financing of public schools is more complicated than one finds in countries providing for the finance, administration, and control of the public schools by central governments. A further complication is that school boards have only the power to obtain and use local funds for schools as granted to them legislatively and constitutionally. Decisions regarding financial support in local school systems are political. In most local school districts the school board is elected by the non-partisan popular vote, and in the others it is appointed by politically elected officials.[6] Therefore, while schools are presumably removed from partisan political control, all basic policies are subject to political considerations.

"America's public schools are in deep and growing trouble with the taxpayer."[7] This statement is supported by research from U. S. News and World Report on the outcome of school bond elections from 1965 through 1969. During this

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[5]Roe Johns and Edgar Morphet, Financing the Public Schools (New Jersey, 1960), p. 197.

[6]Roe Johns, Theodore Reller, and Edgar Morphet, Educational Organization and Administration (Englewood Cliffs, New Jersey, 1967), p. 512.

[7]U. S. News and World Report, October 20, 1969, pp. 36-37.

period the success of 2,041 bond elections with 516 rejections in 1965 has changed to 1,341 successful bond issues and 579 rejections in 1969. The percentage of rejection has increased from 25 percent to 43 percent. In the years following World War II, a "baby boom" and the mobility of population forced taxpayers to spend lavishly on new buildings and increase teaching staffs as enrollments soared. In 1950 the national expenditure for public schools of $5.8 billion represented an increase of 150 percent over school spending ten years earlier. During the decade beginning with 1950, the annual costs tripled to $15.6 billion. The year 1965-66, when declining birth rates brought the first signs of lessening future enrollment, required spending for public schools of $26.2 billion. Although current elementary school enrollments show some decline, the total educational expenditure (K-12) at present is approaching $30 billion and is expected to pass $40 billion by 1975, despite anticipated lower high school enrollments.

Educators provide a variety of explanations for the increased costs. Inflation is adding heavily to the operational costs each year. Pressure grows to provide more and more compensatory education for children of the economically and culturally deprived, especially in the large urban cities. Innovative programs ranging from educational television, programmed learning, and computerized instructions affect the budgetary needs.

Even though all decisions regarding support for education cannot be removed from the political realm, Nicholas DeWitt calls attention to some recent developments that help provide a more objective basis and sounder rationale for increased financial support to education. These include:

1. An increasing recognition by economists that education has considerable economic value as shown by recent studies.
2. Strong evidence from research studies that under appropriate conditions there is a relationship between costs and quality of education.
3. The development through research of basis and procedures for apportioning funds that will make possible equality of educational opportunity.[8]

Nature of the Problem

According to Kansas legislators and power groups, Kansas school districts are in a serious financial difficulty. There is consensus among political and educational leaders that a major revision of the state financial policies is necessary to continue development of education for Kansas children and to provide equity in tax support. The foundation plan of 1965 was adopted because of general acceptance of the principle of increased state responsibility for the financial support of education. The distribution formula, however, is difficult to understand and has failed to produce equality of educational opportunity or reasonable tax equity. The five years of operation under restraints of the present

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[8]Nicholas DeWitt, "Investment in Education and Economic Development," Phi Delta Kappan, December, 1965, pp. 193-196.

foundation program have contributed to the complex state of financial problems. Urgent attention and study of new plans is needed to improve the programs for financing Kansas schools.

Purpose of the Study

The purpose of this study is to collect information from research and authoritative sources and develop a desirable and workable distribution formula for financial assistance for elementary and secondary schools in Kansas.

The writer identifies three important questions for study:

1. What are the criteria for determining elements of a satisfactory foundation program?
2. How well do each of the present elements within the present Kansas school finance structure meet the requirements of foundation theory?
3. What revisions or improvements can be made in the present distribution formula to gain consensus among all interested power groups?

Burdick, in his dissertation at Oklahoma State University, "A Distribution Program for State Support of Current Expenses," lists four questions for research purposes that need to be considered for this project.

1. What are some specific school finance principles widely acceptable that can guide the proposed investigation?
2. What does current school finance theory suggest about the state financial structure for public education?
3. What does the best from current practice and the recommendations of school finance authorities

concerning distribution formulas suggest about possible alternatives for a desirable program?

4. What recommendations can be made for the school finance structure for the next five years?[9]

Background Information

Kansas is often characterized as a sparsely populated rural flatland where cattle graze and wheat flourishes, however, more than sixty percent of its 2,250,000 people are concentrated in urban centers of Kansas City, Topeka, and Wichita.[10] Although the state's economy is still basically agrarian in most areas, the development of the oil industry, other natural resources, and industry give a balanced diversity to the economy.

A look at state history reveals that funds for education have never been easy to secure at the state level, however, recent efforts have been made to increase state aid. The 1965 session of the Kansas Legislature was labeled a memorable one by the Kansas-NEA, Kansas Association of School Boards, National Congress of Parents and Teachers, Kansas Association of School Administrators, and other interested groups.[11] Several major proposals were written into law to improve

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[9]Larry Burdick, "A Distribution Program for State Support of Current Expense for Public Education in Oklahoma" (dissertation, Oklahoma State University, 1967), p. 8.

[10]National Education Association and Kansas-NEA, A Statewide Study of Educational Conditions and Financial Support (Topeka, Kansas, January, 1968), p. 112.

[11]Ibid.

education within the state. One of these was the Kansas Foundation Act which provides the state-shared guarantee of state aid to supplement funds from local districts and counties. Before deductions are made, the state-shared guarantee is based entirely upon the total number of college hours and years of teaching experience for all certified personnel in the district. The element arrived at by combining experience and professional training of the teachers is multiplied by $760. The state-shared guarantee is a result of this computation provided that the ratio of pupils per teacher is properly maintained to comply with the state guideline. Local effort, contributions and penalties make up the deductions that are subtracted from the guarantee. The allocation for state aid has remained basically the same since 1965, while the cost of education per pupil has risen twelve percent during the past two years.[12] The ad valorem tax was eased in 1965, but is now at the point of reaching an all time high.[13]

Specific Goals for Improvement of School Finance in Kansas

Recent surveys by various power groups in Kansas reveal that there is a desire for continued and improved support for educational opportunities. There are three desirable changes which could restructure the present foundation program to make it a more satisfactory solution for all concerned with the future of education in Kansas.

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[12] Ibid.

[13] Kansas Government Journal, "State and Local Government Tax Levies" (April, 1969), p. 156, ed. E. H. Moser.

1. In order to compensate for inflationary costs in all phases of education, more funds should be allocated to the foundation program.
2. Financing the foundation program must be through a new tax structure to enable the state to assume a larger role in support of public schools without relying on present overburdened tax sources.
3. The most controversial part of the present foundation plan is the distribution formula. The present formula and all proposed formulas fail to satisfy a majority of Kansas school districts. There must be a new formula with a different system of variables in order to achieve equalization.[14]

The paradox is, however, that with no new acceptable plan to be implemented, the present one must remain in operation.

The writer recognizes that the major problem facing any of the new proposals which strive to improve the "school foundation act" is the lack of cooperation and consensus among powerful interest groups. All of these groups agree that changes to the present program are needed but how the changes come about and which elements are to be affected by the change are real sources of controversy.

In order to develop a defensible school finance plan, it is imperative that the elements supported by the majority of people are identified. The writer's first step toward the development of a new school finance plan was to make personal contact with presidents or executive secretaries of five major organizations. Arrangements were made to survey

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[14]Report of the Kansas Association of School Boards, Committee on School Finance to the KASB Delegate Assembly, January 18, 1970.

each of the organizations' board members. The questionnaire included in Appendix B was mailed to each of the 71 members. The principle response to the questionnaire was developed from the characteristics of a desirable foundation program as listed by Edgar L. Morphet, Roe L. Johns and Theodore L. Reller.[15] The mean response to each principle is illustrated in Appendix D.

From the results of the survey, a set of principles has been developed which will be used as a basis and guide for the establishment of a new school finance plan and distribution formula. The principles are as follows:

1. Financial support of public education should be a joint partnership of the local government, state government, and federal government.

It is imperative that the federal government increase its participation in support for public education but continue its role as a junior partner.

2. The State of Kansas must assume a greater responsibility for the support of public education. All unified school districts other than the extremely rich districts should receive a minimum of 50 percent state support for the operation during a fiscal school year. Local boards of education should be free of unreasonable restrictions in the administration of fiscal affairs and from undue controls by state agencies. When school boards are hampered in the

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[15]Johns, Morphet, and Reller, p. 512.

exercise of their judgment to solve the great variety of problems facing them, the education of children suffers.

3. The measure of the local school district's ability to pay should be in terms relative to both the property tax base and the local economic index of personal income. Consideration must be given to the school districts in high income areas which have a low assessed valuation and to those school districts with a high assessed valuation and limited personal income.

4. Boards of education should continue to be fiscally independent of other governmental bodies, but in order to maintain continued community interest required to further qualify education at the local level, each district's guaranteed share will be established in relation to a local levy of 10 mills. This levy, however, should not be compulsory. As a local incentive the district should be permitted to increase the levy an additional 5 mills without a referendum of the people. For districts that exert extra effort to improve the quality of education there should be matching funds from the state prorated on a percentage equalizing basis. Incentive programs should be approved by the State Board of Education.

5. The amount of state support given to the public schools should be based on the per capita income within the State of Kansas in relationship to the national per capita income and national average of state support for public schools.

A study by Benson[16] reveals that 41 of the 50 states fall within a pattern of $75 above or below a relationship between the state's per pupil support and per capita income. Figure 1 illustrates this correlation.

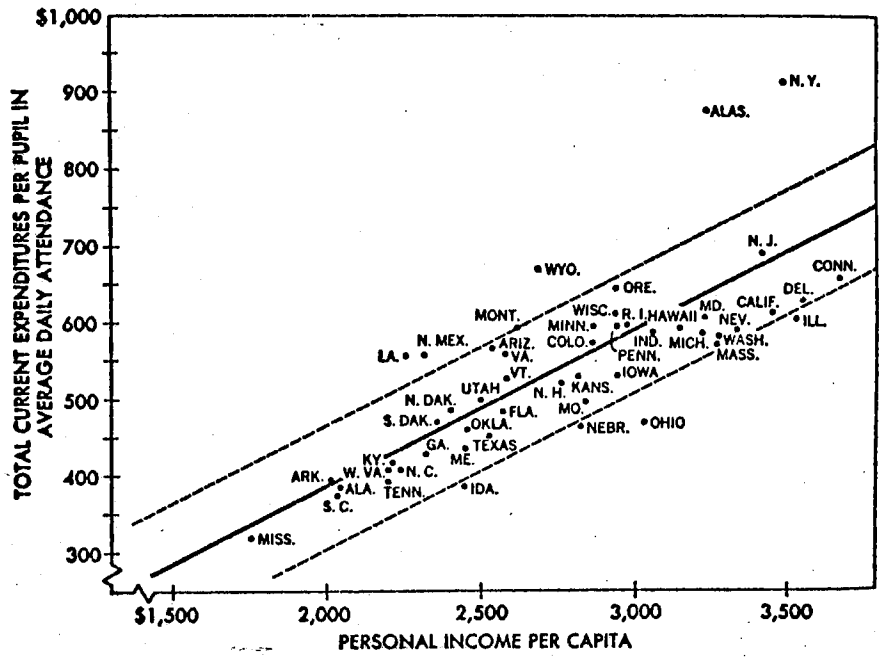

Figure 1. Relation Between State Personal Income and Public School Expenditures, 1966.
Source: Charles S. Benson, The Economics of Public Education, Figure VIII, p. 196.

6. There should be an inverse relationship between the amount of state aid received and the school district's assessed valuation per pupil relative to the state mean assessed per pupil valuation.

7. The variables for the distribution formula to be given attention are:

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[16]Charles S. Benson, Perspectives on the Economics of Education (Boston, 1963), p. 274.

(1) Ability to pay (property tax)
(2) Local economic index (personal income)
(3) Size of school
(4) Professional training and experience of teachers
(5) Pupil teacher ratio

Variables to be used in the new formula are:

(1) Economic index. The present formula provides an economic index at the county level. The economic index in the new formula would be operational within school district boundaries with a variable for taxable income per pupil in public schools.

(2) Local ability to pay. It is the consensus of the Kansas-NEA, Kansas Association of School Boards, State Department Board of Directors, that the inclusion of the variable on property tax base is imperative. The statewide median assessed valuation per pupil within school districts is $8,500. The range, however, is from $3,000 to $106,000. A variable should be implemented within the formula in order that poor districts are not overburdened in offering the same quality of education as richer districts.

(3) School enrollments. Statistics from the Kansas State Department of Education reveal that the larger school districts may operate on a lower cost per pupil than the extremely small districts. Therefore, a variable is needed within the formula to compensate for extra expenses of operating the less populated school districts in large sparsely populated areas.[17]

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[17] Report of the Kansas Association of School Boards, Committee on School Finance to the KASB Delegate Assembly, January 18, 1970.

(4) Professional training and experience of teachers. There is a variable for this purpose in the present formula which should be retained to encourage boards of education to employ professionally trained staffs. However, simplification of the administration and record keeping of professional hours and experience of each staff member is needed. Computer programming and innovations for file systems offer an opportunity to save countless hours in the administration of this portion of the formula.

(5) Pupil teacher ratio. This variable is also contained in the present distribution formula and should be retained to encourage boards of education to continue the quest for quality education. It serves as a stabilizer which assesses a penalty upon districts employing too many or too few teachers. Guidelines are provided in the foundation program which list maximum and minimum pupil teacher ratio requirements relative to school enrollments.

8. Transportation costs and sparsity factors should be excluded from the foundation formula. Research by the Kansas Association of School Boards and the Kansas State Department of Education reveals that it matters not whether transportation costs are included or excluded from the foundation formula.[18] Since transportation problems vary so much from district to district, transportation can be a separate item

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[18]Ibid.

for state aid and need not be included in the actual distribution formula.[19]

9. Budget capacity should be pre-planned in each district with regard to projected enrollment. Official enrollment count will be based on semi-annual enrollment figures. Small error in projection should be permitted before districts are penalized. Addition or deletion from state aid in successive years can serve as a procedure for correcting official membership.

10. The foundation plan should be financed by a "good" tax. Sharp and Sliger in their book, Public Finance, give three principles of a "good" tax:

(1) Equity
(2) Efficiency
(3) Adequacy[20]

11. The foundation plan should provide funds for capital outlay and school textbooks. Kansas statutes call for free education.[21] Most school systems in Kansas now operate on a textbook rental program which places a financial burden on large families with low income. Capital outlay expenditures are permitted by a four mill special levy but are not supplemented by state funds.

12. School districts eligible for state support should have a minimum school enrollment of 150 (K-12).

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[19]Arvid Burke, Financing Public Schools in the United States (New York, 1957), p. 146.

[20]Ansel Sharp and Bernard Sliger, Public Finance (Homewood, Illinois, 1964), p. 196.

[21]Kans. State Dept. of Educ., 1968 School Laws of Kansas, Topeka, Kansas, KSA 72-4154, p. 454.

Procedure of the Study

Using the twelve stated principles as a basic guide, the report will have four parts. The first part will consist of a review of literature relative to school finance and related issues. The second part will consist of an evaluation of each variable of the present distribution formula in relation to the principles. The third part consists of a development of a distribution formula which will be operationalized for all school districts of Kansas. The final part consists of an evaluation of the plan with the principles serving as criteria along with recommendations for legislative changes and future studies.

Limitations of the Study

1. An obstacle to the preparation of the project was lack of recent data. It was necessary to use 1969-70 statistics for a plan that would be implemented two years later. A time lapse of only one year is preferred.

2. One limitation was the lack of interaction desired with organizations and special interest groups. Opinions were expressed on the questionnaires without the opportunity to question or discuss the issues.

3. The change of political offices and leadership during the preparation of this project results in a change of philosophy toward school finance within the political domain.

4. The conflicting views of conservative groups, welfare organizations and special interest groups toward education

creates a difficult task to seek common goals for developing principles of a school foundation program.

5. The lack of understanding of equalization in educational opportunity has been a serious limitation. Indications are that the majority of citizens look to a foundation program for flat grants only.

Definition of Terms

Equalization: Corbally[21] describes equalization as an attempt to use other than local funds to insure that each school district in a state will receive adequate financial support to enable it to provide a satisfactory educational program without requiring undue financial effort of those who by reason of circumstance reside in the school district with below average financial ability.

Pupil-Teacher Ratio (PTR): The ratio of the number of students enrolled in the district to that of the total number of certified employees in that district.

Local Ability: Local ability is defined as a quantitative measure of the resources available in a taxing jurisdiction within a local district to raise revenue for public purposes. Peterson lists three measures of ability: income, economic index, and property valuation.[22]

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[21]John Corbally, School Finance (Boston, 1967), p. 48.

[22]LeRoy J. Peterson, Economic Impact of State Support Models on Educational Finance (Wisconsin, 1963), pp. 46-48.

Criteria of Quality (COQ): The criteria of quality comprises a variable in the form of an index number presently used in the Kansas foundation formula for distribution of funds to each school. It is computed as follows: (1) The number of college hours for all certificated personnel within the district (not to exceed 210 hours for each person) are added and the sum is divided by 30. (2) The number of years of experience for all certificated personnel (the limit of 15 each) are added and this sum is multiplied by .2. (3) The sum of the two numbers previously computed gives the criteria of quality for that particular school district.

Summary

Due to change in requirements, our schools face new problems of financial support reinforced by a greater problem of convincing the public of these needs. As in most states, the interested power groups in Kansas have had a considerable effect on school finance. The success of any school finance proposal is wholly dependent upon the ability to bring organizations and legislators together in a cooperative movement to support the program.

The increased percentage of school bond rejections during the past five years reflects the attitude of patrons toward increased school expenditures from local sources.

Kansas schools are in financial difficulty despite a foundation program implemented in 1965. While the allocation of state aid have remained basically the same since 1965, the cost of education has risen consistently. Property tax received one year of relief but has again soared to record levels. Not only is the present formula difficult to understand, but some groups feel that it produces neither equality of educational opportunity nor tax equity.

The purpose of this study is to evaluate the present formula and to develop a more satisfactory foundation plan for allocating state funds to the public schools of Kansas. Three important questions identified for the study are: (1) What are the criteria for determining elements of a satisfactory foundation program? (2) How well do each of the present elements within the present Kansas school finance

structure meet the requirements of foundation theory? (3) What alternatives or improvements can be made through the present distribution formula to establish a congruence of objectives among the interested groups?

Specific goals in this program for improving public school finance in Kansas are: (1) Increasing the allocation of funds for a foundation program, (2) shifting of taxes to relieve overburdened areas and select a "good tax" for new revenue, and (3) development of a formula with a system of variables that will achieve equalization.

Recognition of the major problem of developing cooperation among power groups is essential before the development of a new school finance plan can begin. The first step in the procedure for preparing a suitable school finance plan was to achieve consensus on major elements of a distribution formula. This task was accomplished by surveying the board of directors of five major organizations. From the data received in questionnaire form, a set of twelve principles has been established to serve as criteria for developing a new foundation program and to evaluate the results of the formula when it becomes operational. The project consists of four parts: (1) review of literature relative to school finance and related issues, (2) an evaluation of the variables from the present distribution formula relative to the established principles, (3) development of a distribution formula and foundation program, and (4) evaluation of the foundation program and recommendations for legislative changes and future study.

CHAPTER II

A REVIEW OF SELECTED LITERATURE

The mounting evidence indicates clearly that important changes will need to be made in almost every aspect of education during the next few years.

Educators and responsible citizens cannot afford either to do the wrong thing or to neglect to do something that is needed if there is any way of avoiding such a mistake.

Fortunately, in many aspects of education, there are defensible theories and research findings that can provide some guidance.

By planning for the future, unfortunate developments can be avoided and advantageous accomplishments can be facilitated. On the basis of available evidence and by utilizing sound judgment it is possible to identify appropriate objectives and modify them. Alternate methods of achieving an objective should also be identified. An analysis of the inputs required and of the costs and benefits of each will usually be helpful in arriving at a decision as to which would be most advantageous.

Basic Issues

After studies of educational issues it is found that major problems needing consideration still exist as in these

questions asked by Johns and Morphet:

(1) Is equality of educational opportunity practical and desirable?

(2) Does a closer approach to equality mean greater centralization?

(3) Should expenditures for all aspects of local government be considered in determining local ability to support schools?

(4) What is the best measure of local ability?[1]

Concepts of Education and Finance

Concepts regarding the financing of education vary among local school systems in each state and in the different states. There are more striking and significant similarities than differences. These similarities stem from a democratic government and the beliefs of its citizens regarding policies and procedures essential to its perpetuation. Among the pertinent concepts and beliefs generally held by citizens throughout the nation are:

(1) Education should be provided for all through the elementary grades, for virtually all through the high school grades, for a large portion through junior college grades and for the most competent through the colleges and universities.

(2) Everyone should have equality of opportunities for the kind and quality of educational program which will best meet his needs and those of the society in which he lives.

(3) Public elementary and secondary schools should be entirely supported through public taxation; public institutions of higher learning should be largely supported by such funds; non-public schools and institutions of higher learning should be supported on a voluntary basis and not from tax funds.

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[1]Roe L. Johns and Edgar L. Morphet, The Economics and Financing of Education, (New Jersey: 1969), pp. 187-194.

(4) Each state should provide through its constitution or laws, for adequate financial support of public schools and institutions of higher learning.

(5) Each citizen in the state should contribute in accordance with his ability to the support of public schools and public institutions of higher learning in the state.

(6) The resources of a nation should be used to assist in providing educational opportunities to children through public schools and institutions.[2]

Three differences in generally accepted objectives and common practices related to the educational program and its financial support are:

(1) While many complete high school and a substantial percentage of these attend college, there are many who drop out before completing high school.

(2) The educational program in many communities is inadequate. Appropriate educational opportunities are lacking due to insufficient funds, ineffective leadership, or a program that is not designed to meet the needs of many of the students.

(3) Many citizens do not contribute to the support of public schools and institutions of higher learning in accordance with their abilities.[3]

Some of the reasons for the differences in what we believe and in what we do are:

(1) Definition of concepts of purpose

(2) Reliance on property taxes and outmoded practices

(3) Inequities in local wealth and local ability to assume local responsibility

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[2]Roe L. Johns and Edgar L. Morphet, Financing the Public Schools, (New Jersey, 1960), p. 4.

[3]Ibid., p. 7.

(4) Continuation of antiquated districts
(5) Weaknesses in leadership and management[4]

Issues in School Finance

Two basic questions recur directly or indirectly in most of the controversial discussions about school finance:

(1) What should be accomplished through the public schools?
(2) How much should the public school program cost and how should it be financed?[5]

Some feel that any reasonable quantity and quality of education can and should be financed. Others feel that taxes are too high and financial support must be limited, and conclude that the educational program provided must therefore be limited. It is much easier for most to see a relationship between quantity and cost of educational expenditures than between quality and cost.[6] There are only a limited number of situations where increased quantity does not require increased expenditures if quality is to be maintained. In some schools a few students could be added to a certain class without increasing costs significantly. However, if the enrollment in the local state school system increases by ten percent, the cost probably would be increased by nearly the same proportion if quality is maintained. Many agree that increasing quality is apt to add to the cost but few would agree that increasing the cost would necessarily add to the

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[4]Ibid., p. 8.

[5]Ibid., p. 11.

[6]Ibid., p. 12.

quality. There are some conditions under which there is not necessarily a relationship between cost and quality:

(1) Small schools tend to cost more per pupil than larger size schools, even though the quality of education provided in the smaller schools is frequently found to be inferior to the larger schools.

(2) The quality of education may be adversely affected by inept leadership and administration.

(3) Some state laws or local board policies which may require the continuation of out-moded practices limit the quality of education provided.[7]

Educational Opportunity

The concept of educational opportunity is generally accepted but is not always practical. Its definition, however, should be understood to be opportunity for education for individual need through a multiplicity of programs.

Some of the differences in equality of educational opportunity are difficult to demonstrate. State averages do not show the extremes. Johns and Morphet cite a difficulty that emerges from this fact. Educational opportunities in the best school systems of some of the less affluent states may compare reasonably well with those in the best systems in other states.

The potential state expenditure for education and other governmental services is directly related to the income of its citizens. The expenditures for education on a statewide basis seem to have a direct bearing on the quality of

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[7] Ibid., p. 13.

education provided.[8] With the great mobility of population at the present time it is evident that inadequate educational opportunities in a state not only handicap the people in that state but may constitute a problem for other states into which the migrants settle.

Research indicates that the range in educational opportunities within a given state is usually greater than the differences in the average of all the states. Many states, however, offer most children fairly adequate educational opportunities.

Equality of educational opportunity within most local school systems is greater than within states.[10] There are variations in most school systems. It could be that children from homes in certain areas are more handicapped than those from other types of homes. School factors such as inferior buildings or schools where the less competent principals, teachers, or noncertified personnel have been assigned are also variables. It is the opinion of Johns and Morphet that too many systems have such schools in underprivileged areas where some of the background factors involved in inequity of opportunity are:

(1) Many people do not realize the extent or implications of inequalities.

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[8]Ibid., p. 141.

[9]Ibid., p. 143.

[10]Johns and Morphet, The Economics and Financing of Education, p. 171.

(2) Some people have become accustomed to the existing situation and accept it as normal.

(3) Substantial numbers of people seem to be more concerned about their own personal problems and the rising cost of living and of government than about variations in educational opportunity that do not seem to affect them immediately.

(4) Until recent years the procedures needed to solve certain aspects of the problem had not been satisfactorily developed or understood.

(5) There are wide differences among local school districts in wealth per pupil.[11]

Need for Reorganization

Keith Goldhammer suggests a complete reorganization for operation of school systems and schools.[12]

There still exist many rural areas as well as urban and suburban districts where the provisions for education are inadequate. The definition of local responsibility and control needs to be reconsidered. One approach might determine in context, what kinds of educational decisions can be made best at the individual school level, at the state level, and at the national level, and also what kinds of organization will facilitate them.[13]

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[11]Ibid., pp. 172-173.

[12]Keith Goldhammer, "Local Programs for Education," Chapter II, Oregon State University.

[13]Ibid., p. 75.

Variations in Ability

The study of the problems in school finance shows that the citizens of a community must have the financial ability well above that required to provide the bare necessities before they can afford a program of education beyond that incidental to the learning required for survival.

"In order to establish ability to pay for education, there must be agreement about the measures to be used. In the past the measure of the ability of the people in each state was assumed to be per capita wealth as represented by the value of property in the state.[14] Property tax, however, as a source of state revenue is not adequate to bear the burden and does not measure wealth as equitably as does income.[15] Reliable data are now provided periodically by government agencies regarding annual income payments of the citizens of each state. When the income of the people of each state is known it is possible to determine the average per capita income, the average income per child of school age, or the average income per pupil based on average daily membership or attendance. Johns and Morphet feel that personal income per child

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[14]Johns and Morphet, p. 178

[15]Ibid.

of school age is a better measure than the personal income per pupil and the average daily attendance in public schools because all children in these age groups should be educated in some kind of school.[16] Even when this is used as a measure, there are considerable differences in the ability of the respective states to support schools. The wealthiest state has between two and three times the ability to pay than does the poorest.[17]

In most states the variations among the districts in their ability to support schools are greater than those between the states.[18] Recent studies in a number of states have indicated a range in ability in a county-unit and other large district states of from nine to one to about twenty-five to one.[19] If no state aid were provided in these states, the poorer districts would have to make from nine to twenty-five times the effort made by the wealthiest to finance a program providing reasonable equality of educational opportunity. The following conclusions can be made from the previous studies:

(1) In no state can the least wealthy districts finance a reasonably satisfactory program of education from local funds without an unreasonable tax effort, and in many districts, the effort required would be prohibitive.

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[16]Ibid., p. 179.

[17]Ibid., p. 179.

[18]Ibid., p. 179.

[19]Ibid., p. 183.

(2) The differences in wealth in small-district states are so great that no program of state aid is likely to solve all the problems until further reorganization occurs.

(3) Until further progress is made in many states in improving district organization and provisions for financing schools, inequalities in educational opportunity are certain to continue. substantial numbers of pupils in many states cannot expect to have even reasonably adequate educational opportunities under present conditions.[20]

Current School Support Issues

At the close of the 1960's, financial support of schools was a great problem of governments at all levels.[21] Not only have the costs of all government services increased but the birth rate has led to rapidly increasing school enrollments at all levels.[22]

Percentage of financial contribution to education are 3.6 percent federal, 40.1 percent state, and 56.3 percent local.[23] While educators may argue that schools are still inadequately financed, the taxpayer is resisting tax increase. Data prepared by the Tax Foundation for 1958 reveal that all federal, state and local taxes in that year removed almost 24 percent of the personal income from taxpayers and even at the lowest income level (under $2,000 per year), the personal tax bill represented 21 percent of the income.[24] The support

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[20]Ibid., p. 184.

[21]John E. Corbally, School Finance (Boston, 1967), p. 58.

[22]Ibid.

[23]Ibid.

[24]Ibid.

of public schools is currently requiring funds which fall just short of reaching four percent of personal income, therefore, each wage earner contributes approximately one working day per month to provide funds for public education.[25] Corbally says additional study is needed to determine revenue sources of the several levels of government and how adequate they are.[26]

State Taxes in 1968

Considering that 1968 was an election year for offices in state legislatures, the record of taxes enacted was labeled heavy.[27] The additional state revenue forced the consideration of tax legislation in nearly all of the 24 state legislatures which met in the regular session during 1968. The resulting tax activity produced a variety of increased taxes with particular emphasis on general and special excise taxes. These actions are estimated to add $1.3 billion a year to state tax revenues.[28] Total revenues from state taxes have more than doubled since 1960.[29] In 1968, general revenue receipts increased to $59.1 billion. This represents a 13.6 percent increase over 1967 receipts. The states'

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[25] Ibid.

[26] Ibid., p. 59.

[27] Research Division--National Education Association, State Taxes in 1968 (July, 1969), p. 1.

[28] Ibid.

[29] Ibid.

general expenditures, however, increased to $60.4 billion, thereby resulting in a deficit.[30] Expenditures in 1968 increased by 13.3 percent over 1967. An expansion of state services particularly in education and public welfare contributed heavily to the deficit. Table I reflects state tax revenue impact between 1958 and 1968.

TABLE I

STATE TAX REVENUE, 1958-1968

Fiscal Year	Total Amount (millions)	Amount of Increase over Previous Year (millions)	Per-Capita Amount	Amount per $1,000 of Personal Income
1	2	3	4	5
1958	$14,919	$ 388	$ 86.50	$41.98
1959	15,848	929	90.18	41.95
1960	18,036	2,188	100.64	45.46
1961	19,057	1,021	104.60	46.19
1962	20,561	1,504	112.81	49.83
1963	22,117	1,556	117.76	50.56
1964	24,243	2,126	127.24	52.82
1965	26,127	1,884	135.36	53.52
1966	29,388	3,261	150.60	55.52
1967	31,929	2,541	162.01	55.31
1968	36,414	4,485	182.94	58.57

Source--Table 1: State Taxes in 1968, July 1969, National Education Association Research Division, p. 1.

[30] Ibid., p. 2.

Property tax revenue continues to carry the burden for new school revenue.[31] The 1968 state revenues are exceeding those of new local revenues of the preceding year. State expenditures for education during 1968 increased 14.4 percent reaching a total of $24.3 billion.[32] Table II shows the state collections by types of taxes, from 1967 and 1968.

The Advisory Commission on Intergovernmental Relations has recommended that the states which have no personal income tax should adopt one and that those who have the tax should utilize it more effectively.[33] The personal income tax, according to the commission, represents the last underutilized major revenue source in many states. One-third of the states, including some high income sections in the country, do not tax personal income while another third tax them at relatively low effective rates.

In Kansas, the property tax is the subject of much discussion by most citizens.[34] All agree that the property tax in Kansas is too high and should be lowered and that there should definitely be no further increase. In order to compensate for the less or reduced reliance on the property tax by local governments, it will be imperative for Kansas to shift some of the property tax burden to other more

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[31] Ibid.

[32] Ibid.

[33] Advisory Commission on Intergovernmental Relations, 1967 State Legislative Program M33 (Washington, D.C., 1966), p. 6.

[34] Kansas Governmental Journal (April, 1969), p. 156.

TABLE II

STATE TAX COLLECTIONS, BY TYPE OF TAX

Source	Amount (millions) 1968	Amount (millions) 1967	Percent Change 1967 to 1968	Percent Change 1966 to 1967	Percent Distribution, 1968	Amount per Capita, 1968	Number of States Using Tax, fiscal 1968
1	2	3	4	5	6	7	8
Total collections	$36,414	$31,929	14.0%	8.6%	100.0%	$182.94	..
Sales and gross receipts	20,976	18,575	12.9	9.0	57.6	105.38	50
General	10,440	8,923	17.0	13.3	28.7	52.45	44
Selective	10,536	9,652	9.2	5.3	28.9	52.93	50
Motor fuels	5,178	4,837	7.0	4.5	14.2	26.01	50
Alcoholic beverages	1,138	1,041	9.3	5.7	3.1	5.72	50
Tobacco products	1,886	1,615	16.8	4.7	5.2	9.47	49
Insurance	924	877	5.3	8.0	2.5	4.64	50
Public utilities	664	600	10.8	8.7	1.8	3.34	40
Other	745	682	9.3	4.6	2.0	3.74	44
Licenses	3,852	3,628	6.2	3.8	10.6	19.35	50
Motor vehicles and operators licenses	2,484	2,313	20.7	8.3	6.8	12.47	50
Corporations in general	575	610	- 5.7	8.8	1.6	2.89	50
Alcoholic beverages	143	141	1.5	4.3	0.4	0.72	49
Other	650	563	15.4		1.8	3.27	50
Income	8,768	7,136	22.9	12.5	24.1	44.05	41
Individual	6,249	4,909	27.3	14.1	17.2	31.40	36
Corporation	2,519	2,227	13.1	9.3	6.9	12.65	40
Property	912	862	5.9	3.4	2.5	4.58	49
Death and gift	872	795	9.6	- 1.6	2.4	4.38	49
Severance	618	577	7.2	5.8	1.7	3.11	29
Other	416	357	16.6	10.5	1.1	2.09	32

Source--Table 2: State Taxes in 1968, July, 1969, National Education Association Research Division, p. 2.

effective revenue sources. Figure 2 shows tax levies since 1927 at four governmental levels. Since 1960 there has been great escalation in property taxes for all types of school districts.

According to "State Governments Finances in 1967," Kansas is $22 per capita higher than the national average for tax levies.[35] It also shows that in 1966 only 3.1 percent of all local taxes in Kansas came from nonproperty sources while the national average was reported at 12.9 percent.[36] Local governments in 35 states received a greater proportion of their total taxes from local nonproperty sources in 1966 than did Kansas municipalities.[37]

Foundation Concepts

The foundation program concept maintains that all students throughout each state, regardless of economic or geographic consideration, should be entitled to the opportunity to receive an educational program designed to meet their needs.[38]

The concept of the foundation program was first introduced and interpreted in the Strayer-Haig educational finance inquiry in New York in 1923.

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[35]Bureau of the Census, "State Government Finances in 1967" (Washington, D.C., 1967), quoted in Kansas Government Journal, p. 185.

[36]Ibid.

[37]Ibid.

[38]Roe L. Johns and Edgar L. Morphet, Financing the Public Schools, pp. 262-263.

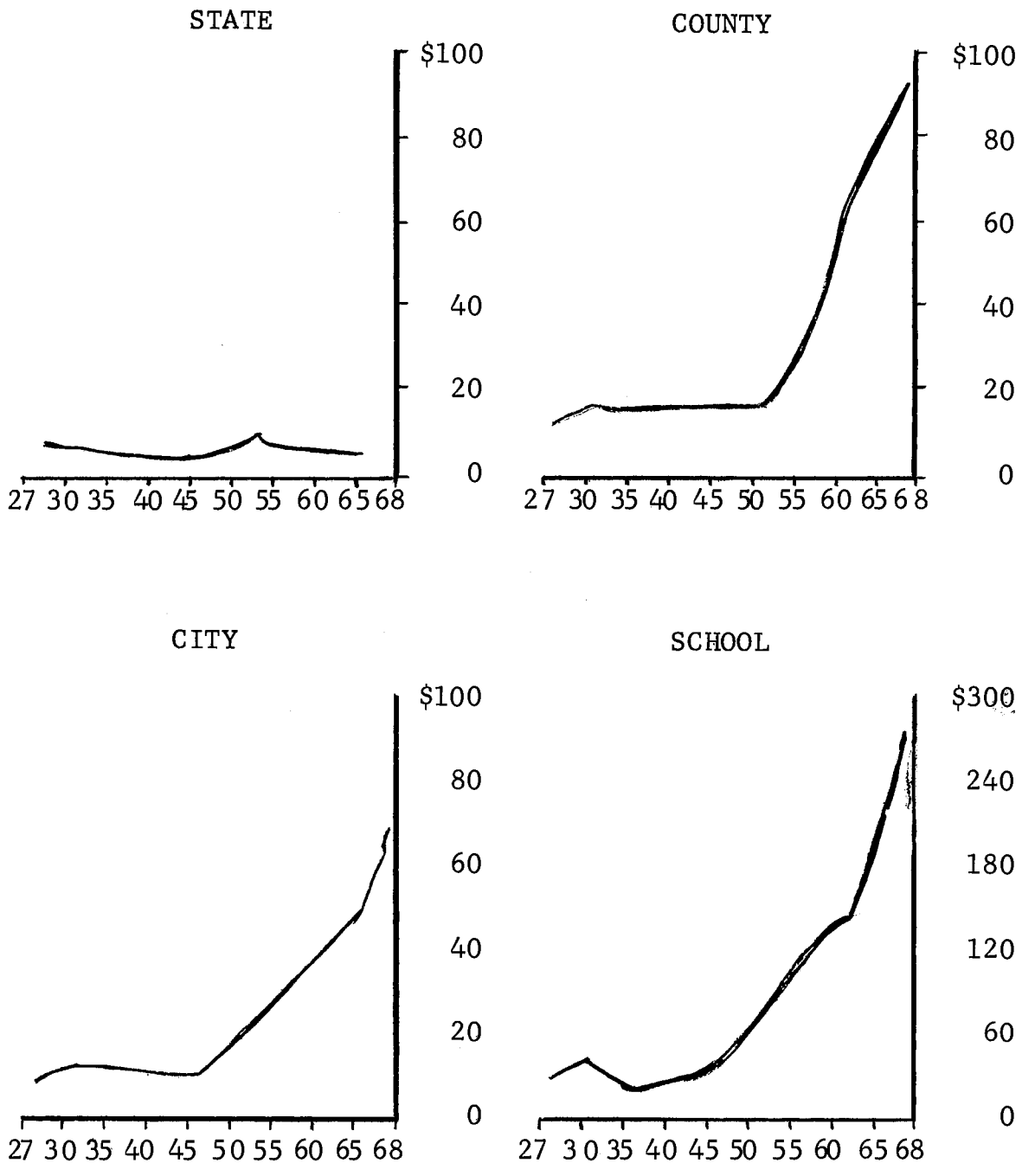

Figure 2. Kansas Property Tax Levies--1927 to 1968 Levies for 1928 to 1969 Purposes

Source: Kansas Government Journal (April, 1969), p. 159.

The foundation program plan has provided a partnership to support aspects of the educational program included in the plan. The funds needed to support the foundation program throughout the state are provided by both district and state funds on an equitable basis. Beyond this program each district may provide funds to finance additional or higher quality services within the limits of state laws or constitutional provisions.

Any defensible plan for financing public schools will enable the people of the state and each district to provide essential educational opportunities and programs for all at a reasonable and equitable cost.

Unit of Educational Need

The first step in developing a satisfactory foundation program plan is that of establishing objective, equitable, and valid measures of educational need.[39] While there is agreement that a sound measure of need must be developed, there are differences of opinion as to whether a single measure should be used for developing all aspects of educational need and as to the extent to which average practice should be used in deriving measures of educational need.

Burdick feels that the educational need that can solve all of the problems is non-existent.[40] It is, however,

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[39]Ibid., p. 277.

[40]Larry Burdick, p. 10.

necessary to establish a unit of educational need in order to allocate funds to local districts.

Peterson states that the lack of accurate measurement of educational responsibility or need is a serious limitation when considering economic impact to state support programs.[41] He indicates that the following measures of educational needs represent the major units that have been proposed or used in various forms or combination for the apportionment of state funds: area school district, taxes paid by each district, valuation o f taxable property, total population, number of school-age children, the number of teachers employed, enrollment, state salary schedules based on training and experience, average daily attendance, and average daily memberships. Burke offers a similar list for identifying needs.[42]

Mort and his associates directed their efforts in the 1920's to the discovery of better measures of educational needs and the determination of the items to be included in the state support program. They established three criteria for the selection of educational items to be included in the state support formula:

(1) Any educational activity found in most or all communities throughout the state is acceptable as an element of state support.

(2) Any unusual expenditure for meeting standard educational requirements over which a local

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[41] LeRoy J. Peterson, Economic Impact of State Support Models on Educational Finance (Wisconsin, 1963), p. 46.

[42] Arvid J. Burke, Financing Public Schools in the United States (New York, 1957), p. 575.

community has little or no control also should be recognized.

(3) In that it could be established that unusual conditions require extended or more costly types of educational offering these should be recognized in apportioning state funds.[43]

Units of need for developing educational responsibility for each community were then developed by Mort. This measurement depends upon average practices for determining the weighting. Mort's weighted pupil measure concentrates upon the pupil-teacher ratio factor.[44] This is usually higher in larger schools and in urban centers than in the smaller schools or sparsely settled areas. Despite criticisms, research reveals that the standard unit is still the most frequently used measure of educational needs.[45]

The most frequently employed standard units of the present state support programs are weighted pupil units and weighted classroom units.[46] These measures have been developed and refined by authorities since the original Mort study, but are based upon the same central idea. Peterson lists another factor to be considered in the development of the standard unit measurement of educational need, that being the percentage of children in high school because it is more expensive to operate high schools than to operate elementary

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[43]LeRoy J. Peterson, p. 48.

[44]Ibid., p. 49.

[45]Ibid.

[46]Ibid., p. 49.

schools.[47] Other factors for weighting to be considered are differences in the cost of living, differences between current and other expenditures, or any additional items which result in major differences in per pupil costs.

One of the most recent changes in measuring educational need was instituted in New York state during the 1962 legislative session. The density factor was given weight in determining educational need.[48] In recognition of added services that large districts provide, especially for handicapped children, additional aid may also be paid to larger districts. Johns and Morphet point to the single measure for determining all aspects of need as being the most desirable.[49] The development of a single unit for measuring educational need would have, in their opinion, advantages in analyzing the expenditures of different types of districts and among different states in developing foundation program laws. The pupil-teacher ratio is necessarily much smaller and cost per pupil in attendance or membership is much greater in smaller schools, in certain types of classes and in some grade levels, than for regular classes in larger schools. Therefore, it is necessary to develop either a weighted pupil or an adjusted classroom unit for arriving at the foundation program cost.

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[47] Ibid.

[48] Burdick, p. 21.

[49] Johns and Morphet, pp. 278-279.

The chief problem with the weighted pupil unit is that it is difficult to interpret to legislators and other laymen. The adjusted classroom unit, although it is directly related in its derivation to the weighted pupil unit, is much easier for laymen and teachers to understand. Either unit may be derived on the basis of average practice. Mort and Reusser point out:

> This has two very serious faults. First, practice on which the weightings are based varies from decade to decade. Second, it varies from state to state. The most serious variations are in the weightings given to secondary pupils as compared with elementary pupils. Sparsity corrections appear to be more uniform from state to state and more stable from decade to decade.[50]

The weighted pupil unit is used as a cost unit for the foundation program as well as the need unit, thus attention is centered on the cost from the beginning, and tax conscious people may tend to resist improvements because the unit is directly associated with cost. This has not usually happened. Indications are that many people tend to be less concerned about the cost after they understand and have agreed upon the need.

Johns and Morphet list two points of view relating to the derivation of the adjusted classroom unit. One holds that the unit should be derived in pure form from the studies and discussions and should cover needs for all employees and services. The other holds that the classroom unit should be

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[50]Paul R. Mort and Walter C. Reusser, Public School Finance (New York, 1951), p. 493.

structured in terms of services needed, commencing with classroom teachers and then considering other pertinent factors and arriving at a single unit formula, similar to one derived from the first procedure.[51]

Other factors to consider are attendance during the current year, whether it is attendance or membership and the relation of needs to cost. Benson,[52] Freeman,[53] and Corbally[54] all point to teacher salaries as an important unit to translate into costs. Several state committees have agreed upon fixed amounts per unit which should be included for instructional salaries. Other committees state that if a fixed amount is included for all districts, those which are now employing poorly prepared teachers probably would use the money in developing salary schedules for their presently employed teachers.

The value of the classroom unit thus becomes the total of the amount included for instructional salaries, the amount of current expense other than salaries and transportation, and the amount of capital outlay if this is to be included in the foundation program. The cost of the foundation program for any district then will be determined by multiplying

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[51]Johns and Morphet, p. 280.

[52]Charles S. Benson, The Economics of Public Education (Boston, 1961), pp. 284-285.

[53]Roger A. Freeman, Taxes for the Schools (Washington, D. C.), National Publishing Company.

[54]Corbally, pp. 118-119.

the total value of the classroom unit by the number of units in the districts and adding the allowable cost of transportation, if transportation is included in the program.

The most concise statement of what a measure of educational need should be is given by Cornell and McClune:

> (1) Include all essential elements of educational costs.
>
> (2) Reflect all significant cost variations due to factors beyond the control of local boards of education.
>
> (3) Exclude your marking or compliance features which destroy local initiative and determination.[55]

McClune suggests that the increase in the use of salary schedules is due to:

> (1) The desire of the legislatures to have a specific purpose for educational funds that they can indicate to the teachers and to their constituents.
>
> (2) The attitudes of the teachers who want to protect what they have.
>
> (3) The fact that if they are properly designed they will fulfill the necessary objectives of a desirable state program.[56]

Burke, who feels very strongly about the need for local control, points out that such programs cause the center of gravity in control to be shifted from the local operating unit to the state.[57] He also suggests that since salaries allowed often are weighed more in terms of experience and

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[55]Peterson, p. 51.

[56]National Education Association, Trends in Financing Public Education, (Washington, D. C., 1965), p. 68.

[57]Burke, pp. 577-578.

preparation, they may have little bearing upon the qualifications of the staff.

Research about the use of the pupil unit as a means of measurement, reflects that the most common practice has been to use the attendance of pupils during the previous year to arrive at the educational need.[58] The increasing number of rapidly growing districts, however, has made this practice unrealistic. Some state aid formulas that have been revised recently allow for increased attendance during the current year. Some difficulties, however, result from decreased attendance due to epidemics or foul weather. Johns and Morphet suggest the following possible solutions:

(1) Basing the units on attendance during the first two or best two months.

(2) Maintaining for each district for the three preceeding years, the ratio between average daily attendance and average daily membership and automatically correcting to the average when a district during any year drops below average.

(3) Changing from the average daily attendance to average daily membership.[59]

Indications show a trend toward the third solution. The use of average daily membership is becoming more widespread. The number of pupils to be educated is clearly a rough measure of educational need. In order to make this a usable measure, certain refinements will be necessary. How to measure pupil load must be decided. Consideration must be given

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[58]Paul R. Mort, Walter C. Reusser, and John W. Polley, Public School Finance (New York, 1960), pp. 47-48.

[59]Johns and Morphet, Financing Public Schools, p. 282.

to some type of weight for the various aspects of the school programs. When these necessary elements have been determined, the result is the weighted pupil unit. This provides a simple basis for the distribution of state funds and is advocated by Mort, Reusser and Polley who state:

> The weighted elementary pupil unit has proved to be the most satisfactory measure of educational need thus far developed. The concept of the weighted elementary pupil is a simple one. Under like conditions expenditures in education vary rather closely with the number of pupils. Accordingly, it is feasible to assume that larger expenditures per pupil will give better return if there is a relationship between expenditure level and the quality of education.[60]

The last measure to be reviewed is the classroom unit. It is obtained merely by dividing the number of weighted pupil units by the number of students that will constitute the desired class size. It is encouraged very strongly by Johns and Morphet:

> The adjusted classroom units, although it is directly related to its derivation to the weighted pupil unit, is much easier for laymen and even teachers to understand. They can readily see the relationship between the number of teachers needed and program of services or facilities to be provided. This relationship is not so obvious in the case of the weighted pupil unit.[61]

Corbally agrees that the classroom unit is more desirable than the pupil unit. He indicates that the classroom unit provides a more workable base and is more easily understood.[62]

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[60]Mort, Reusser, and Polley, pp. 47-48.

[61]Johns and Morphet.

[62]Corbally, p. 133.

New Approach to Measuring Need

Another approach to the measure of need is the idea of using the percentage of the operating cost to determine the need of the school district. The states of Wisconsin and Rhode Island have utilized this concept in their programs for several years.[63] Benson is a very strong advocate of the use of a measure of need based on percentage of district expenditures. He describes this method in the following quotations:

> The state shares without limit in the locally determined levels of expenditure. That is, the Rhode Island plan is truly open ended. Practically any kind of expenditure legally authorized by a local school committee is eligible for reimbursement.[64]

Local Abilities to Support Education

The next factor to consider for the development of state support for school finance programs is the ability of local districts to support education. There are wealth variations in the school districts.

The definition of wealth in this project relates to the financial ability to support public schools.

There are several factors which need to be considered in measuring the ability. Some of these are dollar factors and relate primarily to the tax base within a governmental unit. Other factors influence school cost and may relate to population, geographical or sociological statistics. All state

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[63]Benson, p. 188.

[64]Ibid., p. 189.

support programs that include a fiscal equalization concept and a state local sharing concept related to the ability of the local district require a method of measuring the fiscal capacity of school districts. In a research report, "Economic Impact of State Support Models of Educational Finance," Peterson suggests:

> There are essentially two approaches to measuring the fiscal capacity. One approach used is indicators of economic activity, notably measures of a flow of resources out of which state and local taxes can be paid. The other approach evaluates the taxable resources--the tax basis--available within a state and estimates the amount of revenue that can be produced if they are subjected to various levels of taxation.[65]

Peterson identifies three measures of ability that have received the most attention and are used as an approach to measuring fiscal capacity. They are income, economic index, and property valuation.

Income

Income, the first approach suggested, is frequently used for measuring fiscal capacity. Since taxes are generally paid out of current income, personal income is assumed to be a satisfactory measure.

Economic Index

The second technique as an approach to measurement of fiscal capacity is the economic index. In this situation, capacity is defined as a potential ability of states and

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[65]Peterson, p. 52.

localities to raise revenue through taxation.[66] If the uniform system of taxation reflects the present state in local tax structure, the tax basis used will be property or sales and may not correspond closely to personal income.

Property Valuation

A great many of the studies of variations in the taxpaying ability of the local school districts have used property evaluation as a measure of ability to express the fiscal capacity of the district to support education. Property values have been divided by some unit of measure of educational load, such as per capita, per pupil, per teacher, or per weighted pupil. This is the procedure used in most states at the present time.[67]

Other Approaches

Cyr, Burke, and Mort concluded that a study of ability to support schools must go much deeper than the study of money, and that it must involve factors as productivity, consumption, wealth, and income.[68] Davis classified measures of taxpaying ability under three categories:

(1) The amount of wealth possessed
(2) The income received
(3) The amount spent[69]

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[66]Ibid., p. 52.

[67]Ibid., p. 53.

[68]Johns and Morphet, Financing Public Schools, p. 221.

[69]Ibid.

Norton measured the taxpaying ability of the states by calculating the economic power behind each pupil.[70]

Mort and Newcomber used still another approach in which they computed the yield of the "modern tax system" as a criterion of the relative taxpaying ability of the states. An index of the relative taxpaying ability of the states was developed by using ten economic population factors.[71] Mort devised a method for measuring the ability of the state to finance education in terms of their capacity to raise state and local tax revenues. To do this he used a system where each possible measure of ability was weighted and combined in a formula for determining ability for the state to finance education.[72] Newcomber and Chism also developed a measure of the ability of the states to support public education which has the possibility of adaptation to smaller units. Their proposal is expressed in the formula:

$$\text{Ability} = \frac{\text{Tax resources available under model tax plan}}{\text{Number of children five to seventeen years of age}}$$ [73]

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[70]Ibid.

[71]Ibid.

[72]Peterson, p. 54.

[73]Paul R. Mort, Federal Support of Public Education (New York, 1936), p. 179, quoted by Peterson, p. 49.

Burke takes an approach similar to Peterson in measuring taxpaying ability only with concentration on taxation and income as measures.[74] He first identifies the fundamental problems that exist in the measurement of taxpaying ability.

Although property valuation is not a perfect measure, it can be made to meet more criteria than the economic indices or income as a measure of local ability.[75]

The major limitation of existing research on fiscal capacity is conceptual. Economic indices and other measures of fiscal abilities sometimes are developed without the use of criteria of satisfactory measurement, a clear understanding of what the measure actually measures or the taxing powers of the local unit involved. The measure of relative state or local taxpaying ability which will reflect ability to raise property taxes, non-property taxes, or a combination of both must meet certain criteria. These include:

(1) Reliability or dependability--Is it possible to obtain reliable or dependable data for each component of the measure?

(2) Currency--Is it possible to obtain up-to-date data on each component of the measure?

(3) Applicability--Can the data be assigned to the unit of government ability of which is being measured?

(4) Validity--Does the income measure reflect taxpaying ability which the unit of government can reach through its taxing powers?

(5) Universality--Can the data be obtained for all units?

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[74] Burke, pp. 628-656.

[75] Charles S. Benson, Perspectives on the Economics of Education, (Boston, 1965), p. 364.

(6) Equity--Can the measure be applied equitably to every unit?

(7) Objectivity--Will the measure not be subject to state or local manipulations to favor certain areas?

(8) Weighting--If more than one tax source is included in the measure, the question is: Is the lack of weighting or the weighting assigned to the various taxes such as to create a bias or to violate the equity criteria?

(9) Stability--Will the measure be stable enough to avoid creating serious federal state or local fiscal problems in one year?

(10) Acceptability--Will the various units of government accept and have confidence in the measure?[76]

Patterns of State Support

Historical Developments of State Grants for Educational Services

The history of state grants-in-aid commences with Elwood P. Cubberley at the turn of the twentieth century.[77] Cubberley's approach to the problem was multifaceted. His specific proposals were relatively simple. A summary statement of his complex views of the ends of state aid is as follows:

> Theoretically all the children in the state are equally important and are entitled to have the same advantages; practically this can never be quite true. The duty of the state is to secure for all as high a minimum of good instruction as is possible, but not to reduce all of this to minimum; to equalize advantages of all as nearly as can be done with the resources at hand; to place premium on those local efforts which will enable communities

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[76] Burke, p. 636.

[77] Benson, The Economics of Public Education, p. 154.

> to rise above the legal minimum as far as possible; and to encourage communities to extend their educational energies to new and desirable undertaking.[78]

Cubberley examined data from Indiana, Washington, Kansas, California, Missouri, and Wisconsin, and was convinced that inequalities in quality of school programs and in local tax loads were likely to be found over the whole of the United States.[79] He found a positive correlation between the low quality of programs and high tax loads. He therefore concluded:

> Any attempt at the equalization of the opportunities for education, much less any attempt at equalizing burdens is clearly impossible under a system of exclusively local taxation. Some form of general aid is a necessity if anything like common advantages are to be provided at all.[80]

The contributions by Strayer and Haig presented some essential elements of new theory in educational finance. It constituted the background for studies and developments that have resulted in revolutionizing provisions for financing schools in most states.[81]

Paul Mort actually developed the basic techniques for applying the Strayer-Haig model, directly and through subsequent studies made by his students.[82]

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[78] Elwood P. Cubberley, State School Funds and Their Apportionment (New York, 1905), p. 17.

[79] Benson, p. 156.

[80] Cubberley, p. 17.

[81] Johns and Morphet, The Economics and Financing of Education, p. 244.

[82] Ibid., p. 174.

The third strand in the development of thinking about state grants for school services derives from a report by Harlan Updegraff and Leroy King. In their "Survey of Fiscal Policies of the State of Pennsylvania in the Field of Education" (1922), they urged the adoption of what has lately been called the percentage equalizing grant.[83]

The final concept for the development of state support to consider is complete state support. The chief advocate of this practice was Henry Morrison of the University of Chicago.[84] His views are unique for his time and there are two central themes in his work:

(1) The limits of public responsibility

(2) Equality of educational opportunity

With respect to public responsibility, Morrison drew a sharp distinction between private schools and public. Private schools are extensions of instruction offered in the family and directed toward the attainment of private or household objectives. He further states that:

> The school does not become a public school simply by being open to the public. It must exist for a public or social as distinct from a private purpose.[85]

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[83] Benson, p. 162.

[84] Morrison, Henry C., School Revenue (University of Chicago Press, 1930), p. 9, quoted by Benson, p. 163.

[85] Benson, p. 166.

Elements of Design

The three types of state aid patterns are (1) flat grants, (2) flat grants and special aids, or (3) equalization (need and ability considered) with or without flat grants or their equivalents in minimum guarantees.[86]

Barr defines a flat grant as a specified amount per pupil which completely disregards variations in the local taxpaying ability, but does afford tax relief to local districts.[87]

Another type of grant-in-aids mentioned is special aid, in supplement of flat grants. Supplements may include payment in all or part for some specific phase of education.[88] Kansas, at present gives special grants for educable mentally retarded classes, gifted classes, and vocational education.[89] This aid is distributed in the forms of fixed teacher unit grants.

Benson is critical of this type of grant because the richest district can produce a fixed expenditure per pupil at a much lower levy than poorer districts.

The third form of grants-in-aids mentioned is that of equalization with or without flat grants or minimum guarantees. When the two (equalization and flat grants) are

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[86]Mort, Reusser, and Polley, p. 255.

[87]W. Monfort Barr, American Public School Finance (New York, 1960), p. 255.

[88]Mort, Reusser, and Polley, p. 215.

[89]Kansas State Teachers Association, Kansas State and County Finance Programs (Topeka), p. 2.

combined in a foundation program, the result may be a well defined equalization program in which each school receives at least the amount of the flat grant.[90]

Benson states that there is a strong preference for equalizing grants. He mentions two types of equalization grants differing from fixed unit equalizing grant. The variable unit equalizing grant is a form quite similar to that of the fixed unit form.[91] The basis for the variability, with which the state provides support is normally the teacher with advanced degrees and experience.

In the variable unit phase, the expenditure per pupil which the state will grant support is variable within limits depending upon the quality of educational resources the local district determines.

The other type of equalization grant is that of percentage equalizing. There are only two basic features of this:

(1) The state pays some shares to locally determined school expenditures in a given district.
(2) The state share is larger in poorer districts than in the rich.[92]

In determining the state's share in this plan, it is necessary to calculate the ratio of tax base per pupil in the district and the state tax base per pupil. The relative

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[90]Barr, p. 167.

[91]Burkhead, p. 214.

[92]Ibid., p. 214.

economic standing of a given district is thus established in the form of

$$\frac{y^1}{y}.$$

Where y^1 is the tax base per pupil in the school district and y is the state tax base per pupil. Next this ratio is multiplied by an arbitrary constant (x) which normally has a value between 0 and 1 (as a first approximation the value of x can be taken to represent the local share of educational expenditures in the state). Finally, the product of x times the relative economic standing of the school district (x times $\frac{y^1}{y}$) is subtracted from the numeral 1. The resulting figure, ordinarily a fraction, is the state share support in that particular district. Benson makes the following illustration to show how the formula works:

$$A_i = \left[1 - \left(.5 \frac{\$15,000}{\$30,000} \right) \right] \times \$400,000 = \$300,000$$

(state share) (local share) (total expenditure) (state share)

$15,000 = school district tax base per pupil
$30,000 = state tax base per pupil
.5 = constant guarantee of 50% equalized support

> The state share in this poor district is 75 percent of expenditures. The state share in the district of $45,000 per pupil valuation then would be 25 percent. Each of the districts could provide a program costing $400 per pupil with the same level tax rate of 6.7 mills. In the general case this formula works as a resources equalizer.[93]

Formuli for State Apportionment

In an article by R. L. Johns, "Economics and Financing of Public Education," eight different formuli for state apportionment are presented. Major emphasis is given toward

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[93]Ibid., p. 215.

integrating state funds with local funds. Some of them can, if necessary, be adapted for the inclusion of Federal funds in the total plan. Johns states that it should be possible to devise a plan that will assure reasonably adequate educational opportunity for all students in each state with a high degree of equity for all taxpayers.[94] While few states have come close to achieving this objective, Johns still sees the possiblity for them to do so because of the knowledge, insight and skills that make feasible major improvements available.

Formula 1: Complete State Support of the Foundation Program.

Under this model the state would provide a basic amount per weighted pupil or per classroom unit entirely from state funds, and local financing in addition to the state supported foundation program would be optional. If it is assumed that there are limitations on the potential state revenue available, this alternative might not be available. Furthermore, since the state would provide the entire cost of the minimum program from state funds, the legislature would probably reduce the local tax limit below a certain millage. Experience with this type of model has shown that it is difficult to persuade the people to levy a substantial amount of local supplementary taxes in many school districts.

Formula 2: A Flat Grant of a Uniform Amount Per Weighted Pupil or Per Classroom Unit.

If the legislature has available a certain amount per weighted pupil, this formula makes available a flat grant of that amount per weighted pupil (or per classroom unit).

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[94] R. L. Johns, "Economics and Financing of Public Education," Compact, February, 1968, pp. 8-11, (excerpts from Designing Education for the Future, May, 1968).

Formula 3: Match Mandated Local Funds with State Funds on a Dollar-for-Dollar Basis.

This is an antiquated, discredited formula, but it is still suggested from time to time in state legislatures.

Formula 4: Equalized Matching.

Under this formula, local funds are matched with state funds in the ratio that the equalized valuation of the district per weighted pupil bears to the state average equalized valuation per weighted pupil. This formula unadjusted assumes a ratio of 50 percent local funds to 50 percent state funds for the state as a whole.

Formula 5: The Strayer-Haig Model.

Compute the cost of the foundation program, deduct from the cost of that program the amount that can be raised by the district from a mandated minimum levy on the equalized valuation, and provide the difference from state funds. This formula or an adaptation of it is now used to apportion more than 60 percent of all state funds apportioned to local boards.

Formula 6: The Percentage Grant or State Aid Ratio Formula.

The state's share of the cost of the foundation program of a district under this formula is computed by multiplying the cost of the district program by 100 percent minus a predetermined percentage figure multiplied by the quotient of the equalized value of district property divided by the state average equalized value of property per pupil.

Formula 7: An Equalized Matching Incentive Added to the Foundation Program.

Under this formula an equalized matching grant is added to the foundation program such as provided for in Formulas 5 and 6, in order to stimulate local tax effort in addition to the local effort mandated in the foundation program. The purpose is to stimulate local boards of education to make necessary innovations and to move toward a quality level educational program.

Formula 8: An Incentive Grant Provided by Matching Optional Local Taxes in the Same Ratio of State to Local Funds as Provided in the Foundation Program.

The ratio of state to local funds in the foundation program can readily be computed from either Formula

> 5 or 6. It is assumed that this type of incentive grant will be added to the foundation program provided for in either Formula 5 or 6 and will require more state funds than Formula 7 if the state average percent of the cost of the foundation program exceeds 50 percent.
>
> This formula provides for complete equalization of educational opportunity in all districts willing to make the same local tax effort in proportion to ability, and it provides a powerful incentive for additional local effort, especially from the less wealthy districts.

An Adaptation of the Strayer-Haig Formula

Morphet and Johns have developed an adaptation of the Strayer-Haig Formula which is now being used by a number of states. Although the measure of "weighted pupil" is a very useful measure in state support, they found it very difficult to explain. It was easier to explain the term "classroom unit" is derived from weighted pupils, it is a function of that measure and just as useful. This state support model is based on educational services provided and is more directly aimed at improving school quality than the original Strayer-Haig model. This method of calculating the cost of the foundation program might be termed a type of program budgeting. It could also be termed PPBS or a program planning budgeting system for determining the cost of the foundation program. This methodology also lends itself more readily to systems analysis than any other state support model.

> ...this adapted plan provides for the following procedures in determining the cost of the foundation program:

> (1) calculate the cost of instruction by multiplying the allotted classroom units by appropriate cost scales;
> (2) calculate the amount allotted for transportation by cost scales which give due consideration to the number of pupils transported and the density of transported pupils;
> (3) calculate the amount allotted for other current expenses by multiplying the number of classroom units by a flat amount computed on the basis of average costs;
> (4) calculate the amount allotted for capital outlay and debt service by multiplying the number of classroom units by a flat amount determined by the average annual depreciation costs of school plants.
>
> These items are summed in order to determine the total cost of the foundation program and from this amount is deducted the mandated local levy as in Formula 5, the difference being paid from state funds.[95]

The Wisconsin Plan

One of the more challenging approaches to the school finance problem has been taken by the state of Wisconsin. Instead of requiring all communities to tax at the level established for the foundation program in order to get any or all of the equalization aid desired, Wisconsin provides for whatever level at which the community is operating. The state's proportionate share and local proportionate share will be the same as it would be in the prescribed foundation level.[96] For example, if the state aid to which a community would be entitled, when it is operating the full foundation

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[95]Ibid.

[96]Mort, Reusser, and Polley, p. 268.

program were a third of the total, then the community, regardless of the foundation level, will still receive a third of the cost from the state and provide two-thirds of the cost locally. There is a limit, however, which defines the foundation level for which the state is directing its efforts and the local contribution associated with it. These limits are presently set at a maximum of $315 per pupil and 15 mills.[97]

Another procedure used by Wisconsin is to establish the foundation level and local rate and then withhold state aid equal to that which the community saves by using a lower rate.

Flexibility in state support can be achieved through one of two possible avenues in Wisconsin. First, the local tax impact can be reduced materially by increasing the guaranteed valuation per resident pupil. The biennial adjustment of the guaranteed valuation per pupil permits a realistic adaptation of the formula. A second factor in the Wisconsin state support program which takes into account the limitation of local resources is found in the states willingness to assume the total portion of the cost behind the local maximum effort. Because of its flexibility, the Wisconsin system of

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[97]Ibid.

state aid for education can distribute the financial load between the state and local school districts so that the school districts are able to provide for and improve their educational programs.[98]

The Rhode Island Plan

Rhode Island's foundation program in operation since 1960, is also an innovation in state local partnership for school support.[99]

It is virtually unique among grant formulas used by state governments in our country. The Rhode Island formula provides that the state will share in locally-determined educational expenditures, without ceilings on the level of expenditures. The open-ended, matching grant program is a definite improvement in both principle and practice over the foundation programs found in many states.[100]

In the administration of this matching formula there are two major points to be determined. The first is the level of expenditures in which the state will share, and the second is the matching ratio to be applied to any given expenditure. In Rhode Island each regional school district reports its expenditures on the current operation of its public schools, and these reports constitute the basis for determining school expenditures in which the state will share.

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[98]Benson, p. 332.

[99]Norton, John K., ed., Dimensions of School Finance (NEA Committee on Educational Finance), p. 172.

[100]Ibid., p. 173.

The second point is somewhat more complicated. The General Assembly determined that no district would receive less than 30 percent of its last year's expenditures.[101]

This provision means that in the richer localities, as measured by value of property, degrees of wealth do not affect the sharing ratio; but a flat rate of sharing is established for each of the more affluent communities.

For other local authorities, the specific sharing ratio is determined by the relation of equalized weighted assessed valuation (EWAV) per resident pupil in average daily membership in the public schools of the local authority to statewide average. The formula aims at establishing a close, positive relationship between expenditure per pupil and local school tax rates on equalized valuation. If Town X decides to spend twice as much per pupil as Town Y, it can expect to have a tax rate approximately twice as high as Y does. The local tax rate becomes a "price" for educational services.

The equalized weighted assessed valuation of each community in the state is adjusted by the ratio that the median family income in the community bears to the median family income for the state. This adjusted equalized weighted assessed valuation is used as one of the bases for determining the local ability to support the basic program.

As described by Benson, this approach is not characteristic of school finance in the United States. Rhode Island's

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[101]Rhode Island Department of Education, Title 16, Chapter 7, State Support for Rhode Island Public Schools, p. 2.

plan has been described as a notable advance in equity in state-local fiscal relations.[102]

The California Plan

The foundation program in California as revised in 1955-56 provides per pupil aid from kindergarten through junior college.[103] California has an extensively developed system of school grants based mainly on the fixed unit equalizing concept. They also make use of categorical aid. In 1966-67 California employed three equalizing grants.[104] For elementary schools the foundation program is defined as $249 per unit of average daily attendance. The local contribution rate is 60¢ per $100 of assessed valuation. For high school attendance the foundation program is $339. The local contribution is 50¢ per $100 of the assessed valuation. "For unified districts" those comprised of both elementary and high school grant entitlement is computed separately for the different levels of school attendance. In addition there are supplementary grants in which approximately the poorest half of the district can obtain extra aid if they are willing to tax themselves above local contribution rate. This grant is variable:

(1) By the level of assessed valuation per pupil in the district.
(2) By the level of local school tax rate.

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[102]Benson, p. 186.

[103]Barr, pp. 168-169.

[104]Benson, p. 186.

No extra aid can be earned in elementary districts if the tax rate reaches $1.60.[105]

The system of public school support effects a partnership between the state and the local educational agency whereby each contributes to the support of the educational programs for all who attend the public schools.

Revenue is derived from (1) local taxes levied upon the assessed valuation of property in the local agency; (2) state taxes levied for general purposes; (3) federal taxes levied for general purposes and allocated to the state or directly to the local agency for public school purposes; and (4) miscellaneous revenues received by the local agency.[106]

Certain claims can be made for California school support. An enormous influx in population has been accommodated without resort to any economy devices. California teacher salaries are generally among the highest in the nation. The state has also developed a magnificent system of public higher education.[107]

Benson, however, calls attention to the shortcomings about the California finance plan:

(1) A considerable variation exists among districts in expenditure per pupil and there is no evidence that these

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[105] Ibid.

[106] Ray H. Johnson and Edwin H. Harper, eds., Structure of Public School Support and Recommendations for Improvement (California State Department of Education).

[107] Benson, p. 188.

differences are so arranged that educational output of the state is maximum. Interdistrict tax rate differentials are substantial.

(2) Though the legislature has seen fit to revise the amounts of the foundation program upward at frequent intervals, a substantial volume of additional school aid is dissipated in tax relief and flows over into the support of other local government services. A recent study of this problem reports:

> It is concluded that of the 1952-53 changes in California state aid to education, only approximately 20 percent went to increase total educational expenditures beyond what they would have been if there had been no change in state aid. More than 65 percent of the change in state aid was employed by local government to reduce their local tax burdens, and somewhat less than 15 percent was shifted to the financing of other governmental grants.[108]

(3) The large cities in the state feel they are receiving insufficient funds in view of the cost of education in high density areas. This complaint is by no means peculiar to California and some states including New York have been quick to respond to it.[109]

The Washington Plan

The law under which state funds are allocated to school districts in Washington was revised completely by the 1965 session of legislature.[110] Under the former distribution

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[108]Ibid.

[109]Ibid.

[110]State of Washington, 49th Biennial Report of the Superintendent of Public Instruction, June, 1968.

formula, a major portion of state funds (about 85 percent) was paid on the basis of flat grants irrespective of variations among school districts in the relative wealth per pupil enrolled. The new formula provides for a guaranteed equalized amount from state designated local funds for each pupil enrolled in programs approved by the State Board of Education. On the basis of state funds appropriated for the regular K-12 school programs, the guaranteed amount for the 1966-67 school year was $326 per weighted pupil. The comparable figure for 1967-68 was $350. To arrive at the average annual weighted enrollment for each district, one or more of the following weighting factors were used:

(1) (.5) for each child enrolled in kindergarten.

(2) (.3) additional for each pupil enrolled in grade seven through twelve.

(3) (.2) additional for each full time equivalent pupil enrolled in approved vocational classes.

(4) (.1) additional for each pupil enrolled in a program conducted for the culturally disadvantaged.

(5) A range of 0 to 19 additional per pupil enrolled to provide in part for higher salary costs incurred by certain districts, by reason of the added professional preparation and/or longer years of experience in the educational profession by their staffs.

(6) A range of .002 to 2.0 additional for each pupil enrolled in elementary districts which have been determined by the State Board of Education to be "remote and necessary" in which there are less than 100 pupils enrolled.

(7) A range of .001 to 2.0 additional for each pupil enrolled in high schools which conduct programs approved by the State Board in which the total enrollment in grades 9-12 is less than 250.

The Florida Plan

The computation of the Florida foundation program includes a number of instructional units based on the average daily attendance and varies with the training and certification of the teachers employed in the county.[111]

Additional allocations provide for current expenses, capital outlay, and transportation. The distinguishing feature of this type of program is a reward for employment of the better training and certificated teachers which is often available only to the fiscally able counties. The foundation program is defined in such a manner that all school services are included. The only special aid is a purchase of textbooks. An interesting feature of the Florida fiscal policy is the earmarking of receipts of certain taxes that are the source of funds for state support of capital outlay and debt services. Rewards for effort, which increase the amount of the foundation program in fiscally able districts, increases the state support to such districts. This counteracts the equalization which would normally reduce support to wealthy districts.

Thus, it may be seen that the plan proceeds in three clear-cut steps:

(1) Calculate the cost of providing the minimum educational opportunities considered as reasonable and essential, including funds for instructional salaries, transportation, other current expenses, and capital outlay.

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[111]Barr, p. 170.

(2) Calculate the sum of money which the counties must supply toward meeting the cost. The amount to be contributed by the 67 counties collectively is 3 mills on the non-exempt assessed valuation of property in the state. Each county provides its proportion of this amount as determined by an index of taxpaying ability. In 1969-70 the Index of Taxpaying Ability will no longer be used.

(3) Provide from state funds that which is necessary to make up the differences between the total cost of the program and what the counties must provide.[112]

The Minimum Foundation Program provides funds for new buildings, new school sites, new permanent equipment, and major additions and alterations. These Capital Outlay Funds are allocated on the basis of $400 per instruction unit and are guaranteed by the state constitution.

Although the major portion of the funds for the support of public schools in the state is provided through the Minimum Foundation Program, other supplementary funds are invaluable in providing adequate financing of the school system. The most important of these is Additional Local Funds which supplement the operations provided for by the MFP and support those aspects of the program which have no specific allocation under the MFP. County funds come primarily from local ad valorem taxes.

The state provides additional funds independent of the MFP. Each separate support program typically is directed at a particular aspect of the program. Among these are: Additional Capital Outlay (matching funds for school construction), Textbook Fund, and Driver Education, School Sales Tax Fund (earmarked for retirement matching). The Racing Commission Fund, although often listed as county revenue, in actual fact come through the state treasury and are transferred to the county where they are used as if they were local revenue.[113]

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[112]Florida State Department of Education, Florida's Education Program, Tallahassee, Florida, 1968, pp. 38, edited by Floyd T. Christian.

[113]Ibid.

The Peterson Model

In 1963 a very constructive contribution to educational research was completed at the University of Wisconsin under the direction of Leroy Peterson. A number of scholars in public school finance throughout the United States devoted time and energies and served as an advisory committee to Peterson.

His report provided a background for better understanding of many facets of the school finance. He examined the impact of changes over a period of time as well as state support to schools and other municipal functions in Wisconsin. The purpose was to identify changes which took place when state support to either the school district or the municipalities was substantially altered.

The research involved educational and financial analysis of six types of school districts in each of four states. Other than Wisconsin the states of New Jersey, Oregon, and Tennessee were surveyed for the project. General information was received in order to achieve a better understanding as to how each state support program operates. Peterson draws together some concluding statements from the major findings of the research. These findings form the basis for developing and refining the hypothetical model for state support. In the final chapter of the project, the hypothetical model created by the project staff is operationalized. This model was designed to incorporate the results of the analysis of the data. The ultimate goals are aimed

toward adequate support and greater equity in educational finance.[114]

Proposed Kansas Plans

Since the present foundation plan for financing public elementary and secondary schools was implemented in 1965, there have been numerous proposals to change the distribution formula by various potent interested power groups. The list includes the Kansas Farm Bureau, Kansas Association of School Boards, Kansas State Teachers Association, and the Kansas State Department of Education. The two most recent plans that may possibly cause some impact toward changing the distribution formula were submitted by the State Department of Education and the Kansas Association of School Boards.

Dr. Taylor Whittier, recently appointed commissioner of the Kansas State Department of Education, has submitted a proposal.[115] The chief features are as follows:

(1) A shift of approximately 100 million dollars of the tangible tax load to non-ad valorem sources. By establishing a 100% surtax on all state income tax liabilities, the state would realize approximately 100 million dollars with which to increase support for school districts and reduce local property tax levies. That portion of the surtax paid by residents of districts (approximately $74,500,000) would be returned directly to the respective districts.

(2) Improved equalization of state-wide school support. The plan would provide every district

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[114]Peterson, p. 5.

[115]Kansas State Department of Education, A Plan for State Aid to Kansas Schools (Topeka, Kansas, December, 1969), p. 1.

with a level of support as measured against a state median of operating costs according to categories of enrollment.

(3) A state-shared guarantee geared to actual yearly costs of school operation.

(4) Elimination of the county school foundation assessment with its questionable economic index.

(5) Determination of the financial ability of each local district by actual dollar revenue derived by that district rather than in terms of a state-wide index. As applied to the 1970-71 fiscal year, the plan would provide for approximately 57 percent of the $376,000,000 estimated total operating costs of school districts to be funded by the state from non-property tax sources.[116]

The equalization formula proposed is:

$$\text{State Equalization Aid} = \text{District Enrollment} \times \text{Per Pupil Guarantee} - \text{25 mills tax on adjusted valuation} - \text{Residents' State Income Surtax}$$

The total district enrollment from kindergarten through grade 12 as of September 15 of the operational year, with adjustments for increased enrollments at midyear. Each kindergarten pupil counts as one-half.

The per pupil guarantee becomes the basis of the state shared guarantee. It is established from operating costs of school districts over the preceding year, taking into consideration the variation in expenditures among districts with various levels of enrollment.

Enrollment Range	Estimated Guarantee for 1969-70
2,000 plus	$594
1,000 - 1,999	653 - .059 (E-1000)
900 - 999	683 - .30 (E-900)
800 - 899	725 - .42 (E-800)
700 - 799	737 - .12 (E-700)
400 - 699	760 - .0767 (E-400)
Less than 400	760

[116] Kansas State Department of Education, A Plan for State Aid to Kansas Schools (Topeka, Kansas: December, 1969), p. 1.

On January 19, 1970, the Kansas Association of School Boards Finance Committee presented a new formula for the Kansas Legislature to consider for distributing school funds to public schools.[117] The KASB Plan is divided into three major categories:

(1) The state-shared guarantee

(2) The definition of local ability

(3) Other finance recommendations

The basic formula recommended by the Committee may be stated as follows:

$$\text{State Aid} = \text{Enrollment} \times \text{Guarantee Per Pupil} \times .075 - .015 \times \text{AAV}^{*} - \text{Income Tax Revenue}$$

*AAV = Adjusted Assessed Valuation

The state-shared guarantee represents the total amount of money which is to be financed by all levels of government involved in the financing of schools--federal, state, county and local.[118] The KASB proposes that the guarantee be based on the actual operating expenditures of school districts for the preceding school year, taking into consideration the variation in expenditures found in districts with varying levels of enrollment. The formula would incorporate this principle:

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[117] KASB Finance Committee, Report of the KASB Committee on School Finance to the KASB Delegate Assembly (Topeka, January 18, 1970), p. 2.

[118] Ibid.

Enrollment Range	Guarantee Per Pupil
2,000 or more	$594
1,000 - 1,999	$653 - .059 (E*-1000)
900 - 999	$683 - .300 (E-900)
800 - 899	$725 - .420 (E-800)
700 - 799	$737 - .120 (E-700)
400 - 699	$760 - .0767 (E-400)
	$760

*E=Enrollment

The .75 factor in the above formula is a procedure used to reduce the expenditure scale in order that it will be compatible with the revenue sources. The expenditure scale is derived from the total expenditures of all school districts. The foundation plan to be calculated, however, is intended to finance only that part of the total expenditures which come from the state foundation plan and the local tax levy. Therefore, it is necessary to reduce the total expenditures by the amount derived from (1) all federal aid, (2) all county aid, and (3) that part of state aid other than the foundation plan in itself. In 1968-69, the total amount derived from these sources amounted to about 25% of the gross expenditures.

In the preceding KASB proposal, local ability was defined solely in terms of the adjusted assessed valuation of the district, and was arranged in the form of an index, in which certain percentage values of state aid were assigned to designate ranges of assessed valuation per pupil. The committee now recommends that the entire Kansas state income tax on personal income be earmarked as a revenue source for the school district in which the individual taxpayer resides. The state income tax would be collected by the state, but would be returned directly to the school district in which

it was collected, as a revenue source. The amount received from this source, combined with an amount equal to the proceeds of a property tax levy of 15 mills on the adjusted assessed valuation of the school district, would constitute "local ability" and would be deducted from the state-shared guarantee. It would not, however, be mandatory for the school district to make the 15 mill levy.

The local contribution rate, or "local ability" is based upon the adjusted assessed valuation of the school district. Since the objective is 50% state support, the .50 index is assigned to the valuation range representing the school district in which the median child resides. In 1967-68, this median fell in the 8,000-8,999 range.

Adjusted Assessed Valuation Per Pupil	Index
$ 3,000 - 3,999	.60
4,000 - 4,999	.58
5,000 - 5,999	.56
6,000 - 6,999	.54
7,000 - 7,999	.52
8,000 - 8,999	.50
9,000 - 9,999	.48
10,000 - 10,999	.46
11,000 - 11,999	.44
12,000 - 12,999	.42
13,000 - 13,999	.40
14,000 - 14,999	.38
15,000 - 15,999	.36
16,000 - 16,999	.34
17,000 - 17,999	.32
18,000 - 18,999	.30
19,000 - 19,999	.28
20,000 - 20,999	.26
21,000 - 21.999	.24
22,000 - 22,900	.22
23,000 or above	.20

An evaluation of this formula shows greater equity for distribution of state funds in comparison to past KASB proposals. The distribution tables, however, still reveal that the lion's share would be allocated to the urban communities. The criteria of quality element has been completely removed and all districts are being penalized by federal funds, while only a limited number of districts receive the federal impacted school support. This formula displays some characteristics of the Strayer-Haig model.

Similar formulas submitted to the Legislature for consideration were proposed by the KSTA and Kansas Farm Bureau.

The Political Process and Its Implications

School districts are governmental units and because district voters have ultimate responsibility in the operation of schools, board members, superintendents and other school officers are involved in politics. Garvue refers to the study of politics as a phenomena that has been humanized in most recent decades by greater attention to role players such as superintendents, teachers, and legislators in political situations.[119] He feels that this new trend is beginning to replace the emphasis placed upon constitution terms and statutes.

Ostrom cites the efforts to insulate the schools from politics have been paralleled by a comparable effort to

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[119]Garvue, Modern Public School Finance, p. 14.

commit larger areas of decision making to the professional personnel, especially to the professional administrative staff within a school system.[120]

Education is one of the most thoroughly political enterprises in American life and more money is spent for education than for any other single function of state and local government.[121]

> The fact that there has been so many attempts to illuminate the politics of education is in itself worthy of comment. Part of the puzzle is that the profession of political science itself, with a few notable exceptions has ignored the subject.[122]

Burkhead points out that the strongest obstacle encountered by state support of public schools comes through the political process.[123] The issues relating to the financing of education often are complex and difficult to resolve satisfactorily even under favorable conditions. In a majority of the states a major portion of the funds for the support of elementary and secondary schools is still derived from local sources.[124] Due to economic factors there has, however, been an increasingly higher percentage of funds for school support provided by the states. This has brought about a focus of

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[120]NSSE Yearbook, Social Forces Influencing American Education, (University of Chicago, 1961), Vincent Ostrom, Chapter 2, "Education and Politics," p. 32.

[121]Burkhead, p. 93.

[122]Ibid.

[123]Ibid.

[124]Ibid., p. 38.

decision making shifting from the local school systems to the states and eventually the federal government.

As described by Burkhead, the base of politics is a significant historical fact.[125] Throughout its development, public education has been heavily local and unstandardized with common recurring tensions of special elements to the politics of state aid. He identifies four of these historic issues:

(1) Religion
(2) Control of state educational apparatus
(3) Localism
(4) Urban rural rivalries[126]

In the political phenomena, Burkhead refers to the cohesiveness between school men and their friends as building upon the fundamental concerns of parents and the citizenry at large for adequate education. He devised the pro-school into four groups: First, is the educational academic. Second, the officials in the state government. The third type consists of the professional educators. Finally, there are the "surprise actors" aligned with public schools but which for subtle reasons make common cause with the school men.[127]

While the school men have proponents, there are also opponents. The steady increase in general aid to education since World War II indicates some lack of

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[125]Ibid., pp. 93-94.

[126]Ibid., p. 96.

[127]Ibid., pp. 104-115.

success by the opponents of school men. Burkhead, however, notes that more school men would contend that state legislatures would have gone much further than they have in state aid had it not been for both overt and invisible opposition. The political process involves dynamic tensions. In the case of state aid, most of the school men are highly visible, even when they are unsuccessful. Burkhead identifies the possible depressants, imagined and real, as follows: The Roman Catholic Church, tax-minded business depressants, localism, conservative politicians, and the splintered school men.[128]

It would appear that self-interest would dictate a massive and uniform opposition of loyal Catholics to increased spending for public schools. Burkhead, however, states that this logical inference is not supported by empirical evidence. Though local priests and local politicians have often responded negatively to demands for increases in local public education budgets, there have been scores of examples of Catholic laymen, Catholic members of local school boards and Catholic politicians, taking the leadership and promoting the cause of public education in the heavily Catholic districts.[129] Burkhead's recent study in the northeastern part of the country reveals such activities. Therefore, there is not sufficient evidence to state that the Roman Catholic Church has been a depressant upon state aid to education.

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[128]Ibid., pp. 104-115.

[129]Ibid., pp. 118-119.

Some writers have identified tax-minded business groups as being as opposition to the school men. Even when increased taxation is deemed necessary or inevitable, many business groups fight additional taxes until they are satisfied that the incident of taxation is relatively favorable to business centers. Therefore, they must be considered one of the prime reasons why some states fail to be successful in promoting new state aid for public schools.[130]

The most persuasive and persistent of depressants on state school subsidies is rural localism.[131] These depressants are not necessarily against good schools. Their main concern, however, is to oppose and if possible to prevent the growth of the power of state governments. They are devoted to the thesis that each school should stand on its own foundation. It is a level of operation that they love too intimately and manage too handily to delegate.

Conservative tax-minded legislators are both an effect and a cause of conservative ethos in the political life of the state.[132] Being bolstered in their attitude by editorial support in generally conservative press, they are often elected with the active support of powerful business interests. Appropriation committees become foci for conservatism, and they usually set priorities in the funds they allocate.

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[130]Ibid., pp. 119-120.

[131]Ibid., p. 120.

[132]Ibid., p. 121.

Their ax is not aimed at school subsidies alone as education is not the only item on the agenda of the state budget. The competition for state money frequently comes at a time and place which makes the situation a major depressant for additional state aid to education.[133]

Burkhead says that on many occasions school men have made their own programs easy to oppose.[134] The most common handicap to increasing school subsidies in some states has been the inability of school men to work cooperatively for one responsible school bill. On numerous occasions school groups will publicly take opposite sides on the same bill. Some are backers of general state aid, while others favor state subsidies for local operating expenses. Burkhead describes the political activity by school men as amateur politics and points to this lack of political sophistication and discipline among school men as the major factor for depressing state aid assistance. Many law makers would respond favorably to financial appeals that school men can make when they agree on common goals. This is because legislators do find it difficult to withstand coordinated pressure from their grass roots.

Burkhead concludes:

> That those who believe state government must share even larger burdens of the cost of public education in years ahead, must realize that the road to increased state aid is political. They must develop

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[133]Ibid., p. 121.

[134]Ibid., pp. 122-123.

> intellectual private interest groups, bureaucratic and political leadership capable of defining goals and mobilizing effective power for the realization of these goals.[135]

Use of Power Resources in the Support of Educational Projects

No school system that was headed by school board members, school administrators, or leading teachers who were political eunuchs ever progressed professionally. Strong professional leadership is probably the most critical factor in initiating educational progress.[136] Therefore, educators must make maximum use of the power resources available to them in enlisting the cooperation of existing power-wielders and become major political entities if they are to utilize their resources efficiently for support of good schools.

Some of the most effective school administrators are those who have used the power of others.[137] Thus, one of the essential responsibilities of the educational leader is to collect the facts and personally see that they are made available to influential leaders in the school district.

Some of the most disastrous failures occur because attempts to initiate educational policies are made without factual support.

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[135] Ibid., p. 128.

[136] Ralph B. Kimbrough, Political Power and Educational Decision-Making. Rand McNally & Co., Chicago, 1964, p. 277.

[137] Ibid., p. 277.

A school superintendent, principal, or teacher may develop his position in the leadership interaction pattern as an effective resource.

The most effective power resource which teachers can develop and exercise control over is professional solidarity. The long-range goal in this direction should be further to develop the profession of teaching. Bailey like Burkehead found that the splintering of school men was a major depressant to state support for education. He states:

> Frequently schoolmen themselves have made their own programs easy to oppose. Far and away the most common handicap to increasing school subsidies has been the inability of schoolmen to work and speak as one for a responsible general school aid bill. Effective organization is exceptional. Most of the time in disorder and naivete are the schoolmen's outstanding political characteristics.[138]

Through forceful leadership there is reason for optimism even in the face of a monopolistic power structure. There is no greater deterent to educational politics than fear or pessimism on the part of the school leaders.

Economic Impact

Education may be viewed as an industry, one in which resources are used to produce given products and services.[139]

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[138] Ibid., p. 278.

[139] Swearingen, Eugene L., Helmer E. Sorenson, and Richard P. Jungers, "The Relationship of Economic Theory to Educational Finance," The Theory and Practice of School Finance, eds. Warren E. Gauerke and Jack R. Childress (Chicago, 1967), pp. 24-35.

It can be viewed as a big industry due to the large portion of the total population involved either as a paid employee or consumer.

Our public education system is uniquely American in that it guarantees a minimum education (12 grades) to everyone who has the ability and desire to attain it.[140] Recent research, however, indicates that there has been an existing shortage as high as 127,000 classrooms in the primary and secondary schools.[141] This has required at least a half million persons to attend school for less than a full day because of the shortage of space. From the economist's point of view, the real solution lies in attaining additional funds to meet the demand and this demand must be met without a decrease in quality which could circumvent completely the reasons for purveying education.

John K. Galbraith, noted for his writing geared for popular consumption, is most emphatic about the need for additional expenditure in education.[142] He contends that in our past, entrepreneurship and other factors were most vital in our economic development. Present day needs are in terms of great numbers of trained and qualified people. He states:

> Investment in human beings is prima facie, as important as investment in the material capital. What is more important is the technical advances

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[140]Ansel Sharp & Bernard Sliger, Public Finance. The Dorsey Press: Combwood, Illinois, 1964, p. 323.

[141]Ibid., p. 323.

[142]Gauerke and Childress, op. cit., p. 31

> now almost wholly dependent on investment in education, training, and scientific opportunity for individuals.[143]

Galbraith sees education as fitting into another aspect of economics. Reasoning that wants stimulate production, he contends that increased educational investment increases wants and consequently increases production to satisfy these wants. Simple modes of enjoyment need little preparation, but the more esoteric desires can be synthesized only by certain educational effort.[144]

Edward Dennison has made recent attempts to appraise the social benefits of education. He studied the growth rate of the gross national product between 1929 and 1957 and the factors causing the growth rate. He identified positive factors which contributed 109% and the negative factors contributing 9%, making a net of 100%. He shows the increased inputs of labor and capital account for only 49 positive percentage points out of 109, or 45% of the total. Increased inputs of education and knowledge accounted for 43 percentage points out of 109 or 39% of the total.[145] Even more significant were his findings with respect to growth rate of the economy per person employed. His final estimate is that education contributed 42% of the 1.60 percentage point growth rate in the product per person employed.[146]

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[143]Galbraith, The Affluent Society, Houghton Mifflin - Boston, 1958, p. 274.

[144]Ibid., pp. 279-280.

[145]Johns & Morphet, The Economics and Financing of Education, pp. 77n.-70.

[146]Ibid., p. 79.

Another method of studying the benefits of education is to consider the cost of not educating people. The crime rates and the rates of dependency upon public welfare or private charity are many times greater among those without sufficient education to enable them to succeed in present day society than among those who have an adequate education. The direct cost to the taxpayer keeping a man in prison may range from $3,000 to $4,000 per year in terms of 1967 prices. This does not include the cost to the individuals of the crime committed or the social cost that may be incurred by the prisoner's family being forced on to relief.[147]

In spite of the high standard of living enjoyed in the United States, relatively large numbers of workers are unemployed. Unemployment leads to poverty and a smaller market for consumer goods. A large portion of the unemployed are workers with relatively little formal education. The high school dropout finds it difficult to secure and hold a satisfying job. The relationship of low education and high unemployment reflects that the social cost of under education is likely to be concentrated in the future.[148] Improved education, therefore, is the hope of minimizing the unemployment problem.

Thomas Jefferson was the first to proclaim that a democratic society can function effectively only under an

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[147]Ibid., p. 81.

[148]Gauerke and Childress, op. cit., p. 34

informed literate electorate. It appears, however, that the survival of the American free enterprise system requires more and better education than has been provided in the past.[149]

Standards for Selecting Taxes

One of the major issues previously identified in the operation of public schools is how the operation should be financed. Taxes are designed to cover the cost of public services. It must be determined whether the tax payments are regressive, proportional, or progressive. Since they are to express the individuals' valuation of social wants as based on property distribution of income, the answer depends on the income elasticity of social wants. If this elasticity in the typical case tends to be unity, tax contributions will be proportional. If it is above unity, it will be progressive. If it is below unity, it will be regressive.[150]

One of the major issues facing the financing of public schools today is the source of taxation. (In Chapter I, Sharp and Sliger list three standards to serve as criteria for selecting a good tax.) They are:

(1) Equity
(2) Efficiency
(3) Adequacy[151]

Equity in taxation requires that a tax be just.

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[149]Ibid., p. 34.

[150]Benson, p. 99.

[151]Sharp and Sliger, p. 196.

The term "efficiency" is a criterion to determine if a tax can be construed broadly or narrowly. The term as interpreted by Adam Smith means that a tax should be certain, convenient, and economical.[152]

Though adequacy was not used by Adam Smith as a standard for determining a good tax, Sharp and Sliger make the following comment:

> Given the two taxes equal in every respect, the one that brings in the greater revenue is the better tax and no matter how equitable and efficient a tax may be, if it fails to derive revenue, it usually has little justification for being levied.[153]

The first of the major taxes to consider is the federal income tax. The basic structure of the federal income tax is simple. The taxpayer makes a summation of his taxable sources of income and then subtracts certain deductions and applies the tax rate to the difference. Federal taxation is a major device for seeing that our economy performs close to its potential output and does so without creating a high rate of inflation. Though the federal income tax is not simply an instrument to raise revenue for current public expenditure requirements, it still should be judged as a tax in terms of criteria of equity, neutrality, costs and yield.[154] With respect to equity the federal

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[152]Ibid., p. 201.

[153]Ibid., p. 201.

[154]Benson, The Economics of Public Education, pp. 101-102.

individual income tax is commonly regarded as the best tax we have.[155] With respect to neutrality, there has been some concern on what the effects a progressive federal income tax would have on work incentives and investments.

In dealing with the matters of cost and yield it is generally agreed that the federal income tax is economically and efficiently administered by the government. Walter Heller has stated: "The cost of collecting federal taxes is far below costs of collecting state and local taxes."[156] On yield, the consensus is that the federal income tax is our most productive levy and also that it is a tax of remarkably high elasticity of yield. In evaluating the federal tax relative to the criteria established in the principles of Chapter I, Sharp and Sliger would rate the federal income tax in the following way: equity--good, adequacy--good, efficiency--average.[157]

The next major tax to consider is the state income tax. It is relatively neutral in the sense that it cannot be expected to have much effect on work or investment incentives.[158] The cost of compliance is considerably reduced when states use the federal concepts of taxable income. The income elasticity in state income taxes as it has been

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[155] Ibid., p. 102.

[156] Ibid., p. 105.

[157] Sharp and Sliger, pp. 200-210.

[158] Benson, p. 106.

estimated is 1.389.[159] This is slightly below the elasticity of the federal tax. In rating the state income tax, the criteria marks would be: equity--good, adequacy--fair, efficiency--fair to good (varies in states). Peterson points out that this particular tax still has the greatest potential of untapped resources.[160]

Another tax to consider is the state sales tax. The chief objection to sales taxation is its inequity. The tax is levied on consumption. Poor families consume larger portions of their income than do the rich. For this reason only, the sales tax would be regressive.[161] Basically, the sales tax is a neutral levy. It covers a broad range of commodities and the rate levy is uniform over all goods. The tax is paid frequently in small amounts, therefore, the payments do not have the visibility to the household of either the income or property tax. Costs of the administration are estimated to be about one-half of one percent higher than those of state income taxes.[162] Elasticity of yield is estimated to be in the order of 1.00 - 1.27 which is substantially less than that of income taxes. Sharp and Sliger evaluate the sales tax as poor in equity, good in adequacy, and average in efficiency.[163]

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[159] Ibid., p. 106.

[160] Peterson, pp. 52-53.

[161] Peterson, pp. 50-54.

[162] Benson, p. 107.

[163] Ibid.

The final tax to consider is the property tax. The property tax is based on the value of taxable property and is collected from owners of that property.

In no state is real property assessed on the average at current market value.[164] Benson feels that there is no reason to believe that fractional assessment increases inequities. With full value assessment, cases of inequity would be much easier for the taxpayer to detect and demonstrate to the authorities.

The impact of the property tax is on the owner of the property, as it is he who pays the tax bill to the tax jurisdiction.

Sharp and Sliger's evaluation of the property tax for school purposes is as follows:

> (1) Equity--with respect to equity it has long been recognized that the tax is probably regressive in incidence. The burden is distributed in a regressive fashion. The part of the tax which is levied on residential property is by definition a tax on housing expenditures. The percentage of income that households spend on housing is greater in low income groups than in high. The evaluation of the property tax therefore, is poor in the using of equity as a criteria.
>
> (2) Efficiency--the property tax is not difficult to administer. To administer it well, however, is another matter. Local administration is concerned mainly with the real properties. It is easy to see that the person who is to pay the tax because ownership is a matter of legal record. It is easy to determine in what district the property is in, therefore, jurisdictional disputes on tax sites are rare. It is relatively easy to forecast yields from one year to the next. These are real advantages in local

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[164] Ibid., p. 110.

administration. Assessment, however, is a complicated business, often beyond the capacity of local officials. In respect to cost of compliance, the property tax administrative expenses are practically nill. For the criteria of efficiency, the property tax rates below average with the potential to improve.

(3) Adequacy--it is well to note that the property tax is available for emergency whenever bonds must be passed for such purposes. The real problem that faces educators and boards at this time is that the wealth of this nation no longer is concentrated in property, as it has been in the past. Relatively, the yield on the property tax is inelastic. It is estimated that the elasticity coefficient to be .82 which is considerably below the estimate for income and sales taxes. The evaluation of the property tax with the criteria of adequacy is fair.[165]

Future Trends Affecting School Finance

Corbally estimates that financial needs for school costs in the 1970's will double over what existed in the 1960's.[166] It will be five percent or more of the gross national product as compared to less than four percent today.[167] Most of these funds must thus continue to come from the state and local governments, tuitions, payments and gifts.

If new school revenue is necessary, the question is "From where shall it come?" The property tax appears in most areas to be already carrying more than its fair share of the burden. State legislatures are reluctant to impose new taxes and yet are faced with increasing demands for

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[165] Ibid., p. 299.

[166] Corbally, p. 14.

[167] Ibid., p. 147.

revenue for higher welfare programs as well as for schools. Corbally cites federal aid as a possible source.[168] Several bills relating the federal support of public education have been debated by Congress. New vocational bills and Public Law 89-10 (The Elementary and Secondary Act) have given some relief to the schools as has Public Law 874 for federally impacted areas. The uncertainty of these federal funds, however, makes it very difficult for administrators to plan effective school programs. The need, therefore, for a federal plan to subsidize the states for local school systems with consistency and reliability still exists.

100% State Support

Stanley Hecker, a member of the Committee on Educational Finance for NEA, endorses 100% state funding for the state of Michigan. In order to support the following proposition for a fully state funded educational program he makes the following specific points:

(1) Our present funding plans are not meeting the American commitment of equal educational opportunity for all.

(2) Local control is not necessarily a function of the degree of the local financing of education.[169]

The basic plan for the state of Michigan would commit the state to this proposition: That the state is wealthy enough to pay for a good educational system for all boys and girls.

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[168]Ibid., p. 148.

[169]Stanley Hecker, 100% of State Support--Boon or Bane, Committee on Educational Finance--NEA, 1970.

Despite the 100 percent state funding plan proposed in Michigan the local school districts would continue to make most educational decisions. The local district would select a local board of education which would appoint the district's chief administrator.

Planning--Programming--Budgeting --A Systems Approach

Some writers in school finance foresee the probability that educational planning in the near future will be utilized to a great extent with the concept of planning, programming, and budgeting systems. PPBS is a synthesis of established techniques that is applied to the management and control processes to produce a program budget relating output-oriented activities of an organization to the input-oriented resources.[170]

A properly implemented PPBS system will enable each school district to make available to board members and administrators more concrete specific data relevant for their broad decisions. It will spell out more concretely, the objectives of educational programs, and present for the boards possible alternative objectives and educational programs to meet those objectives. It will evaluate thoroughly the benefits and costs of educational programs by producing total rather than partial cost estimates and present on a multi-year basis, the perspective costs for anticipated accomplish-

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[170]Harry J. Hartley, Educational Planning--Programming--Budgeting (New York, 1968), pp. 43-44.

ments of educational programs. The PPBS provides a new approach to an old problem, that of best utilizing the resources to improve the learning process.

Increased Federal Aid to Education

Perhaps the most controversial issue in the total American planning of our public school systems deals with increased federal aid to education. Many progressive steps have been taken in the past five years with additional school aid from Washington. The most debatable issue is how much federal control will follow federal support to the public schools.[171] The problem that the public faces, however, is that the American people have taxed themselves as heavily at the local level to provide high quality education but more money is still needed. Recent changes have made it imperative that the federal government rely on its educational systems to help solve some of its problems such as poverty, unemployment, economic growth, common defense, and building unity of mixed cultures. National reliance in these matters makes the school system a stronger partner than ever with the state and local governments. Traditionally, the federal government's role in the partnership of public education has been a noncoercive and supplementary one. Most of the federal support has come to the schools in the form of categorical aid. Categorical aid, however, arbitrarily elevates

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[171]Forest Conner AASA, Federal Policy and the Public Schools, American Association of School Administration. Washington, D. C., 1967, pp. 22-28.

some fields of instruction while downgrading other fields of equal validity. General aid is a more advantageous means for distributing federally collected revenues to school systems as they are more suitable to tie school support to the economic capacity of the nation. Proponents of general aid express the need for this type of support in two forms: (1) general grants-in-aids, and (2) tax or revenue-sharing.[172] Tax-sharing actually comes closer to expressing the fundamental role of the federal government. By this method its action is restricted to purely fiscal relationships with the state. It would serve as the means to gear a basic support of education to the total economy of the nation.

There are still many pertinent questions to be answered about the increased federal role in education. It remains, however, a fact that increased federal payments to public schools are necessary and inevitable while specific purposes of these payments and the controls that accompany them will reflect changing national concerns.[173]

Extended School Year

Another innovation that may affect the future trends in school finance is that of the extended school year. It offers many possibilities. The extended school year would alleviate over-crowded classrooms, decrease needs for additional building space, reduce juvenile delinquency

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[172] Ibid.

[173] Ibid.

potential, and provide opportunity for extended contracts with other fringe benefits for teachers as well as the opportunity to improve instruction.

To the taxpaying citizen, or anxious parent, the year-round school offers best utilization of school plant, administration, outlay items, teaching staff, and educational programs.[174]

Facts and Statistics About Kansas

The ability of a state to support education depends upon the nature of the state's economy. The diversity of a state's economy and changes in the composition of its occupations may indicate the kinds of modifications, if any, that may be needed in the tax system to provide the most equitable distribution of the cost of education among its citizens. The level of income and the general stability provide a basis for estimating the economic capacity of a state to support education.

For these reasons, it is important to understand the nature of the economic resources in order to evaluate the cost of education that is desirable in relation to the tax-paying ability of the state.

Table III is a comprehensive set of details about Kansas public education. This information was provided by the Kansas State Department of Education.[175] Table IV, "Where Kansas Ranks: 1970," offers a set of statistics that can be used to give a strong indication of Kansas' position

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[174]Jeri, Enger, "The Case for Year-Round Schools," The Reader's Digest, December, 1966, pp. 141-143.

[175]National Educ. Assn. and Kansas NEA, op. cit., p. 119.

TABLE III

FACTS AND STATISTICS ABOUT KANSAS PUBLIC SCHOOLS

FACTS ABOUT PUBLIC EDUCATION IN KANSAS K-12

Kansas Population (January 1, 1969) 2,287,302

State Totals - 1968-69

Number of Local School Systems K-12	330
Number of Schools	1,892
Smallest School District's Enrollment	50
Largest School District's Enrollment	65,490
Median Size School District	674.5
Certificated Employees, 9-15-68	28,305.1
Federal 89-10 Teachers, 9-15-68	891.6
Special Education Teachers	825
Vocational Education Teachers	1,455
College Hours	4,365,252
Experience (years)	238,351.2
Criteria of Quality, Average	6.82
Certificated Teacher Pupil Ratio	17.8
Students Enrolled 9-15-68, K-12	502,730.5*
Special Education Students	3,498*
Vocational Education Students	70,403
Per Pupil Operating Expenditures	602
Cost Per Pupil Transported	81
Average Budget Per Pupil	600
Assessed Valuation Per Pupil	11,394
Number of Pupils Transported	162,203
Pupils Transported Over 2.5 miles	
*Full-time equivalency	$ 107,878
State Shared Guarantee	$ 142,498,404
County Ability	52,522,501
Foundation Appropriation	$ 90,876,045
Foundation Cash Payment	$ 90,364,800
Amount Returned to State General Fund	511,245
Maximum Budget	$ 301,755,375
Assessed Valuation	$ 5,727,919,325
Total Transportation State Aid Payment	4,999,832
Total Transportation Costs	13,119,614
Total Current Expenses (100-800 Series)	302,588,379
Ratio of State Aid to Current Expenses	32.9%

Source: Facts About Public Education in Kansas
Kansas State Department of Education
Topeka, Kansas, 1969.

TABLE IV

WHERE KANSAS RANKS

Item of Comparison	Kansas	National	Kansas Rank in United States
1. Total Personal Income, 1968 (in millions	$ 7,574	$683,702	26
2. Per-Capita Personal Income 1968	$ 3,303	$ 3,421	22
3. Per-Capita Personal Income as Percent of National Average, 1968	96.6%	100.0%	22
4. Percent Increase in Per-Capita Personal Income, 1958 to 1968	59.3%	65.4%	39
5. Personal Income Per Child of School Age, 1968	$12,540	$ 13,080	21
6. Per-Capita Disposable Personal Income 1968	$ 2,929	$ 2,930	18
7. Per-Capita Disposable Income as Percent of Total Per-Capita Personal Income, 1968	88.7%	85.6%	8
8. Percent Increase in Per Capita Disposable Income, 1965 - 1968	22.0%	20.7%	23
9. Per-Capita Total General Revenue of All State and Local Governments, 1967-68	$479.44	$ 506.67	30
10. Per-Capita Total Tax Collections of State and Local Governments, 67-68	$322.00	$ 338.09	25
11. State and Local Tax Collections in 1967-68 as a Percent of Personal Income, 1968	9.8%	9.9%	24
12. Per-Capita Property Tax Revenue of State & Local Governments, 67-68	$166.21	$ 138.83	13
13. Per-Capita Property Tax Revenue of Local Governments, 1967-68	$162.27	$ 134.27	13
14. Property Tax Revenue of State & Local Governments as Percent of Total Tax Revenue of These Governments, 1967-68	51.6%	41.1%	7

TABLE IV (Continued)

Item of Comparison	Kansas	National	Kansas Rank in United States
15. Local Property Tax Revenue as Percent of Total State-Local Property Tax Revenue, 1967-68	97.6%	96.7%	26
16. State and Local Property Tax Collections in 1967-68 as a Percent of Personal Income in 1968	5.1%	4.1%	10
17. Per-Capita State Tax Revenue, Fiscal 1968	$155.03	$ 182.94	36
18. Per-Capita Local Tax Collections, 1967-68	$167.00	$ 156.00	15
19. State Tax Revenue in Fiscal 1968 as Percent of Personal Income in 1967	5.1%	5.8%	40
20. Public School Revenue Receipts per Pupil in ADA, 1968-69 (Revised)	$880.00	$ 840.00	12
21. Public School Revenue Receipts per Pupil in ADA, 1969-70	$965.00	$ 907.00	13
22. Public School Revenue Receipts, 1968-69, as Percent of Personal Income, 1968	5.5%	5.1%	20
23. Local and State Revenue Receipts for Public Schools in 1968-69 as Percent of Personal Income, 1968	5.1%	4.7%	14
24. Estimated Percent of Revenue for Public Elementary & Secondary Schools from Local Governments, 1969-70	56.2%	52.5%	22
25. Estimated Percent of Revenue for Public Elementary & Secondary Schools from State Governments, 1968-69	27.1%	39.9%	40
26. Per-Capita State Expenditures for All Education, 1968	$112.80	$ 121.97	33
27. Per-Capita Total Expenditures of State & Local Governments for All Education, 1967-68	$215.37	$ 205.93	24

TABLE IV (Continued)

Item of Comparison	Kansas	National	Kansas Rank in United States
28. State & Local Total Government Expenditures for All Education as Percent of Direct Expenditures for All Functions, 1967-68	47.0%	40.2%	7
29. State & Local Government Expenditures for All Education in 1967-68 as Percent of Personal Income in 1968	6.5%	6.0%	28
30. Per-Capita State & Local Expenditures for Local Schools (Including Capital Outlay), 1967-68	$149.33	$ 146.63	23
*31. Estimated Current Expenditure for Public Elementary and Secondary Schools per Pupil in ADA, 1968-69 (all expenditures)	$657.00	$ 702.00	25
*32. Estimated Current Expenditures for Public Elementary and Secondary Schools per Pupil in ADA, 1969-70 (all expenditures)	$721.00	$ 766.00	24
33. Current Expenditures per Public School Pupil in ADA as Percent of National Average, 1968-69	93.6%	100.0%	25
34. Current Expenditures per Public School Pupil in ADA as Percent of National Average, 1969-70	94.1%	100.0%	24
35. Total Current Expenditures for Public Elementary and Secondary Schools in 1968-69 as Percent of Personal Income in 1968	5.4%	5.2%	28
36. Estimated Average Salaries of Secondary School Teachers, 1969-70	$ 7,485	$ 8,321	39
37. Estimated Average Salaries of Elementary School Teachers, 1969-70	$ 7,485	$ 8,321	31
38. Estimated Average Salaries of All Teachers in Public Schools, 69-70	$ 7,620	$ 8,560	31

*Includes bonded indebtedness.

TABLE IV (Continued)

Item of Comparison	Kansas	National	Kansas Rank in United States
39. Percent of Public School Teachers Paid $8,500 or More, 1969-70	20.0%	45.0%	33
40. Estimated Average Salaries of Instructional Staff in Public Schools, 1969-70	$ 7,811	$ 8,901	36
41. Estimated Average Salaries of Instructional Staff as Percent of National Average, 1969-70	87.7%	100.0%	36

Source: Where Kansas Ranks: 1970
The Kansas State Teachers Association
Research Division
March, 1970
Topeka, Kansas

Data obtained from "Rankings of the States," 1970, Research Division, NEA.

for the State of Kansas. These data were provided by the Research Division of the Kansas State Teachers Association.

An analysis of the statistics in Table VI show Kansas to be only slightly below the national average in per capita income. The economy of Kansas is a well-balanced one, with considerable variation among areas in the state on the sources of income and occupational activity. A major problem for financing public schools in Kansas can be placed with the heavy reliance on the property tax. Less than a third of the support is provided from state taxes. Kansas government functions with a broad tax system which includes property, sales, and income. A persistent problem of taxation involves equity and the distribution of the burden among the three sources. The adequacy to support essential functions of government has also become a problem. It therefore appears that state funds will have to bear a larger proportion of future costs.

Kansas, in past years, has spent considerably more than the national average for public education in proportion to its income.[175] This expenditure, however, has declined slowly in relative effort to the national average and Kansas' educational expenditure per pupil is now below the national average. Since 1955 the average annual national growth rate has been 9.5 percent over each preceding year, while the Kansas rate has been 7.9 percent.[176] It is questionable

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[175]National Educ. Assn. and Kansas NEA, op. cit., p. 119.

[176]Ibid.

whether Kansas offers adequate economic opportunity for professional advancement and career commitment to serve in the public schools. A further review of Table VI shows that while Kansas per capita income is 97 percent of the national average, the average teacher's salary in Kansas is 88 percent of the national average. The average salary for Kansas teachers is $7,620 compared to the national average of $8,560. While Kansas ranks 22nd in per capita income, it ranks only 31st in average teacher salaries.

Summary

The basic questions creating a controversy in most states are: (1) what should be accomplished through the public schools, and (2) how much should the public school program cost, and (3) how should it be financed? It is easier for most people to see a relationship between quantity and educational expenditures than between quality and cost. Increasing quality likely increases the costs but there is no certainty that increasing the cost will improve the quality.

In the past it has been accepted that the best measure of the ability of the people was the per capita wealth represented by the value of tangible property. The measure of ability now most commonly used is personal income. Reliable data are now available to determine per capita income at all levels of government including some school district boundaries.

It appears that the state income tax is still the best source for new tax revenues in most states. Schools in Kansas however depend more heavily on local property taxes than in most other states, so this tax is being re-examined. The ultimate test of the school finance program is not the number of dollars it provides the school district but rather the degree to which it creates opportunities for the production of excellent educational goods and services.

Criteria to be considered in evaluation of a school foundation program include: funds from both state and local sources for every school district, uniform minimum local effort for financing education, local initiative to provide educational opportunities beyond minimum standards, encouragement of sound and efficient organization, and capability for easy public understanding.

There are variations in school expenditures between communities for two reasons: (1) the communities vary in ability, and (?) the communities vary in vigor of local support.

The first step in developing a satisfactory foundation program plan is that of establishing objective, equitable, and valid measures of educational need.

State aid patterns are (1) flat grants, (2) flat grants and special aids, or (3) the equalization need and ability considered with or without flat grants or their equivalents in minimum guarantees.

A foundation plan distinct from other states is that of California. This plan employs three fixed unit equalization

grants for the elementary districts, secondary districts and unified districts.

The Washington plan reveals another progressive advancement made in school foundation finance. Approximately 75% of non-federal revenue for public schools is provided through state grant distributions. A distribution formula provides for a guaranteed equalized amount from state and designated local funds.

The Florida plan includes a number of instructional units based on average daily attendance and varies with the training and certification of the teachers employed in the country. Additional allocations are provided for current expense, capital outlay, and transportation.

A very constructive contribution to educational research, The Peterson Model, was completed at the University of Wisconsin under the direction of Leroy Peterson. It involved educational and financial analysis of six types of school districts in each of four states. While the formula may be used to advantage over many existing formulas for schools, its greatest potential is the changes in education that it makes feasible.

Since the implementation of the present Kansas foundation program there have been many arguments directed against the distribution formula. Controversies center around the economic index which places an element in the distribution formula at the county level.

Education is one of the most thoroughly political enterprises in American life. More money is spent for education than for any other single function of state and local government. The largest obstacle to state support of public schools comes through the political process.

Education may be viewed as an industry, one in which resources are used to produce given products and services. As a change from past economical views, modern economists now are increasingly accepting the notion that education is an investment.

One of the greatest issues of the financing of education of public schools today is that of the source of taxation. The relative merit of the tax can be judged by three rather broad standards: (1) equity, (2) efficiency, and (3) adequacy.

The cost of the educational program in the next decade appears to be prohibitive. The expected expansion in the total economy, however, should be able to support such a program without strain if the tax load is equitably levied. It is estimated that the financial needs for school costs in the 1970's will double over what existed in the 1960's. The crucial problem that will face school administrators will be the search for new funds. The property tax appears in most areas to be already carrying more than its fair share of the burden. Increased Federal aid and federally shared taxes have been cited as possible sources. Some states still have the state income tax as an untapped resource, or they may

not be utilizing their present revenue source to its full potential.

Future trends in education that may effect the planning of school finance are planning programming budgeting systems, and the extended school year.

Local control is threatened by 100% funding by the state as well as increased federal support to education. Increased funding at both levels, however, appears inevitable if our public school systems are to progress and meet the increasing demands placed upon them by society.

Kansas is slightly below the national average in per capita income. It ranks, however, lower in educational expenditures per pupil than it does in per capita income per pupil. The same situation exists with teachers' salaries in Kansas compared to the national average.

One of the most crucial problems facing the financing of Kansas public schools is the heavy reliance on property tax. It is therefore imperative, that state funds will bear a larger proportion of future costs.

CHAPTER III

PRESENT SCHOOL FOUNDATION PLAN IN KANSAS

Kansas, like other states, supports its public schools from local, state, and federal tax revenues. The local funds are mainly taxes on property levied by the local school districts and the counties. The state funds are mainly sales and income taxes distributed from the general fund. Federal funds are aids that are granted for particular programs or special programs.

The present foundation finance plan for public schools of Kansas was implemented by the Kansas Legislature in 1965.[1] The implementation of this plan resulted from a series of proposals to increase state aid. The original goal was for the state to guarantee 40 percent support to each school district. The Kansas Foundation Finance Act which provides a state shared guarantee, is composed of state foundation aid and funds from local districts and counties. This was indeed a big step forward for school finance in Kansas.

The Foundation Formula

With the exception of a few special state funds, the foundation program is that portion of the state plan of

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[1]National Education Association and Kansas State Teachers Association, A Statewide Study of Educational Conditions and Financial Support, Topeka, Kansas, January, 1968.

school support through which state funds are provided.

The foundation program is defined as a state shared guarantee which is computed from an objective formula as follows:[2]

$$\text{State Shared Guarantee} = \$760 \times \text{Number of Certificated Professional Staff} \times \text{A Pupil-Teacher Ratio Factor} \times \text{A Training and Experience Factor}$$

The training and experience factor has a limit of ten points, seven for each teacher with 210 semesters of college credit and three for 15 years of educational experience. If all staff members had 210 hours of college credit and 15 years of experience the district would be guaranteed a foundation of $7,600 per staff member employed, provided the district had a pupil-staff ratio of not less than a specified minimum for given size categories. The scale of weightings for pupil-staff ratios is as follows:

1. Under 1,000 pupils	15
2. 1,000 - 1,999	16
3. 2,000 - 2,999	17
4. 3,000 - 3,999	18
5. 4,000 - 4,999	19
6. 10,000- 9,999	20

If a district employs staff in such numbers as to reduce the ratio below the minimum, the factor is reduced proportionately. For example, if a district has 600 pupils and

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[2]Kansas State Teachers Association, Kansas State and County School Finance Programs (Topeka, Kansas: June, 1969), p. 3.

employs 40 staff members it has a ratio of 15. If it employs 50 members its ratio drops to 12 and it then becomes a factor of 12/15 or 0.8. This number multiplied by 50 yields 40. Thus, the costs of staff members beyond the number required to meet the prescribed pupil-staff ratios are borne entirely by the local district.

For official enrollment count a district sending a pupil to an area vocational-technical school may count him as a full-time pupil if he attends the home school at least one-half time. A kindergarten pupil is counted as one-half a pupil.

The training and experience factor averages about 6.6 for the whole state. Therefore, if all districts had a pupil-staff factor of 1.0, the training and experience factor would allow only .660 times the number of staff times $7,600 or a foundation level of $5,016. Kansas actually has a foundation program with a theoretical maximum of $7,600 per professional staff member. This unit is commonly called Instructional Unit in states that use the professional staff rather than the pupil as the unit of cost of the foundation program.[3]

Table V shows the data for computing the Kansas Instructional Units in the foundation program for a sample of districts. The first example, Mullinville, employed 21 staff members but it received only .393 times 21, or eight

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[3]Ibid.

TABLE V

METHOD OF COMPUTING THE KANSAS INSTRUCTIONAL UNITS USED FOR DISTRIBUTION OF STATE FOUNDATION AID

District (1)	Number Certificated Staff (2)	Number Pupils (K-12) (3)	Pupil-Teacher Ratio Factor (4)	Training and Experience Factor (5)	Total Correction Factor (Col. 4 x Col. 5) (6)	Total Number Instructional Units (K.I.U.)* (7)	Shared Foundation Guarantee (Kansas Formula) (8)	Amount Per Instructional Unit (K.I.U.)* (9)
Mullinville	21	175	0.564	0.696	0.393	8	$ 61,988	$ 7,724
Johnson	50	667	0.898	0.681	0.612	30	230,052	7,668
Plainville	56	782	0.956	0.683	0.653	36	275,424	7,651
Brewster	18	236	0.872	0.692	0.603	11	82,536	7,503
Lost Springs	42	558	0.953	0.611	0.582	24	183,616	6,651
Admire	54	624	0.790	0.637	0.503	27	204,972	7,592
La Crosse	62	817	0.929	0.659	0.612	38	288,952	7,604
Waverly	38	487	0.839	0.662	0.555	21	160,436	7,640
Great Bend	254	4,640	0.989	0.703	0.695	177	1,341,628	7,580
Montezuma	21	308	1.000	0.658	0.658	13	102,524	7,886
Grinnell	22	358	1.000	0.712	0.712	15	116,356	7,757
Goodland	84	1,581	1.000	0.666	0.666	56	425,144	7,592
Belleville	81	1,210	0.986	0.652	0.643	52	394,744	7,591
Effingham	65	1,070	1.000	0.665	0.665	43	327,028	7,605
Waterville	41	599	1.000	0.680	0.680	28	210,368	7,513
Salina	412	9,084	1.000	0.688	0.688	283	2,154,296	7,612
Topeka	1,132	23,475	1.000	0.687	0.687	778	5,919,488	7,609
Chanute	131	2,550	1.000	0.681	0.681	89	679,592	7,636
Wichita	3,341	67,024	1.000	0.732	0.732	2,445	18,585,572	7,601
Junction City	343	6,815	1.000	0.651	0.651	223	1,697,992	7,614

*Kansas Instructional Unit (rounded) = Col. 6 times Col. 7.

Source: National Education Association, Kansas State Teachers Association, Report of Public School Study (Topeka, Kansas: 1968), Table 1, p. 3.

Instructional Units. Its foundation program of state and locally shared support was 8 times $7,600, or slightly more than $60,800.

Distribution Formula

The method of computing the guaranteed foundation allowance is a major consideration for study. Another consideration is the method used to compute the state aid or the state's share of the foundation cost. The formula for distribution for foundation funds is as follows:

Source: State general fund

Distribution: The basic formula is:

$$\text{State Aid} = \text{State-Shared Guarantee} - \text{Non-District Revenue} - \text{Local Effort}$$

The amount of state aid is the remainder after subtracting two amounts from the computed foundation allowance: (1) certain designated non-district revenues, and (2) an amount computed as "local effort."

The "local effort" of a district is based on a county economic index. Each county index is equal to one-half of the sum of: (1) adjusted assessed valuation of tangible property plus (2) taxable income in the county. This index is averaged for the two years preceding the school fiscal year to which it is applicable.

County School Foundation Fund

The county foundation fund is first divided on the basis of the total enrollment in the county on September 15. This determines the per pupil share. There is allotted to the board of each district which has some territory in the county but which is not a district in the county, an amount equal on the per pupil share multiplied by the number of pupils residing within the county. The money that remains in the county foundation fund is then distributed to districts within the county on the basis of the number of certificated employees employed in attendance centers within the county.[4]

County Index

The county index represents the share which the districts of each county must contribute as the local share of the state guarantee, equal to the yield of a ten mill levy on all adjusted assessed valuation of tangible property of the preceding year. The county's portion of the total local share in the state is then divided among school districts according to the number of certificated staff members employed.

The use of the county index which combines income and assessment of property is one of the most questionable features of the Kansas finance plan. The effect of equal weighting of income and adjusted valuation penalizes the property owners in districts where the ratio of income to

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[4]Ibid., p. 7.

property is greater than the average for the state and it rewards those districts where this ratio is less than the state average. This effect can be illustrated very simply since the total adjusted assessed valuation of property in the state and the taxable income are nearly equal. An example is to assume a district has $59,000,000 of adjusted assessed valuation of property and $65,000,000 of taxable income as estimated from the county index. The average of these two figures is $62,000,000. A ten mill levy on the difference of $3,000,000 equals $30,000. This is the amount of state aid that the district loses as compared with an index of local ability based only on the $59,000,000 of adjusted assessed valuation of property. One effect of this arrangement is to shift some of the burden of equalization of the cost of the foundation program from the state to the county level.

Another effect of the county economic index is to penalize districts that improve the numerical adequacy of staffing in the schools. If there are three districts in a county, A, B, and C, and each district employs 50 staff members and each has the same amount of assessed valuation of property, then District A may decide to employ five additional teachers. Its share of the county index yield changes from 33 1/3 percent to 35.5 percent and its state aid is reduced accordingly. Since its property assessment remains fixed, it now has 10 percent less local taxing ability to support each staff

member above the state foundation than it would have with only 50 staff members.

Budget Control

No district may budget or expend for operating expenses more than 104 percent per pupil of the amount legally budgeted per pupil for the preceding school year. There is one exception: districts with an enrollment decrease of less than 10 percent shall compute the 104 percent limitation on the basis of enrollment of the preceding year.

There are twelve items not included as operating expenses in computing the 104 percent restriction. The most common expenditures not considered in the computation of the 104 percent restriction includes bonds and interest and non-fund warrants, special building funds, payments to another district in an adjustment of rights upon annexation of transfer of territory, food services, and student activities which are reimbursed, and certain federal funds not required to be budgeted before expended.

Appeals to exceed the 104 percent limitation on a per pupil basis may be made to the State Board of Education. The Board may authorize budget increases to exceed the 104 percent per pupil limitation for one or more of these reasons:

(1) Unusual occurrences affecting enrollment.
(2) Level of training and experience of teachers is below the state average.
(3) The district's PTR is higher than the state average in comparable districts and limitation will not permit improvement of that ratio.

(4) The district has a salary schedule below the highest salary schedule of all districts in the same enrollment classification, and the limitation will not permit the district to increase its schedule to the comparable, to the highest one in its enrollment classification. The enrollment classification of districts: less than 500 pupils; 500 to 1,000; 1,000 to 2,500; 2,500 to 5,000; 5,000 to 10,000; 10,000 or more. The State Board of Education determines the highest salary schedule for each class of districts. Increases allowed by the Budget Review Board cannot exceed 4% of the amount legally budgeted for operating expenses per pupil the preceding school year. (This amount is in addition to the regular 4% authorized by the foundation act.)

(5) Additional costs arising out of unification, consolidation, or substantial change in territory.

(6) Construction of new or additional school facilities which causes an increase in operating expenses per pupil greater than the district can make under the limitation without impairing the educational program.

(7) Initiation of a kindergarten or junior high school program.

(8) Expanded costs of pupil transportation growing out of unification, substantial annexation of territory, closing of attendance centers, or meeting safety standards for bus equipment.

(9) Increase in salaries required by the Federal Wage and Hour Law.

(10) Initiation or expansion of approved special education programs.

(11) Implementation of any new programs required by statutory directive the cost of which cannot be met under the limitation without impairing the educational program.

(12) Additional costs arising out of establishing and operating elementary school libraries.

(13) Additional costs from continued operation of Title III programs.

(14) Additional costs arising from closing non-public schools.

(15) Districts under 10,000 enrollment which have per pupil operating expenses less than 90% of the state average.[5]

In lieu of an appeal to the Budget Review Board (State Board of Education), a district may budget and expend more than 104 percent limitation if the proposition is submitted to the voters in an election and receives a majority of the votes cast.

Unification

Another important act, the School Unification Bill, reduced the number of school districts from approximately 2,000 in 1963 to 310 at present.[6] The combination of unification and the foundation program gave relief to the property tax in 1965 but for a period of one year only. The combination of inflationary costs with no increase in appropriations for the foundation program has caused the level of state support to change from 38.5 percent in 1965 to less than 29 percent in some districts in 1969.[7]

Supplementary Aid

In recognition of the serious problems confronting school finance, the 1969 Legislature implemented an additional $26 million to the present foundation program. In 1970 this became a permanent appropriation. The additional aid was

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[5]Ibid., p. 6.

[6]National Education Association and Kansas State Teachers Association, p. 1.

[7]Ibid.

distributed by pupil units modified by the assessed valuation.

Tax Lid

Due to mounting pressure from tax protesting organizations, the 1970 Kansas Legislature passed a new bill creating a tax lid on all property for all governmental units.

All provisions previously stated on 104% limitation and the appeals procedure are now temporarily replaced by the tax lid for at least two years. Kansas schools may now increase their budgets only to an amount of 105% of the previous budget. This is not on a per pupil cost basis but constitutes a total budget figure. When the tax lid is lifted the original provisions will be reinstated unless changed by statute.[8]

Comparison of Distributions by Counties

In 1967 Dr. Francis Woodward of Wichita State University made a study of the school foundation fund redistribution pattern and the revenue paid into the general fund by the various counties. The economic index, which is a key variable in the present formula, is established on a county level for all school districts within that county. Dr. Woodward's thesis was as follows:

> The redistribution flow of amounts paid into the General Fund and allocated through the School

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[8]Kansas Legislative Council, Research Department, Summary of House Bill 1825 (Topeka, Kansas: March, 1970), p. 5.

> Foundation Program tends to be from the more populated counties with somewhat of an urban base to the lesser populated counties.[9]

His methodology was as follows: for each county, calculations were performed to derive the percentage contribution to the General Fund and the percentage allocation from the school foundation fund. These figures were then compared to see if a particular county was receiving more than it was paying percentage-wise. Table VI lists the top ten contributors and Table VII lists the top eleven allocations from the school foundation funds by counties. Table VIII gives a comparison of the redistribution of the top twenty counties, listing the differential percent-wise of allocation and contribution by counties.

The conclusion of his study shows that the available data substantially confirms his thesis. Deductively, it is reasonable to assume that the more populated counties are the largest contributors to the general fund and that these same counties receive the largest allocations from the School Foundation Fund. The inductive evidence reinforces the deductive reasoning while also pointing out that many of these larger counties have percentage contributions which are greater than the percentage allocations they receive.

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[9]Dr. Francis Woodward, School Foundation Fund Redistribution Pattern (Wichita State University, 1967), p. 2.

TABLE VI

TOP TEN COUNTY CONTRIBUTORS TO GENERAL FUND

County	Percent
Sedgwick	20.01
Johnson	9.66
Shawnee	7.94
Wyandotte	7.30
Reno	3.14
Saline	2.38
Douglas	2.29
Barton	1.82
Montgomery	1.64
Butler	1.57

Source: Dr. Francis Woodward, School Foundation Fund Redistribution Pattern (Wichita State University, 1967), p. 3.

TABLE VII

TOP ELEVEN COUNTY ALLOCATIONS FROM SCHOOL FOUNDATION FUND

County	Percent
Sedgwick	17.06
Johnson	7.47
Wyandotte	6.35
Shawnee	5.70
Reno	3.26
Butler	2.21
Leavenworth	2.14
Montgomery	1.62
Douglas	1.54
Crawford	1.51
Barton	1.46

Source: Dr. Francis Woodward, School Foundation Fund Redistribution Pattern (Wichita State University, 1967), p. 4.

TABLE VIII

REDISTRIBUTION OF TOP TWENTY COUNTIES, DIFFERENTIAL OF ALLOCATION AND CONTRIBUTION

County	Percent
Sedgwick	2.95
Shawnee	2.24
Johnson	2.19
Saline	.98
Wyandotte	.95
Douglas	.75
Lyon	.46
Ford	.42
Riley	.37
Barton	.36
Finney	.27
Pratt	.16
Ellis	.14
Cloud	.10
Meade	.09
Seward	.08
Scott	.07
Thomas	.06
Sherman	.05
Stevens	.05
Russell	.03
Montgomery	.02
Morton	.02
Greenwood	.01
Haskell	.01
Osborne	.01

Source: Dr. Francis Woodward, School Foundation Fund Redistribution Pattern (Wichita State University, 1967), p. 5.

Comparison of State Aid Allocation, Ad Valorem Tax, and Taxable Income by School Districts in Same County

Dr. Woodward's study proves some validity of the present foundation plan on a county basis. Further examination, however, of local mill levies, district allocation per pupil, and taxable incomes per district reveal inequities between school districts of the same county. Table IX through Table XIII give a comparison of districts within the same county relative to enrollment, state allocation per pupil, general mill levy, and taxable income per pupil. The five counties were selected by random sampling.

The statistics in Tables IX through XIII reveal that some districts within the same county show a significant difference in mill levies while their state allocations per pupil are approximately the same. A similar situation exists when comparing taxable income per pupil for districts who receive almost identical allocations on a per pupil basis. In Table IX attention is called to the Wichita Unified School District which receives $3 per pupil above the average allocation while maintaining a taxable income of $852 per pupil above the county averages. Other Sedgwick County districts receive less state aid per pupil than Wichita but maintain a significantly lower taxable income than the county average. Maize, Goddard, and Clearwater are such examples. Comparisions with other districts of Sedgwick County can be made relative to mill levies versus allocation. Haysville has a mill levy of 47.39 mills compared to a 19.43 mill levy for Andale.

TABLE IX

COMPARISON OF SEDGWICK COUNTY UNIFIED SCHOOL DISTRICTS

District	Enrollment	State Allocation Per Pupil	Mill Levy	Taxable Income Per Person	Deviation Average Allocation	Deviation Average Mill Levy	Deviation Taxable Income Per Pupil
Wichita	65,490	235.38	40.00	$5,969	$ 2.89	+ 8.00	+ 852
Derby	5,799	225.80	20.20	1,778	- 6.69	-11.80	-3,339
Haysville	3,929	231.46	47.39	1,779	+ 1.06	+15.39	-3,338
Valley Center	1,681	243.60	38.04	2,987	+11.49	+ 6.04	-2,130
Mulvane	1,508	235.13	34.57	3,051	+ 2.64	+ 2.57	-2,066
Clearwater	790	201.42	19.98	2,926	-31.07	-12.02	-2,191
Goddard	1,234	215.34	41.55	2,294	-17.15	+ 9.53	-2,823
Maize	878	228.75	37.25	1,293	- 3.74	+ 5.25	-3,824
Andale	1,730	223.38	19.53	1,774	- 9.11	-12.47	-3,343
Cheney	452	256.09	21.71	3,774	+23.60	-10.29	-1,339
Total Enrollment	83,491						
Average		232.49	32.00	5,117			

Source: Statistics, Kansas State Department of Education

TABLE X

COMPARISON OF LEAVENWORTH COUNTY UNIFIED SCHOOL DISTRICTS

District	Enrollment	Mill Levy	State Aid Per Pupil	Deviation from County Average Mill Levy	Deciation Cnty. Aver. State Aid Per Pupil	Taxable Income Per Pupil	Difference Av. Taxable Income Per Person
Ft. Leavenworth	2,252	24.69	197.28	-12.42	-46.72	1,324	-1,855
Easton	608	35.52	238.71	- 1.59	- 5.29	2,370	- 809
Leavenworth	5,335	40.55	259.98	+ 3.44	+15.98	4,786	+1,607
Basehor	968	39.62	273.14	+ 2.51	+29.14	2,418	- 761
Tonganoxie	9,078	36.65	220.80	- .46	-23.20	3,030	- 149
Lansing	987	45.60	230.56	+ 8.49	=13.44	2,780	- 399
Total Enrollment	19,228						
Average		37.11	244.00			3,179	

Source: Statistics, Kansas State Department of Education

TABLE XI

COMPARISON OF MIAMI COUNTY UNIFIED SCHOOL DISTRICTS

District	Enrollment	Mill Levy	Allocation Per Pupil	Difference from Average County Mill Levy	Difference from Aver. Cnty. Allow. Per Pupil	Taxable Income Per Pupil	Allocation Per Pupil
Osawatomie	1,243	36.85	193.30	+10.73	- 5.79	$4,315	$ - 152
Paola	1,536	23.44	208.73	- 2.68	+ 9.64	4,734	+ 267
Lousiburg	765	18.07	188.94	- 8.05	-10.15	3,389	-1078
Total Enrollment	3,544						
Average		26.12	199.06			4,467	

Source: Statistics, Kansas State Department of Education

TABLE XII

COMPARISON OF BUTLER COUNTY UNIFIED SCHOOL DISTRICTS

District	Enrollment	Allocation Per Pupil	Taxable Income Per Pupil	Mill Levy	Deviation State Aid	Taxable Income Per Pupil	Deviation Average Mill Levy
Leon	674	270.13	$2,445	15.83	+33.03	-1,263	- 7.85
Remington	785	268.91	2,753	18.17	+31.81	-1,005	- 5.51
Towanda	1,227	257.97	2,367	17.44	+20.87	-1.391	- 6.24
Andover	952	246.86	2,019	36.17	+ 9.76	-1,739	+12.49
Rose Hill	657	217.43	1,906	44.03	-19.67	-1,852	+20.35
Douglass	545	241.23	3,028	18.50	+ 4.13	- 730	- 5.18
Augusta	1,891	234.27	5,195	19.95	- 2.83	+1,437	- 3.73
El Dorado	2,949	259.03	5,272	25.69	+21.93	+1,514	+ 2.01
Rosalia	280	253.24	2,013	17.34	+16.14	-1,745	- 6.34
Total Enrollment	9,960						
Average		237.10	3,758	23.68			

Source: Statistics, Kansas State Department of Education

TABLE XIII

COMPARISON OF DONIPHAN COUNTY UNIFIED SCHOOL DISTRICTS

District	Enrollment	Allocation Per Pupil	Taxable Income Per Pupil	Mill Levy	Deviation Average Mill Levy	Deviation Average Mill Levy	Deviation Taxable Income
Wathena	528	278.60	4,074	33.59	- 6.99	12.13	+ 997
Highland	423	276.17	2,897	26.58	- 9.42	- 4.88	- 180
Troy	560	290.55	3,139	28.84	+ 4.96	- 2.62	+ 62
Denton	339	267.89	3,268	25.03	-17.60	- 6.43	+ 191
Elwood	364	313.95	1,672	43.24	+28.36	+11.78	-1,405
Total Enrollment	2,214						
Average		285.59	3,077	31.46			

Source: Statistics, Kansas State Department of Education

Haysville receives, however, allocations greater than that of Andale by only $8 per pupil. The taxable income per pupil for each district is identical.

In Table XII a very significant inequity exists between the allocations to El Dorado and Rose Hill. El Dorado receives $259 per pupil while maintaining a taxable income per pupil of $5,272 with a mill levy of 25.69. Rose Hill receives $217.43 per pupil, maintains a taxable income of $1,906 but levies 44.03 mills. Special attention is called to Doniphan County illustrated in Table XIII. Doniphan County is a rural area. Elwood receives $313.95 per pupil in state aid which is $28.36 above the average allocation of the county. The taxable income per pupil, however, is $1,405 below the county average. The levy of 43.24 mills is 11.78 mills above the county average. The citizens of Elwood are making a greater sacrifice for the same quality of education that prevails in the other districts of the county. The only measurement for criteria of quality in this case is expenditures per pupil.

Evaluation of the Foundation Program

The final analysis can be made for the present foundation program by evaluating the plan as it now stands with each of the twelve principles established in Chapter I. The first principle indicates that the financial support of public education should be shared by all citizens and all levels

of the government. The present foundation plan does concur with this principle.

The second principle states that Kansas should assume a greater responsibility of support for public education and recommends 50% state support. State aid in 1969-70 amounted to 32%.

The third principle states that the measure of the local school district's ability to pay should be in terms relative to both the property tax and the local economic index of personal income. The present foundation program gives no consideration to local tax base whatsoever. The economic index is established at a county level and research reveals many inequities among districts within the same county.

There are no indications of any discrepancy between the present foundation program and the fourth principle which recommends the continued fiscal independence for boards of education. This principle also recommends a minimum local effort of at least ten mills. There were only three districts in 1969-70 maintaining less than a ten mill levy in Kansas.

The fifth principle recommends state support be directed by the state's per capita income relationship to the national average. Kansas at present falls within the linear correlation of the two variables but its expenditures place it below the average level.

The sixth principle recommends an inverse relationship to exist between allocating per pupil and assessed valuation per pupil. This principle is not in practice at present.

The seventh principle recommends that variables of local ability to pay be established in terms of assessed valuation, taxable income, size of school, professional training and experience of teachers, and pupil-teacher ratio. The present foundation's formula does not contain the elements of assessed valuation or school size.

The eighth principle recommends that aid for transportation be excluded from the foundation formula. Transportation is not part of the present foundation program but is maintained separately.

The ninth principle recommends that budget planning be directed by projected enrollment. This is now a current practice with the present plan. The membership, however, is reflected by an official count of one day.

The tenth principle recommends a good tax to support education. The established criteria for a good tax are equity, efficiency, and adequacy. The present school finance plan in Kansas relies heavily upon property tax to support education. As property is no longer the chief source of wealth and because the property tax is presently overused, it can no longer be considered a good tax. The present plan does not concur with this principle.

The eleventh principle recommends the provision in the foundation program for expenditures toward capital outlay and textbooks. There are no provisions for either program.

The twelfth principle recommends that a unified district must have at least 150 pupils (K-12) to qualify for the

foundation plan. In 1969-70 seven unified districts in Kansas with enrollments smaller than 150 received some state aid.

Further Criticism of the Present Foundation Plan

"The present foundation formula is essentially a flat grant."[10] State Department statistics reveal that 92% of the school children in Kansas reside in school districts that receive $50 plus or minus the median of $172 during the 1967-68 school year from the present state finance plan.[11]

Table XI further reveals inequities in wealth and levies with the foundation program. The distribution of funds not only shows lack of equalization but it denies equal educational opportunity for some students in Kansas. Some districts must endure extreme hardships if they are to provide their students with the same level of education as the richer districts. Experience shows that even though districts do give an increased effort in poor areas, it is highly probable that their programs will still be inferior to those of the rich districts.

The Kansas Association of School Boards Finance Committee evaluates the criteria of quality variable as follows:

> The criteria of quality variable within the present formula creates two factors: (1) the administrative burden both at local and state levels is excessive, and (2) the COQ variation between districts is not very significant in terms of time and effort required to compute the criteria of quality. The theoretical limits of the criteria

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[10] KASB Finance Committee, Report of the KASB Committee on School Finance to the KASB Delegate Assembly (Topeka, October 26, 1968), p. 1.

[11] Ibid., p. 2.

> of quality for school districts ranges from 4 to 10, however, for 1970 all districts were within a range of 5.50 to 7.49.[12]

The present method of increasing state aid is to increase the $760 multiplier. This method, however, increases the difference between the various levels of training and produces a greater divergence between state policy and local practice.

Nationwide, the cost of education has been rising at the rate of 9.5 percent per pupil per year from 1955-56 to 1965-66.[13] In Kansas the rate is 7.9 percent. The 104 percent increase limitation in per pupil expenditure forecasts a continual decline for Kansas public schools relative to the national average. This practice is contrary to the actual experience in terms of increasing expenditures both at the state and national levels. Any uniform percentage increase is inequitable as school districts vary widely in current budget circumstances.

Summary

The foundation program of Kansas is that portion of school support through which state funds are provided. It is defined as a state guarantee which is computed by multiplying the variables of the formula and subtracting local

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[12] Ibid.

[13] National Education Association and Kansas State Teachers Association, Statewide Study of Educational Conditions and Financial Support (Topeka, Kansas: January, 1968), p. 75.

effort. The unit of measurement is the instructional unit which is modified by professional training and experience, and pupil-teacher ratio. A perfect unit constitutes a grant of $7,600. Local effort is based on a county economic index which is equal to one-half the sum of adjusted assessed valuation of tangible property plus taxable income in the county. The county index represents the share which the districts of each county must contribute as the local share of the state guarantee. Its yield results from a ten mill county-wide levy.

The inequities of the present financial plan for school support can be summarized as follows:

1. The method of computing the cost of the state shared guarantee does not provide an equalized foundation of financial support.
2. The state shared guarantee is too low to enable the districts of less than average local taxpaying ability to reach an adequate level of support.
3. The financial plan does not provide adequate incentives for reorganizing inefficient local districts into more efficient units.
4. The present budgetary limitation of 4 percent per pupil increase over the previous year's budget is a questionable control over education.

Strong indications are that the present foundation plan in Kansas is failing to meet the adequate needs within

Kansas' elementary and secondary schools. This rationale provides the basis of initiating the development of a new plan that will offer equalization to all school districts in Kansas.

CHAPTER IV

THE PROPOSED SCHOOL FINANCE PLAN FOR KANSAS

As the individual elements of distribution formulas are studied, it is important to recognize that the crucial problem will be the combining of these elements into an appropriate program.[1] Even more important is the constant recognition that revenue for school purposes is raised to purchase factors of production which will provide educational goods and services. The ultimate test of the school finance program is not the number of dollars it provides a school district, but rather, the degree to which it creates opportunities for the production of excellent educational goods and services.

The objectives and goals of the school finance plan are defined in three phases: (1) increased expenditures at the state level, (2) distribution of funds to each school district with equalization based upon need, ability, and effort, and (3) shifting of the tax structure in order to provide necessary revenues for school financing from sources that are equitable, efficient, and adequate.

The additional revenue for the public schools in Kansas is definitely needed in order to provide educational programs

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[1]Corbally, p. 60.

that meet the needs of all pupils in grades K-12. Research provided by the Legislative Finance Committee and the Kansas Association of School Boards shows a need for an increase of $25 million from the 1969-70 school year to be spent for education in Kansas in 1970-71.[2]

In order to reach the objectives as stated in the three phases, it is necessary to establish subobjectives for the development of means toward this accomplishment.

Subobjectives

(1) The finance plan will provide a minimum of 50 percent state aid for all schools in Kansas with the exception of wealthy districts. A wealthy district is defined as a school district with an assessed valuation per pupil equal to twice that of the state average AVP and whose taxable income per pupil enrolled in public schools exceeds the state taxable income per public school student. Provisions will be made in the foundation program to provide adequate state allocations which supplemented by local effort will guarantee for each school district, expenditures equal to national average costs per pupil. This guarantee will be modified by the relative position of Kansas per capita income to that of the national per capita income.

(2) Provisions in the finance plan will provide a system for rewarding school districts who choose to employ

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[2]Kansas Association of School Boards, Research Bulletin 1970-71 No. 1 (Topeka, Kansas: August, 1970), p. 4.

teachers with superior professional training and experience. For districts that choose to employ staffs with excessive or extremely small pupil-teacher ratio, there will be an established system of rewards and penalties. The goal will be to work toward optimum efficiency with guidelines provided.

(3) Provisions will be established to reward school districts for extra local effort. No district, however, will be eligible for state incentive grants unless an established minimum local effort is made. State incentive grants will be allocated on a percentage equalizing basis. Districts defined as wealthy districts will not be eligible for state incentive aid but will have the option for local incentive aid.

(4) Provisions will include an option of the people of each school district to finance their schools by a choice of the property tax or by a nonproperty tax such as the local earnings tax.

(5) Provisions will establish a protection for the local property taxpayer in the form of a tax lid, which places limitations on both general levy and local incentive effort. It will be necessary, however, to permit wealthy districts to operate with a higher tax lid as their share of state support will require more local effort.

(6) The finance plan will consist of allocations appropriated at state, county, and local levels based upon the principle of equalization.

(7) Provision will be made to eliminate all levies other than the general operating levy, incentive aid, social security, and bonded indebtedness.

(8) The foundation program will be structured not only to maintain local control but to provide for increased state support. Each district will have the choice to operate at a level equal to, above, or below national standards. Districts who desire school budgets in excess of limitations may approve supplementary expenditures by a majority vote of the citizens.

(9) Provisions will be made for categorical aid to fund specific supplementary programs for each school district.

(10) Budget capacity will be developed by a unit of measurement that is flexible, simple and equitable.

(11) The finance plan will be financed by a "good tax." Sharp defines a good tax as one that satisfies the standards of equity, adequacy and efficiency.[3]

(12) Provisions in the formula will provide variations in school enrollment and for variations in wealth of each district. The wealthy districts will be given the option to exceed property tax limitations if necessary in order to increase their previous budget to the present statutory limitations.[4]

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[3]Sharp and Sliger, p. 196.

[4]Kansas Legislative Council, p. 5.

Models for Decision Making in School Finance

The development of a new distribution formula for the purpose of allocating state funds to the public schools constitutes far more than a mathematical problem. R. L. Johns, in his article, "Dimensions of Educational Need," offers three models for decision making that may be helpful toward the development of a framework for a new finance plan.[5]

Figure 3 is a model that may serve as an aid for primary decisions. Figure 4 is a revenue dimension model, and Figure 5 is an allocation dimension model. The summation of the three models provides assistance for the selection from numerous alternatives made available through the study of school finance.

The Proposed Foundation Program

A review of literature reveals a variety of alternatives in which to select elements for a defensible foundation program. The proposed finance plan is designed to provide allocations for current expense and is divided into three phases. The first phase is referred to as the foundation program. The second phase is the incentive program, and the third phase is categorical aid. The foundation program is operational at both state and county levels.

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[5]Kern Alexander, R. L. Johns and Richard Rossmiller, "The Implications of the Dimensions of Educational Need for School Finance," Dimensions of Educational Need, National Education Finance Project, Ch. 9, Vol. I (Gainesville, Florida, 1969), pp. 223-225.

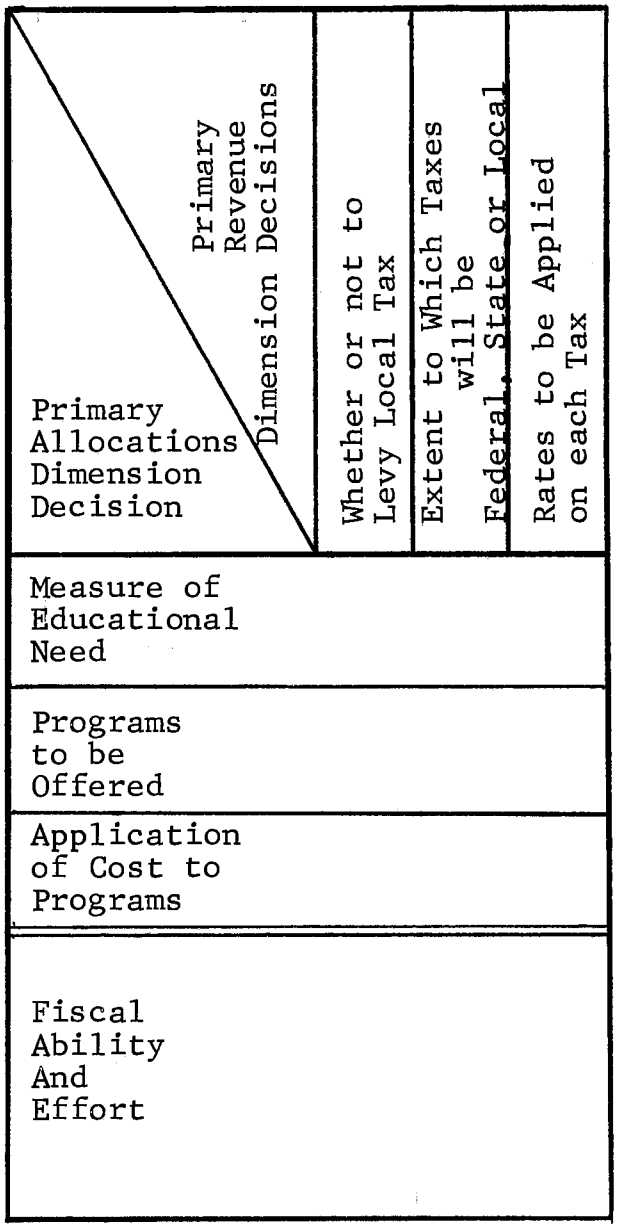

Figure 3. Some Primary Decisions

Source: Johns, Alexander and Rossmiller, Dimensions of Educational Need, p. 224.

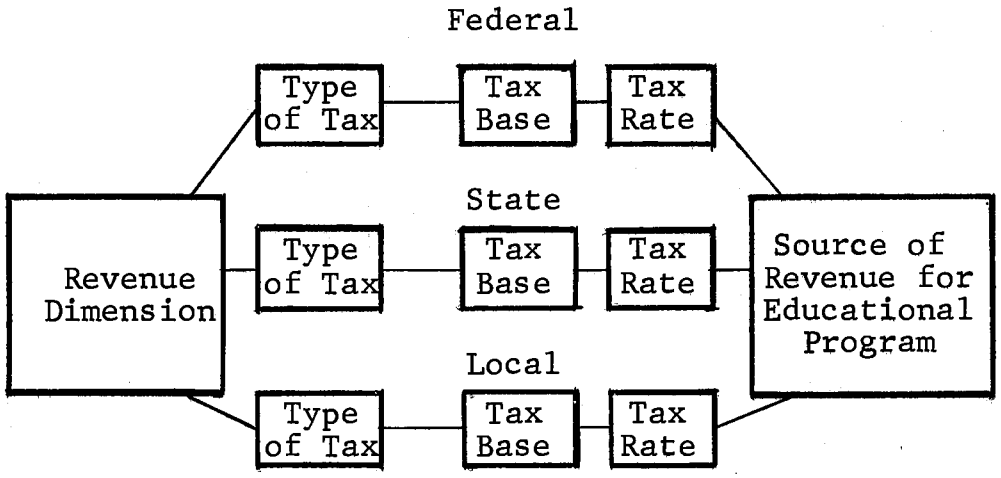

Figure 4. Revenue Dimension Model

Source: Johns, Alexander and Rossmiller, Dimensions of Educational Need, p. 224.

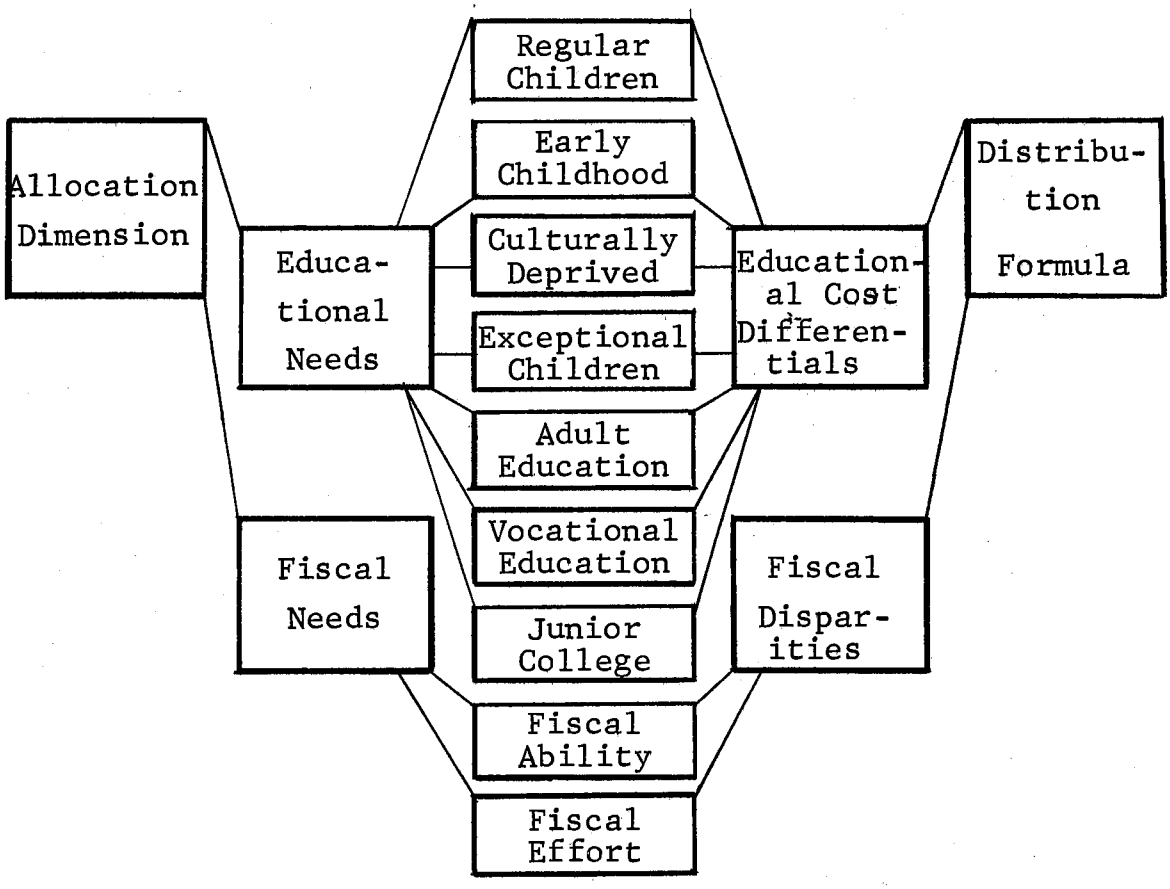

Figure 5. Allocation Dimension Model

Source: Johns, Alexander and Rossmiller, Dimensions of Educational Need, p. 224.

As all districts in Kansas are now unified with a K-12 organization, it is not necessary to impose any restraints because of district organization.

Framework for a Distribution Formula

The second principle in Chapter I recommends increased state responsibility for support of public education. The foundation program will provide at least fifty percent state aid except for those districts defined as wealthy. Benson's study as illustrated in Figure 1 proves a correlation to exist between state per capita income and school expenditures in 41 states. Benson's hypothesis will serve as a criterion for establishing the standards for educational expenditures that the state of Kansas will support. Statistics from the Research Division of the Kansas State Teachers Association show the per capita income of Kansas to be 97 percent of the national per capita income average.[6] School Management of January, 1970, shows the national average expenditure to be $673 per pupil during the 1969-70 school year.[7] Through the utilization of these two variables, the foundation program will provide support for a guaranteed cost per pupil of 97 percent of $673 or $652. The state foundation program does not advocate a flat $652 grant per pupil, but it will allocate state funds which, supplemented by local effort and the

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[6]NEA-KSTA, Where Kansas Ranks, p. 16.

[7]Doherty, James E., ed., School Management, Clinton, Iowa, January, 1970, p. 42.

county foundation program, provides a guarantee of $652 per pupil. Local boards will have the option to spend more or less than $652 per pupil. The total guaranteed expenditures to be supplemented by state support will vary annually with the relationship to the two variables.

The foundation program will display some characteristics of the Rhode Island and Wisconsin plans. Although the state support will not be on a proportional basis as in Rhode Island, the districts in Kansas will be rewarded in respect to effort made by the local board.

The foundation program will reveal similarities to the Strayer-Haig-Mort Model, in the following manner. The total budgetary power of each district through the equalization process is computed. A deduction equal to a mandated minimum levy on equalized valuation is made. The difference is then provided for from state funds.

The concept of the flat grant per pupil as suggested in the second formula of R. L. Johns is reflected in the second principle which recommends that at least one-half of the educational expenditures be provided by the state. Exception will exist in wealthy districts.

Johns' fourth formula on equalized matching also contributes a similar concept for the incentive aid formula.

The framework for the foundation program consists of the three major elements: educational need, local ability, and local effort.

Measurement of Need

The first variable to consider for the foundation program is the unit of educational need. This foundation plan uses the pupil unit as a measure of educational need as recommended by Peterson.[8]

Larry Burdick, who selected the pupil unit in his proposal for a foundation program in Oklahoma, feels that the effects of the present programs in Oklahoma and Kansas make it desirable to develop a plan which emphasizes revenue needed to provide additional educational opportunities for students. The pupil unit also provides a method that can very easily be converted into a classroom unit approach. It is therefore possible to approximate very closely the results of using the classroom unit approach from the findings derived from the new distribution formula. The pupil unit also provides the simplest basis for the distribution of state funds.

The formula pertains only to those pupils enrolled in the public schools (K-12). Kindergarten pupils are considered one-half students. Senior high students participating in an area vocational school will likewise be considered one-half students. As recommended by Morrison the students in private schools are not a factor in the foundation program. Morrison describes what he calls a "hidden burden" on the part of students in the private sector.[9] In districts

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[8]LeRoy J. Peterson, Economic Impact of State Support Models on Educational Finance (Wisconsin, 1963), p. 48.

[9]Morrison, p. 9.

where there is a high enrollment in the private schools, it may affect the distribution and actually increase the allocations of those particular districts. The allocations, however, to districts with fewer private school students will be decreased.

Average daily membership will be projected from the past year's membership with provision for an adjustment to be made at the end of the first semester. The State Board of Education will approve projected membership for each district on the basis of past memberships. The State Board will permit a small degree of error, dependent upon the size of the district's membership and provide appeal procedures for districts that over-project or under-project.

The flexibility of the formula places no restraint of expenditures on any school district. The openness of the foundation program creates the feasibility to exceed expenditures of $652 per pupil, however, some districts may find it possible to operate their districts with an adequate program at a cost less than $652 per pupil. Statistics reflect a wide variation in present expenditures within Kansas schools. In the 1968-69 school year, the cost of operation per student ranged from $448 to $1,598.[10] These data, however, do not reflect an evaluation of the equality of programs being offered in each district.

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[10]Kansas Association of School Boards, Research Bulletin 1970-71, No. 2, p. 1.

As all school districts in Kansas are unified, there appears to be no advantage for weighting the pupil units as is presently done in California where separate elementary and secondary districts exist. The measurement of the unweighted pupil unit is supported by McClune when he makes the following recommendations for states with both elementary and secondary grades in the same districts: "Without the basis of separate elementary and secondary districts, the complexity of weighting in grant formulas need not be introduced."[11]

Local Ability

Local ability to support education is determined by taxable income per pupil in each unified school district. This method is highly recommended by Peterson,[12] Benson,[13] and Sharp.[14] The variable in the formula is expressed as a ratio of the taxable income per pupil within the school district to that of the taxable income per pupil within the state of Kansas. When this variable is applied, the districts with both low assessed valuation and personal income will receive the largest percentage of state aid. If a district is wealthy by either assessed valuation or personal income and poor in the other, the two elements will offset

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[11]NEA Committee on Educational Finance, Trends in Financing Public Education (Washington, D.C., 1965), p. 63

[12]Peterson, p. 52.

[13]Benson, Economics of Public Education, p. 101.

[14]Sharp and Sliger, p. 328.

each other and a state of equilibrium will be established for the taxpayers.

Local Effort

Local effort is measured by the assessed valuation per pupil. Each district, in order to attain the full maximum budget power, will be required to make a minimum levy of ten mills. With personal income as the measure of ability to pay, the wealthy districts will receive smaller allocation per pupil than poor districts. They have, however, the opportunity to increase their budgets by levying a larger property tax or local earnings tax. The foundation program, therefore, offers true equalization with the implementation of the three elements: educational need, local ability, and local effort.

Supplementary Variables

Supplementary variables for the formula consist of school enrollment, criteria of quality, and pupil-teacher ratio. Statistics from the State Department of Education in Topeka reveal that the larger schools can offer the same program as the small schools at a lower per pupil rate. The following index for school size and costs has been developed from data furnished by the Kansas Association of School Boards and State Department of Education. The scale commences with the median school size assigned to the index number 1 and other enrollments are assigned a ratio based upon actual statistical costs in 1969-70.

Size of School	Index Factor
Over 2000	.85
1001 - 2000	.88
901 - 1000	.91
801 - 900	.94
701 - 800	.97
651 - 700 (median size school)	1.00
601 - 650	1.03
400 - 600	1.06
Below 400	1.09

The criteria of quality element, despite some criticisms is one of the variables used in the present Kansas foundation plan. In order to extend the practice of selecting teachers with professional training and experience, this element will continue to be a factor in the new formula. It will be structured, however, as one of four elements creating a multiplier effect. The criteria of quality index is described in Chapter III. State Department statistics reveal that most criteria of quality indexes in Kansas schools are between six and seven. As the maximum index is 10, the variable in the formula will appear as the district's present COQ index divided by 10. The COQ element, as implemented in the new formula, will have some effect upon the distribution but it will not serve the major role as a unit of measurement, as it does in the present foundation program.

Computer systems at the State Department of Education and Kansas Association of School Boards, supplemented by new reporting techniques, will eliminate much of the administrative detail that has been necessary for computing and reporting the criteria of quality.

The pupil-teacher ratio is inserted in the formula as it exists in the present foundation formula. The PTR will be an element for both county and state foundation distributions. The purpose is to encourage boards of education to operate with an optimum number of teachers. The PTR factor cannot exceed one, but with an excess number of teachers it will be less than one. With the multiplier effect, boards employing a larger staff than that authorized in the guidelines will be penalized. If boards employ a staff below the established standards, then that district will receive less than its maximum county foundation allocation. The PTR guidelines are described in Chapter III.

The Proposed Formula

$$G = .326 \times \left[1 + (Sc) \left(\frac{TXS}{TXD}\right) \left(\frac{CQ}{10}\right) \left(\frac{PTR}{C}\right) \right] - .010AVP$$

G = State share of guarantee per pupil
SC = Size of school element
TXD = Taxable income per pupil in the school district
TXS = Taxable income per pupil in the state of Kansas ($3608 in 1969-70)
CQ = Criteria of Quality
PTR = Pupil-teacher ratio of the district
C = Required constant for per pupil teacher ratio depending upon the size of the school
AVP = Average assessed valuation per pupil

The established guarantee for the foundation program is $652 per pupil. In order to reach the goal of 50 percent state support, the element G is determined by taking one-half of $652. The other variables may change due to certain activities within the school district. The SC index could be altered if the school enrollment increases or decreases significantly. A crop failure in one area could cause a significant change in

the taxable income per pupil element. The criteria of quality of teachers for professional hours and experience will change somewhat if a large turnover takes place within a district. The pupil-teacher ratio will change if the district employs too many teachers.

Effect of Federal Funds on District Allocation

Some foundation programs include a provision for federal funds to be deducted from the state allocation. This is no longer constitutional. In the case of Hergenreter versus Hayden, the Federal District Court rules it unconstitutional to deduct from state aid any portion of the federal allocation for impacted area students.[15] The philosophy of Public Law 874 expresses the intent on the part of the federal government to relieve local districts of providing total expenditures toward educating the children of the impacted federal employees.[16] Because of the District Court's decision, there can be no provision to include federal funds as a portion of the guarantee per pupil in the foundation program.

Provisions for the Implementation of the Foundation Program

(1) The variable controlled by the State Department of Education is represented by the element 326 in the formula. This element will fluctuate with the average cost per pupil in the United States. It may also change if there is a

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[15]Hergenreter vs Hayden, F. Supp. Vol. 295, Kansas 1968, p. 25.

[16]Johns and Morphet, Economics of Education, p. 427.

fluctuation of Kansas' per capita income in relation to the national per capita income.

(2) In the initial year of the new distribution formula, there are some school districts that would receive less state aid than the previous year. No district, however, will receive less state aid than that received for the 1969-70 school year.

(3) Federal funds are exempt from the distribution formula in making allocations to each district.

(4) The special levies for capital outlay and vocational education will be implemented into the general fund levy. The remaining levies other than the general fund include incentive grant, bonded indebtedness, and social security.

(5) All districts with a total enrollment K-12 of less than 150 will not be eligible to receive state aid or incentive aids or categorical aids. Table XVIII lists the seven districts, their state allocations, enrollments, cost per pupil and mill levies.

(6) Upon implementation of the new program, all boards will be limited to a property tax levy of ten mills for the general operating fund and five mills for approved local incentive effort. All levies exceeding this amount must be approved by the majority of voters. Exceptions to this case will be:

a. All districts will be permitted a total increase in their budget by five percent of the preceding year's budget in compliance with the present statute. The property

tax increase will be matched by state funds determined by incentive formula for the initial year only (HB-1825).

b. If in future years, a district has a decrease in its state allocation, then the district will be permitted to increase the property tax in order to match the preceding year's regular budget with the incentive formula. Additional budget increases must be approved by the vote of the people.

(7) The unit to measure the educational need is the average daily membership.

(8) Enrollments for each school year will be projected by the local board and approved by the State Board of Education based upon the past year's average daily membership.

(9) The provision to appeal for increased budgetary power, will continue as provided in the present foundation program. The rationale for making appeal would be the occurrence of unusual activities within the school district that create an unexpected increase or decrease in enrollment. The State Board of Education will use discretion in considering such appeals. As the school finance plan functions on a year-to-year basis, the State Board may consider past activities and allocations of each district before arriving at a decision.

County Foundation Program

The present county foundation program, as described in Chapter III, will continue with a change in the method of allocating funds. The present program is funded by a county-wide ten mill levy. The change in the method of distribution

will be made by allocating all funds in respect to teacher units with the present PTR guidelines. The ten mill levy will be supplemented by the county distribution fund which is created by local fines and penalties. In order that the allocations are made efficiently, each district's teacher unit grant will be based upon the maximum number of teachers that could be employed for a minimum pupil-teacher ratio. If a district employs less teachers than permitted, then that district will receive a smaller grant than it would be entitled to if it had employed the maximum number permitted. (Example) If District A is eligible for fifty teacher unit grants at $1,200 per unit for a total of $60,000 but employed only forty-five teachers, it would receive $54,000. In reality the total local contribution may total 20 or 25 mills, depending upon the choice of local incentive effort.

The Incentive Program

The second phase of the finance plan is designed to provide state support beyond the foundation program. This phase is necessary to insure a completely satisfactory educational program for every student in the state. The first phase provides funds to support a satisfactory basic educational program relative to national average. If, however, any district desires to improve its programs and is willing to make a local contribution, the state will provide percentage matching funds.

Local Requirement for Incentive Grants

The major objective of the incentive program is to encourage all districts to extend their services beyond what the foundation program allocates by matching local effort with state funds on terms favorable to districts with a small amount of local ability. The local funds considered in this part of the program are limited to five mills. Should a school district choose to exceed the regular (ten mill general levy and five mill incentive effort) toward further educational programs, it will require a majority vote of the people within the district. The levy for the incentive program must receive an approval from the State Board of Education.

Incentive Formula

The local school funds are matched in the incentive program by a percentage equalizing formula. It is very similar to the formula used in the New York program and is recommended by Larry Burdick in his proposal for Oklahoma. The state support ratio is calculated from the following formula:

$$\text{State Support Ratio} = 1 - \left[\frac{\text{Equalized Assessed Valuation Per ADM in the District}}{\text{Average Equalized Assessed Valuation Per ADM in the State}} \times .50 \right]$$

The state support ratio can be applied to any amount up to a limit of five mills for each school district. It is

based on the principle of fifty percent matching funds at the state level with the exception of wealthy districts. The incentive program is designed to raise revenue with a combined local and state effort equivalent to a state wide levy of ten mills which would be allocated to each district by pupil units. Each district that exerts a maximum local effort of five mills will receive total incentive aid that is determined by the product of the district's average daily membership, assessed valuation per pupil statewide, ($11,394) and .010 (ten mills state wide).

As local funds are matched by the state with a percentage equalizing formula, a school district with the same assessed valuation per pupil as the state, would receive equally matched funds. Other examples are illustrated. If District A has an assessed valuation of $5,697 per pupil, the state support ratio would be computed as follows:

$$\text{State Support Ratio} = 1 - \underbrace{\left[\frac{5,697}{11,394}\right] X .50}_{\text{(Local support)}}$$

$$= 1 - \left[\tfrac{1}{2} X .50\right]$$

$$= 1 - \underbrace{[.25]}_{\text{(Local Support)}} = .75$$

The local support from five mills represents the local incentive aid which is 25 percent of the total incentive aid. The state incentive aid as calculated is 75 percent of the total incentive aid, or three times the local effort from a five mill levy in School District A.

If School District B has an assessed valuation of $17,091 per pupil, its state support is computed as follows:

$$\text{State Support Ratio} = 1 - \underbrace{\left[\frac{17,091}{11,394} \times .50\right]}_{\text{(Local Support)}}$$

$$= 1 - \left[3/2 \times .50\right]$$

$$= 1 - \underbrace{\left[.75\right]}_{\text{(Local Support)}} = .25$$

Local support for District B is 75 percent of the total incentive aid and the state support is 25 percent of the total incentive aid. If District B levies a maximum five mills, the state will supplement this amount equal to one third of the local effort.

If District C has an assessed valuation of $22,786 or more per pupil, it cannot qualify for state matching funds, but may, however, levy the five mills for local incentive aid with the approval of the State Board of Education.

Qualifications for Incentive Grants

To qualify for the incentive program, a district must levy a tax not to exceed five mills above the mandated ten mills for general operation and offer programs required by the State Department of Education or new programs requiring approval by the State Department of Education. Incentive grants can be approved for implementation of special education programs, vocational education (separate from categorical), summer school, enrichment programs, improved salary schedules under guidelines of the State Department, and capital outlay. Capital outlay projects will be approved on a yearly basis only. This includes supplementary building

additions, equipment, maintenance, repair of buildings, purchase of grounds, and capital improvement of grounds. Districts cannot, however, use this particular form of capital outlay for total building programs. New building construction requiring more than one year's financing will remain in its present status and will be approved by the voters of the district. The capital outlay limitation at present is a four mill levy and the vocational education levy limitation is two mills. A four mill levy, however, accomplishes far more for each pupil in a rich district than it does in a poor district. The incentive aid offers the poor district greater ability to raise more funds for capital outlay expenditures than previously under a four mill levy. The same case applies for vocational education. No special levy presently exists for the remaining incentive programs.

Reduction in Regular State Aid

Another qualification for the incentive grant will be a reduction in state aid from the preceding year. If a school district would receive less state aid than the previous year, then its budget can increase only with an increased property tax levy or earnings tax when approved by the people. The incentive grant, however, makes it possible for the district to adopt a budget without going to the people for increased local revenue. For the initial year of the formula, districts may increase their budget up to 105% of the preceding budget and receive percentage matching grants for this amount.

Federal Funds and the Incentive Program

One controversial problem anticipated relative to the incentive aid program is the supplementary federal aid for federally impacted areas. The argument to be presented by non-impacted areas will be the extra aid and budgetary capacity given to impacted areas which would violate the equalization principle. There are two factors to consider. First, a local district must levy ten mills to be eligible for local and state incentive aid. It would appear that districts receiving an abundance of state aid by the regular formula supplemented by allocations from P.L. 874, would find it difficult to warrant a school levy for operational purposes above ten mills. Second, all incentive aid applications are to be approved by the State Board of Education. Each district's financial structure and ability will be considered before incentive grants are approved.

Categorical Aids

The third phase of the proposal is categorical aid. Except for some additions, there will be no major change in the present system of allocating categorical aid grants. Categorical aid will be allocated for the areas of vocational education and driver education. The driver education program will continue as it presently functions but categorical aid in vocational education will be limited to tuition for students attending an out-of-district vocational technical school.

An additional categorical aid implemented in the plan is textbook rental. Kansas statutes state that the citizens of Kansas are entitled to a free education.[17] The plan calls for a flat grant for each pupil in the state of Kansas. This will be weighted by allocating a larger grant for each secondary student than for each elementary pupil. The established rate will be set by the State Department of Education. Textbook rental grants will not apply to activity fees. A survey with a number of school districts in Kansas shows a median of eight dollars for textbook rental in elementary schools and twelve dollars for secondary schools. The average textbook cost per pupil in Kansas is approximately ten dollars. This will require about five million dollars to fund.

Transportation

The formula presently in operation for transportation is basically sound. The allowance per pupil to be transported is adequate and the only problem has been the failure

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[17]Kansas State Department of Education, 1968 School Laws of Kansas, KSA-4154, p. 454.

of the legislature to fully fund the transportation allocations. In the 1969-70 school year the State Department received 91.7% of the intended allocations for the public schools. The new finance plan recommends 100% funding of the present program. It is not, however, included in the three phases of the proposal.

Cost of the Program

Displayed in Table XIV, second column, are the expenditures for the 1969-70 school year. Column 3 is the required expenditures for the new proposed school finance plan. The new plan shows the implementation of the capital outlay and vocational programs with the incentive program.

TABLE XIV

COST OF PRESENT AND PROPOSED FINANCE PLANS

Expenditures	1969-70	Proposed Expenditures	
Ad Valorem Taxes	$161,150,672	$ 49,787,085	
County Foundation	52,599,350	54,279,193	
State Foundation*	127,039,500	221,070,259	
County Distribution		3,000,000	
Capital Outlay	14,749,820		
Vocational	5,474,440		
Incentive--State		31,854,746	
Incentive--Local		26,765,400	
Categorical		10,000,000	
Transportation	5,960,500	6,500,000	
Penalized Schools		196,277	
		5,964,886	Sup. local efrt.
		5,789,781	Sup. state efrt.
Totals	$366,974,282	$415,207,627	

*Includes categorical
Source for Present Plan: Statistics Department, Kansas State Department of Education

The proposed transportation costs represent 100% funding of the present formula.

In Column 2, the state foundation allocation of $127,039,500 represents the original foundation program plus the supplement of $26 million implemented in 1969, the special aid for distressed districts, and all categorical aid. In Column 3 the county foundation fund will be supplemented for an estimated $3 million in the county distribution for a total of $57,279,193. The county levy will be slightly less than ten mills which will raise $54,279,193. The county distribution is a collection of fines, penalties, and sales residue at the county level. The new foundation program will cost $221,070,259. There are 14 districts that will actually have less state aid than they received in 1969-70. This amount totals $196,277 and reveals some of the inequities of the present distribution program. The new finance plan, however, does propose that the $196,277 be continued to be distributed to the schools in order that no district will receive less state aid than it received previously. This gesture will help win adequate support for implementation of the program and will not penalize other districts significantly.

The categorical aid requirement is estimated at $10 million. Approximately one-half of this amount will be earmarked for textbook rental, and the balance will be allocated for special programs in vocational education and driver

education projects. The new plan shows an increase in expenditures of $48,233,395.

The most significant impact of the proposed finance plan is the shifting of taxes to other sources from the property tax. Statistics reveal that the new foundation plan will cause a decrease in property tax of $97,177,720. These figures, however, do consider maximum local effort so it is highly probable that the property tax decrease will exceed $100 million. It will be necessary, however, to raise $142,411,063 from new sources to finance the total program.

The incentive aid program will cost the local taxpayers $26,765,400 if all districts participate with the maximum levy of five mills. The state portion will be $31,874,746. An additional $5,964,885 will be required through local effort and $5,789,787 through state effort for some districts to exceed their previous budget by 105 percent. This applies to 42 school districts whose state allocation supplemented by the local ten mill levy and incentive aid would still limit their budget to an amount less than the previous year. The incentive formula will be used by these districts to exceed the present budget up to 105% for the initial year only. The remaining districts will be limited to a maximum of ten or fifteen mills depending upon their choice of incentive aid. The 42 districts, however, will have a higher property tax or by choice may impose a non-property tax with voter

approval in order to offer their children the same educational opportunity as do other districts.

Revenue for the Finance Plan

The finance plan will require $142,441,063 in new funds to support the program. Increase in expenditures will total $48,233,395 from the 1969-70 school year to the 1971-72 year.

Any defensible foundation proposal must be supported by a program for raising revenue to fund it. Peterson,[18] Benson,[19] and Sharp[20] cite the state income tax as the one resource not yet reaching its full potential use.

Three alternatives are listed in preferential order for funding the foundation program:

(1) A 100% surtax on personal income tax in Kansas. This represents a potential of about $100 million in new revenue.

(2) A combination of several of the following tax reforms will assist in providing the necessary revenue for the finance plan:

a. The elimination of federal tax deductions on state income tax will raise $25 to $30 million. This is progressive step and it places the incidence upon high income.

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[18]Peterson, p. 51.

[19]Benson, p. 106.

[20]Sharp, p. 327.

b. The ton mile tax on motor carriers would create a tax earmarked for highway programs which in turn could free state funds for transferral to education or other state needs.

c. The oil and gas industry also offers potential tax resources. This industry likewise has enjoyed a free ride in Kansas. A severance tax will enhance the possibility of funding necessary revenue for the educational foundation program.

d. A 55% across the board increase in all income and corporate tax will raise $60 million.

(3) A ½% increase in sales tax would provide $25 million in revenue. This tax is regressive in nature, though geared to be proportional. It is a hidden tax that by all indications meets with less resistance than the more progressive taxes.

(4) Federal tax sharing--In long range planning, it is possible that the federal government will consider tax sharing with the states to support education and other government agencies. Several proposals have been submitted to Congress. Forest Conner, Executive Secretary of the American Association of School Administrators recommends a tax sharing plan to the states from federal funds prorated on a density-sparsity correction and wealth ratio.[21] A similar proposal

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[21]Forest Conner, "Federal Policy and the Public Schools," American Association of School Administrators (Washington, D. C., 1966), pp. 22-25.

by the National Education Association would allocate six billion dollars to the states. Kansas, being an average state, would receive about $100 per student. This would provide $50 million of new revenue.

Summary

When the comprehensive study of the necessary elements for a distribution program is completed, the most important task to perform is the arrangement of the elements for an appropriate foundation program.

The school finance plan will consist of three major objectives:

(1) increased state support

(2) change in the distribution formula

(3) shifting of tax structure from property tax to sources that are equitable, efficient and adequate.

In order to build a framework for the foundation program, the objectives are supplemented by sub-objectives. The sub-objectives include: a minimum of fifty percent state aid for all schools except for the wealthy districts, a system of rewarding school districts for extra local effort and employment of highly professionally trained faculties, an option for the citizens to support education by non-property in place of property taxes, protection for the property taxpayer in the form of a tax lid, an option for citizens to exceed the tax lid by majority vote, a provision for wealthy districts to exceed the tax lid if allocations are limited

because of wealth factors in the formula, provisions for allocations from state, county and local level, a provision for local control to set standards of operation with national average expenditures or below or above national standards, provisions for incentive and categorical aid, provisions for variation in wealth, school enrollment and pupil-teacher ratio, and provisions to finance the program with a "good tax."

The finance plan is divided into three phases. The first phase is the foundation program at both state and county levels. The second phase is the incentive program and the third phase is categorical aid. The foundation program provides at least fifty percent state aid for all school districts except for those classified as wealthy districts.

The relationships between state per capita income to the national average and state expenditures for education with the national average cost per pupil serve as the criteria for establishing guaranteed costs for each school district in Kansas. As the national average for school expenditures is $673 and the per capita income for Kansas is 97% of the national average, the foundation plan will support a guaranteed cost per pupil of $652.

The framework for the foundation program consists of three major elements: educational need, local ability, and local effort. The measurement of educational need is defined as the pupil unit. Local ability is determined by

taxable income, per average daily membership. Local effort is measured by the assessed valuation per pupil. Supplementary variables for the formula consist of school enrollment, criteria of quality and pupil-teacher ratio.

Provisions for the foundation formula include: exemption of aid by districts with K-12 enrollment less than 150, permission for districts with smaller budgets than previous year to increase new budget to 105% of previous year, tax lid of ten mills for general operating levy except for wealthy districts and guidelines to appealing for budget increases. The county foundation will be distributed in teacher units. The allocation per teacher will be determined by the pupil-teacher ratio. Revenue for the county foundation is funded through a county-wide ten mill levy.

The second phase of the finance plan is the incentive aid program. It is designed to provide state support beyond the foundation program. The major objective of this program is to encourage districts to extend their services by matching local effort with state funds determined by a percentage equalizing formula. Wealthy districts will not receive state incentive grants but may impose a local levy for incentive purposes. To qualify for the incentive program a district must impose a levy not to exceed five mills above the mandated ten mill levy. Incentive grants will be approved for special education, enrichment programs, improved

salary schedules, and capital outlay. School districts may also qualify for incentive aid if their allocation from the foundation program decreases from the previous year. A controversy may possibly exist if some schools qualify for both incentive aid and federal impacted aid. A recent United States District Court decision makes it unconstitutional to deduct any portion of P.L. 874 funds from state appropriations. Incentive grants, however, must be approved by the State Department of Education.

The third phase of the proposal consists of categorical aid. It will exist in the form of flat grants for vocational education, driver education and textbook rental. There is no change in the transportation aid except to provide one hundred percent funding for the present program. No district will receive less aid than the previous year. If all districts participate at maximum effort, the local incentive aid will total $26,765,400 while the state incentive aid amounts to $31,854,746. With maximum incentive aid, there will be forty-two districts whose budgets are less than the 1969-70 budget. Operationalizing the incentive aid formula in order that all districts may increase their budgets to a 105% limitation will require $5,964,885 of supplementary local effort and $5,789,781 of supplementary state incentive aid.

Categorical aid will cost approximately $10 million, of which one-half will be earmarked for textbook rental.

The total school finance plan shows an increase in expenditures of $48,233,345. It will be necessary, however, to raise $142,411,063 in new revenue. The significant change is the reduction in property tax by almost $100 million. Alternatives for raising the revenue necessary for the foundation plan include: (1) 100% surtax which will raise about $100 million, (2) a combination of tax reforms such as elimination of federal income tax as an exemption from state income tax, ton mile tax on motor carriers, oil and gas severance tax, and 55% across the board on all personal and corporate income tax, (3) ½% increase in sales tax, and (4) federal income tax shares to states would raise $50 million for Kansas. This is important for long-range planning.

CHAPTER V

APPLICATION OF THE FINANCE PLAN

The application of the distribution program is designed to determine the effects on districts that differ in size, wealth, effort and total requirements of the state. The application as presented in Tables XV and XVI indicates the procedures for the calculation of the amount of state support and the results of the calculations.

The explanation of data and presentation for each of the three phases of the plan is preceded by a review of specific facts relative to the foundation program that has been developed through established principles and criteria of standards. The discussion of Tables XV and XVI is designed to provide the necessary information which will insure an understanding of the operation of the program. The presentation concludes with a description of the necessary procedures for implementing the finance plan.

Facts About the Plan

(1) The finance plan requires a total increase in expenditures of $48,233,395 over the 1969-70 school year.

(2) The plan shows a minimum decrease in property tax of $97,177,720.

TABLE XV

APPLICATION OF FOUNDATION PROGRAM FORMULA

District	Enrollment (1)	Taxable Income (2)	Adj Val Per Pupil (3)	State Aid 1969-70 (4)	Pct. of Budget (5)	Proposed State Aid (6)	Pct. of Budget (7)	1969-70 Budget (8)	Proposed Budget (9)	Gen. Levy 1969-70 (10)	Mil Reduction (11)
Erie St. Paul	1,521.5	2,837	11,863	455,500	46.3	838,942	69.9	983,299	1,199,933	20.310	10.310
Cimarron	643.0	2,851	20,714	167,324	30.1	294,533	52.5	555,200	560,915	19.770	9.770
Greeley	501.0	3,092	26,082	117,268	24.6	200,823	43.4	476,407	462,165	10.182	.182
Turner	5,391.0	1,181	3,999	1,236,201	41.0	3,314,875	88.4	3,011,935	3,746,048	96.419	86.419
Piper	538.5	1,995	7,138	146,582	40.0	321,780	80.7	366,259	398.657	88.619	78.619
Bonner Springs	2,230.5	3,903	5,849	570,068	36.3	1,096,116	80.7	1,569,661	1,357,039	96.507	86.507
Leon	674.0	2,445	21,141	206,655	40.3	326,281	53.3	511,548	611,262	15.830	5.830
Remington	785.5	2,753	20,313	247,649	36.9	380,481	54.3	670,207	699,598	18.170	8.170
Ft. Leavenworth	2,266.0	1,132	190	509,522	40.9	1,473,126	99.4	1,243,450	1,481,737	24.694	14.694
Wakeeney	944.0	3,244	19,745	204,706	28.8	405,294	52.0	710,577	778,079	16.830	6.830
Moscow	140.0	3,236	99,999	13,873	5.9	60,564	27.6	232,052	219,432	5.560	
Hugoton	997.0	4,144	44,119	143,772	15.0	109,715	11.0	955,833	989,448	5.990	
Norton	1,181.5	3,471	8,932	338,872	45.9	606,795	74.1	737,130	817,858	21.350	11.350
Almena	309.0	2,737	17,032	94,139	31.9	155,968	59.7	294,245	261,226	26.660	16.660
Lenora	308.0	2,270	17,034	90,884	30.8	162,358	60.7	294,751	267,287	30.050	20.050
Ulysses	1,682.5	3,624	32,841	230,777	14.5	421,294	27.6	1,580,900	1,526,394	9.950	
Lakin	582.5	3,489	47,084	93,084	16.0	86,536	13.6	578,500	635,065	6.670	
Deerfield	239.0	2,635	36,768	20,156	8.4	63,863	26.6	239,391	239,614	7.620	
Rolla	215.0	3,506	63,051	17,504	5.7	14,182	5.5	304,180	256,936	7.550	
Elkhart	795.5	3,343	31,520	143,365	23.5	260,516	34.1	608,202	761,999	5.130	
Minneola	325.0	3,096	40,789	73,179	23.8	92,652	25.8	306,500	357,781	9,680	
Ashland	438.5	4,262	45,458	72,311	16.3	48,102	10.7	441,880	446,769	12.690	2.690
*Mahaska	293.0	3,240	23,193	97,689	27.8	125,152	47.9	350,375	261,063	20.380	10.380
Washington	614.0	3,330	12,255	165,789	38.4	304,715	66.9	431,484	455,207	15.360	5.360
*Barnes	678.5	3,672	20,846	201,022	31.6	262,420	48.1	635,960	545,300	16.470	6.470
Clifton Clyde	754.0	2,956	19,091	232,742	38.8	367,249	56.0	599,220	655,142	16.690	6.690
Fowler	262.5	3,161	30,881	29,089	11.1	92,742	36.3	261,280	254,867	16.560	6.560
Meade	659.0	3,932	27,056	87,925	17.5	227,200	38.9	501,331	583,798	14.590	4.590
Jetmore	499.5	2,540	22,381	107,909	28.9	236,245	51.3	372,200	459,832	9.610	
Hanston	184.0	1,906	46,836	20,803	9.0	40,006	18.8	229,611	212,362	15.480	5.480
Stanley	775.0	3,062	19,091	152,501	24.9	350,251	54.2	611,102	646,162	41.050	31.050
Spring Hill	696.0	3,027	10,974	166,215	38.1	387,796	71.7	436,000	540,555	45.820	35.820
Gardner	1,335.0	3,196	8,800	309,422	34.1	679,942	74.3	906,436	914,902	46.420	36.420
DeSoto	1,804.0	2,418	6,188	388,265	37.2	1,079,227	82.8	1,043,617	1,302,490	73.870	63.870
Olathe	4,441.5	4,921	7,264	956,664	34.0	1,901,119	74.6	2,807,739	2,546,380	50.210	40.210
Fort Scott	2,302.0	4,620	8,674	569,399	43.4	1,069,091	72.8	1,310,000	1,468,442	18.426	8.426
Uniontown	558.5	2,668	12,403	166,950	38.7	322,803	69.9	431,155	461,344	19.457	9.457
Lebanon	265.5	2,774	16,400	89,400	37.6	143,318	62.2	237,540	230,402	24.070	14.070
Smith Center	873.5	3,811	11,066	231,058	42.7	429,854	68.9	540,573	623,177	17.200	7.200
Kensington	347.0	2,602	13,427	100,077	38.9	194,824	67.6	256,782	288,007	13.270	3.270
Minneapolis	881.0	3,031	16,284	247,603	39.4	448.678	60.9	627,929	735,602	10.930	.930
Bennington	549.0	2,943	19,783	142,522	29.9	261,984	54.6	476,150	479,201	15.400	5.400
Sharon Springs	480.5	3,238	18,746	108,918	27.7	217,999	54.7	392,071	398,148	13.837	3.837
Weskan	114.0	2,272	29,224	28,475	23.2	46,120	40.9	122,220	112,751	17.606	7.606
Waverly	481.0	3,441	19,017	136,042	32.3	210,093	53.4	420,430	393,036	26.270	16.270
Burlington	624.5	3,607	10,596	189,344	43.4	334,717	71.6	435,559	467,061	20.460	10.460
Leroy	447.5	2,760	16,548	124,656	31.4	218,932	59.6	396,978	367,036	25.110	15.110
Arma	709.5	3,916	7,245	201,739	49.5	368,562	78.1	407,000	471,368	31.050	21.050
Cherokee	1,125.0	2,836	9,154	322,467	43.9	645,433	75.8	733,908	851,398	36.650	26.650
Girard	1,212.0	3,635	10,297	314,607	43.4	610,905	70.9	724,330	860,505	23.310	13.310
Frontenac	489.0	4,113	5,984	139,364	48.8	258,392	81.5	285,000	316,915	41.280	31.280
Pittsburg	3,023.0	7,405	8,589	741,412	43.9	1,106,715	68.0	1,685,676	1,626,006	22.540	12.540
Admire	654.0	2,827	18,918	152,132	27.5	308,205	55.4	552,161	555,653	18.740	8.740
Hartford	753.0	2,043	19,681	189,510	29.9	373,365	55.7	632,485	669,760	23.070	13.070
Emporia	3,712.5	6,006	9,129	792,074	33.8	1,412,908	67.5	2,342,813	2,090,736	21.927	11.927
*Medicine Lodge	1,135.0	3,805	20,636	249,632	25.4	380,396	44.8	982,540	848,833	23.286	13.286
*Kiowa	525.5	4,775	25,812	116,843	20.1	138,418	33.7	580,800	409,702	21.060	11.060
Moran	537.0	2,705	17,920	168,955	43.7	271,178	58.4	386,400	463,639	18.750	8.750
Iola	2,003.5	3,664	6,642	541,421	48.5	1,045,766	79.7	1,114,096	1,311,911	27.020	17.020
Humbolt	827.5	2,924	13,238	213,328	42.3	442,001	66.8	503,815	661,090	18.770	8.770
Wichita	63,492.0	5,969	6,766	15,783,591	38.4	26,661,518	75.6	41,101,900	35,253,255	34.415	24.415
Derby	5,601.5	1,778	8,304	1,244,321	36.4	3,224,898	77.6	3,415,300	4,155,195	24.740	14.740
Haysville	3,870.5	1,779	7,873	954,731	36.2	2,276,057	78.8	2,636,117	2,885,506	42.397	32.397
Valley Center	1,668.5	2,987	6,717	421,695	43.9	938,298	80.7	958,847	1,162,444	35.027	25.027
Mulvane	1,520.0	3,051	6,155	387,597	45.8	872,456	82.3	845,814	1,059,568	30.870	20.870
Clearwater	817.0	2,926	17,971	176,054	34.7	383,896	56.6	506,500	677,542	19.940	9.940
Goddard	1,364.5	2,294	8,212	322,471	38.1	813,423	78.4	846,149	1,037,528	39.060	29.060
Maize	980.0	1,293	7,131	233,791	48.3	587,631	80.7	483,440	727,398	37.124	27.124
Andale	1,725.0	1,774	17,457	449,487	38.2	853,554	58.6	1,174,977	1,455,821	20.890	10.890
Cheney	481.5	3,774	18,919	135,513	33.7	213,598	53.9	401,803	395,788	26.830	16.830
*Palco	422.5	3,022	33,864	95,791	18.7	100,684	26.0	510,358	386,835	20.210	10.210
Plainville	790.0	3,774	26,508	214,610	34.2	275,139	39.6	626,728	693,965	15.130	5.130
Stockton	683.0	3,203	16,552	168,113	34.0	331,444	59.4	494,051	557,544	15.300	5.300
Cawker City	942.0	2,997	12,837	283,496	36.0	481,345	66.5	785,894	723,194	17.650	7.650
Beloit	964.5	5,416	16,275	313,832	40.3	358,855	53.3	778,420	672,799	17.650	7.650
Oakley	753.0	3,158	18,321	217,126	38.0	358,973	56.5	570,508	634,888	13.100	3.100
*Winona	231.5	2,476	36,756	64,045	21.0	78,857	31.6	304,207	249,037	13.910	3.910
*Esbon	159.0	3,925	28,416	37,336	18.2	39,058	30.1	204,510	129,421	20.870	10.870
Burr Oak	309.0	2,607	17,012	94,671	37.8	161,674	60.5	249,943	266,809	15.350	5.350
Mankato	492.5	3,757	12,092	146,247	35.7	247,684	67.5	408,921	366,790	29.630	19.630
Jewell	316.5	3,718	22,393	96,677	33.7	124,958	46.8	286,258	266,706	17.460	7.460
Morland	293.0	2,660	34,673	80,946	23.9	101,091	33.2	337,558	304,275	19.180	9.180

TABLE XV (Continued)

District	Enrollment (1)	Taxable Income (2)	Adj Val per Pupil (3)	State Aid 1969-70 (4)	Pct. of Budget (5)	Proposed State Aid (6)	Pct. of Budget (7)	1969-70 Budget (8)	Proposed Budget (9)	Gen. Levy 1969-70 (10)	Mill Reduction (11)
Hill City	996.5	2,591	15,459	228,373	27.7	488.624	61.3	822,336	796,722	27.610	17.610
Howard	811.5	3,384	16,797	253,587	38.1	333,887	55.0	664,570	606,502	16.410	6.410
Elk City	317.5	2,633	17,374	99,960	40.4	164,596	59.8	247,142	274,921	21.870	11.870
*Cottonwood Falls	737.5	3,757	33,756	140,792	17.0	157,828	24.0	824,576	655,729	15.340	5.340
Cedar Vale	216.0	3,995	27,645	47,968	25.7	60,277	33.5	186,044	179,704	14.510	4.510
Sedan	645.0	3,364	13,100	165,781	35.9	359,140	68.0	460,699	528,130	20.860	10.860
Pomona	833.5	2,219	13,215	216,958	42.5	456,887	67.4	509,813	677,182	19.360	9.360
Richmond	528.0	3,009	15,267	162,212	38.1	289,797	64.2	424,685	451,016	26.270	16.270
Wellaville	735.5	2,850	11,620	167,379	41.9	410.636	70.6	398,980	581,567	19.870	9.870
Ottawa	2,633.0	4,520	8,082	639,979	45.0	1,175,105	73.4	1,419,150	1,600,703	18.570	8.570
Grinnell	382.5	1,564	14,509	111,822	40.7	212,938	65.7	274,330	323,931	16.940	6.940
Grainfield	487.5	2,662	16,139	142,353	35.0	257,593	62.0	406,138	414,948	23.300	13.300
Quinter	451.0	2,937	18,395	120,388	35.7	226,615	57.7	336,441	392,538	19.460	9.460
Oberlin	1,024.0	3,192	14,239	267,006	35.3	486,291	62.5	756,158	777,906	16.380	6.380
Jennings	252.0	2,830	34,888	77,831	31.6	121,408	50.2	246,251	241,803	22.690	12.690
Bird City	300.5	3,648	24,222	73,393	26.7	108,018	42.5	274,260	253,593	18.820	8.820
St. Francis	676.0	3,481	16,305	156,268	31.1	323,954	59.5	501,512	544,397	20.300	10.300
Lincoln	743.5	3,527	18,434	204,187	34.2	349,068	56.0	596,115	623,182	12.720	2.720
*Sylvan Grove	217.5	4,169	31,236	43,495	14.9	50,800	27.2	290,614	186,676	22.370	12.370
*Coldwater	578.0	4,360	33,966	120,825	18.7	124,402	24.0	645,795	517,049	18.520	8.520
*Utica	137.0	2,020	32,427	24,238	12.6	43,596	32.9	191,019	132,446	21.320	11.320
*Ransom	330.5	2,172	21,090	100,087	28.5	164,648	54.1	350,137	304,053	23.540	13.540
*Ness City	559.0	3,714	19,944	139,297	25.4	225,324	50.2	546,688	448,298	16.630	6.630
*Bazine	162.0	2,986	46,458	31,899	14.5	17,116	10.2	219,273	167,640	11.420	1.420
Salina	10,216.5	3,849	6,066	2,187,576	43.3	5,044,007	80.2	5,051,282	6,283,473	20.890	10.890
Gypsum	583.0	2,607	23,077	174,544	34.4	268,522	49.9	506,040	537,599	18.390	8.390
Brookville	301.0	1,997	18,811	88,589	32.3	154,679	57.7	274,000	267,922	28.886	18.886
Hutchinson	8,089.0	5,148	6,795	1,965,544	42.2	3,432,243	75.7	4,646,802	4,531,538	26.778	16.778
Nickerson	1,849.0	2,477	8,484	524,626	42.7	1,073,912	77.3	1,227,500	1,387,651	30.020	20.020
*Langdon	742.0	3,562	24,940	216,901	29.1	249,281	40.2	743,200	619,390	19.720	9.720
Pretty Prairie	757.5	2,383	18,907	216,394	33.1	375,727	56.7	653,624	662,168	23.930	13.930
Haven	736.5	2,832	21,359	205,556	33.4	342,975	52.1	613,900	657,594	21.070	11.070
Buhler	1,808.5	1,899	13,136	499,446	39.6	980,391	67.3	1,259,938	1,455,520	23.400	13.400
Brewster	205.5	3,411	34,677	61,259	26.5	59,747	29.5	230,596	202,269	12.680	2.680
Colby	1,277.0	4,021	13,851	303,841	32.7	528,448	59.9	929,104	882,202	20.570	10.570
*Rexford	270.5	3,518	22,489	60,216	21.1	94,172	43.6	284,580	215,837	22.070	12.070
Herndon	153.0	2,140	33,318	31,550	23.2	56,054	35.4	135,500	158,007	26.150	16.150
Atwood	712.5	3,348	16,365	187,983	30.0	347,025	59.8	626,074	580,226	21.070	11.070
McDonald	228.0	2,941	28,054	55,605	24.8	81,220	38.8	223,700	209,146	22.250	12.250
Wamego	1,011.0	3,371	10,378	295,498	42.4	498,666	70.3	696,922	708,509	30.870	20.870
St. Mary's	1,049.0	3,471	12,219	307,745	43.8	487,788	65.5	702,439	744,143	20.860	10.860
Onaga	551.5	2,548	14,865	211,951	43.1	299,244	64.6	491,450	463,205	27.350	17.350
Westmoreland	652.0	2,468	9,360	205,468	42.8	381,677	75.7	479,572	503,732	29.630	19.630
*Kirwin	231.5	3,048	21,398	76,358	30.9	103,838	51.1	247,028	202,910	16.930	6.930
Phillipsburg	1,153.0	3,450	13,398	264,902	38.9	527,319	63.0	679,410	836,277	13.420	3.420
*Logan	428.5	2,786	23,116	115,607	25.3	197,893	49.9	455,291	395,998	22.700	12.700
Ellsworth	882.5	3,625	16,419	231,577	34.6	403,740	58.2	667,668	693,535	15.080	5,080
*Holyrood	766.0	3,788	35,556	172,357	19.9	139,792	20.4	862,615	684,509	15.060	5.060
Alma	672.5	4,009	15,565	178,324	32.2	303,547	59.1	553,103	512,896	17.610	7.610
Eskridge	661.0	2,753	15,214	176,484	31.5	350,855	63.5	558,500	551,984	30.870	20.870
Kingman	1,592.5	3,442	21,315	353,483	29.9	632,841	48.2	1,181,692	1,311,724	10.090	.090
Cunningham	613.5	2,618	20,784	139,622	23.6	288,573	53.0	590,883	543,592	17.920	7.920
Concordia	1,951.0	4,116	11,312	476,750	39.6	875,597	66.4	1,200,973	1,316,991	20.040	10.040
Glasco	553.5	2,710	20,163	114,789	25.2	248,611	52.6	454,937	471,816	18.120	8.120
Circleville	488.5	3,043	13,809	163,521	39.6	267,673	66.4	412,307	402,587	36.850	26.850
Holton	1,130.5	3,778	7,289	305,668	47.4	572,685	77.6	644,868	737,489	32.130	22.130
Mayetta	595.0	3,272	6,899	184,299	45.1	352,674	81.1	408,516	434,772	38.180	28.180
Valley Falls	523.0	3,195	9,636	196,004	50.8	303,852	75.0	385,825	404,645	27.710	17.710
Winchester	510.5	2,964	11,184	163,021	41.9	275,777	70.7	388,964	389,965	27.250	17.250
Meriden	513.5	3,119	7,950	176,228	47.1	307,128	78.9	373,475	388,775	35.360	25.360
Oskaloosa	463.5	3,111	8,628	160,914	52.7	272,318	77.2	304,865	352,299	16.600	6.600
McLouth	500.5	2,343	9,918	142,423	48.4	289,561	74.4	293,892	388,840	25.870	15.870
Perry	891.0	3,253	11,552	255,477	42.0	446,479	68.4	607,575	652,336	21.440	11.440
Pleasanton	415.5	3,303	8,897	133,559	45.3	233,468	75.9	294,818	307,402	27.240	17.240
Seaman	3,089.5	2,332	9,423	718,852	36.3	1,761,741	75.1	1,977,483	2,343,988	40.310	30.310
Mound City	654.0	2,856	13,867	218,691	41.9	360,692	66.5	520,903	542,073	22.500	12.500
Kinsley	671.0	3,836	17,862	139,834	24.8	286,975	54.4	562,859	526,683	17.540	7.540
Baldwin	931.5	3,030	9,353	223,391	39.2	502,120	74.2	569,354	676,366	26.720	16.720
Stafford	467.5	4,163	27,122	124,268	32.1	155,257	37.9	386,177	408,848	13.130	3.130
St. John	576.0	4,466	28,739	150,612	28.7	169,775	33.8	523,087	500,848	12.460	2.460
Macksville	375.5	3,598	54,262	75,676	14.9	15,159	3.5	507,707	422,666	11.220	1.220
Goodland	1,962.0	3,615	12,025	462,434	35.1	910,734	65.8	1,315,825	1,382,595	27.520	17.520
Wellington	2,289.5	4,554	9,178	529,889	39.2	981,437	70.0	1,348,701	1,401,698	21.130	11.130
Claflin	394.0	3,644	30,943	95,218	24.4	118,758	32.7	389,529	362,589	14.270	4.270
Ellinwood	761.0	3,828	20,663	200,407	32.2	315,685	50.0	620,521	630,176	14.640	4.640
Conway Springs	560.5	3,495	16,576	133,558	31.4	261,141	58.4	424,388	446,958	22.230	12.230
Belle Plaine	631.5	3,238	10,314	151,024	36.5	346,125	72.6	413,260	476,391	29.920	19.920
Oxford	514.0	3,147	15,915	146,133	40.7	266,650	61.9	358,279	430,257	22.360	12.360
Argonia	398.5	3,434	18,019	111,407	33.5	202,200	58.4	332,005	345,811	17.100	7.100
Caldwell	529.0	3,578	17,250	135,805	34.5	243,565	57.1	393,250	426,070	17.740	7.740
*Anthony	1,386.0	4,488	21,644	292,328	23.6	452,405	42.9	1,238,480	1,052,376	20.830	10.830
LaCygne	816.0	2,862	15,680	284,211	41.1	446,881	63.5	691,500	702,778	19.810	9.810
Holcomb	413.5	1,721	38,062	107,317	30.2	129,623	29.1	354,203	444,396	11.080	1.080
Marysville	1,245.0	5,016	14,318	371,831	46.7	486,475	57.7	794,900	842,994	13.400	3.400

TABLE XV (Continued)

District	Enrollment (1)	Taxable Income (2)	Adj Val per Pupil (3)	State Aid 1960-70 (4)	Pct. of Budget (5)	Proposed State Aid (6)	Pct. of Budget (7)	1969-70 Budget (8)	Proposed Budget (9)	Gen. Levy 1969-70 (10)	Mil Reduction (11)
Garnett	1,399.0	4,012	15,147	391,125	41.3	601,924	58.6	946,793	1,025,737	13.480	3.480
Yates Center	875.0	3,191	16,713	198,231	34.3	429,549	59.4	577,889	722,027	15.295	5.295
Osawatomie	1,285.0	4,315	8,107	283,604	34.7	603,402	74.3	816,000	811,752	36.850	26.850
Paola	1,599.5	4,734	12,287	386,493	37.8	679,081	63.3	1,022,333	1,072,142	23.440	13.440
Burrton	617.0	3,317	16,588	183,520	39.9	309,322	60.1	459,779	514,018	23.820	13.820
Montezuma	303.0	2,892	22,730	87,024	31.5	141,459	50.6	275,704	279,202	19.050	9.050
Silver Lake	499.5	3,157	10,500	124,100	40.4	277,407	72.5	307,150	382,302	34.610	24.610
Newton	3,904.5	4,687	7,206	997,875	44.5	1,740,241	75.5	2,241,302	2,302,958	26.090	16.090
Sublette	532.0	3,754	37,446	103,331	18.8	133,361	25.0	547,200	531,786	10.750	.750
Towanda	1,205.0	2,367	13,976	354,012	43.0	644,681	65.6	823,198	981,502	17.440	7.440
*Sterling	617.0	3,991	13,202	165,156	28.9	278,141	63.0	570,700	441,054	21.880	11.880
Effingham	1,136.5	2,599	11,658	308,987	42.3	655,080	71.1	730,000	920,067	27.600	17.600
Riley	550.0	3,098	13,504	152,153	36.9	300,091	66.8	411,305	448,635	21.430	11.430
Clay Center	2,048.0	4,035	12,435	499,508	36.3	885,429	63.4	1,372,293	1,394,767	18.530	8.530
Centralia	781.0	3,287	16,045	247,903	36.5	370,971	59.6	678,602	621,594	24.360	14.360
Spearville	477.0	1,969	13,985	119,019	33.1	252,451	65.4	359,106	385,868	22.760	12.760
Pratt	1,793.0	4,889	12,282	414,852	34.4	710,309	61.7	1,203,392	1,150,742	13.491	3.491
Manhattan	5,377.5	5,504	8,697	1,204,978	37.3	2,132,111	69.5	3,223,238	3,067,474	26.250	16.250
Randolph	305.5	2,517	25,740	88,297	30.1	143,504	47.7	292,491	300,775	20.750	10.750
Andover	952.0	2,019	5,600	261,647	44.4	580,425	84.4	588,357	687,049	36.170	26.170
*Madison	403.0	3,871	20,152	95,061	24.8	154,320	48.7	382,150	316,745	17.840	7.840
Buffalo	480.5	2,221	16,453	153,447	44.3	252,597	61.5	346,272	410,710	14.430	4.430
Ellis	591.0	3,279	19,896	147,012	35.4	275,502	53.9	414,930	510,673	17.710	7.710
Eureka	1,157.0	4,145	16,860	297,304	36.5	473,378	54.8	812,323	863,518	16.640	6.640
Hamilton	194.5	2,156	33,972	43,950	20.8	68,394	34.1	210,860	200,545	19.690	9.690
Natoma	226.5	2,927	29,405	43,373	18.1	68,491	33.9	238,880	201.696	21.080	11.080
Osborne	842.5	3,002	13,666	213,000	33.7	427,029	64.9	630,782	657,301	19.100	9.100
Solomon	565.0	2,315	14,022	183,454	45.3	305,331	65.8	404,825	463,780	19.010	9.010
Rose Hill	657.5	1,906	6,376	169,054	43.5	400,987	82.7	388,274	484,832	44.030	34.030
LaCrosse	807.5	3,525	19,010	226,742	32.7	345,501	52.9	692,000	652,513	12.690	2.690
Douglass	545.5	3,028	10,169	140,708	38.7	308,019	73.5	363,035	418,963	18.500	8.500
Lost Springs	504.5	2,151	21,574	158,010	37.6	248,627	53.3	420,000	466,308	15.520	5.520
Peabody	638.0	3,207	16,248	171,803	32.2	291,562	58.4	532,183	498,887	17.310	7.310
*Paradise	143.0	2,715	34,946	26,710	12.8	33,563	25.1	207,443	133,508	19.340	9.340
*Lindsborg	1,017.5	3,721	16,779	265,591	30.5	403,130	54.1	868,800	744,583	22.000	12.000
*Chase	358.5	4,709	34,873	94,153	22.1	78,692	23.9	425,503	328,731	11.600	1.600
Augusta	1,891.0	5,195	8,102	459,709	46.4	807,833	72.5	990,520	1,114,250	19.954	9.954
*Bison	490.5	3,695	23,470	173,377	32.2	203,476	46.9	536,973	433,716	18.520	8.520
Riverton	683.0	1,300	15,036	174,589	38.4	358,736	63.5	454,368	564,127	23.220	13.220
Lyons	1,300.5	4,004	10,386	319,762	36.9	601,987	69.0	866,132	872,127	21.420	11.420
Wathena	528.0	4,074	6,729	143,440	48.7	267,329	79.0	294,000	338,387	33.590	23.590
*Russell	2,253.0	3,830	20,312	476,461	23.5	739,492	44.6	2,018,930	1,654,750	23.050	13.050
Marion	891.0	3,382	12,922	256,543	45.7	430,521	65.1	560,176	660,791	16.840	6.840
Atchison	2,414.5	5,375	7,319	550,061	42.5	1,037.363	74.5	1,291,881	1,390,797	23.560	13.560
Hillsboro	998.5	3,298	11,418	326,262	47.8	519,655	69.5	681,896	747,673	20.030	10.030
Goessel	411.0	1,490	11,040	146,967	49.8	237,909	72.3	295,101	328,658	14.210	4.210
Hoxie	862.0	2,632	15,694	181,576	28.3	465,195	63.2	640,450	735,760	23.310	13.310
Chanute	2,579.0	4,290	7,474	605,047	44.6	1,176,842	75.3	1,355,643	1,562,351	26.530	16.530
Hiawatha	1,370.0	4,559	14,185	358,065	37.7	559,156	58.9	949,500	947,825	20.570	10.570
Louisburg	800.5	3,389	17,155	169,794	32.8	363,200	56.9	517,166	637,852	18.070	8.070
Council Grove	1,222.0	3,382	13,885	327,407	34.9	594,197	63.6	937,560	933,546	27.200	17.200
McPherson	2,633.0	5,185	10,515	725,448	40.5	1,067,917	65.8	1,788,416	1,621,637	22.380	12.380
Canton	583.5	3,062	14,404	151,772	33.8	303,582	64.3	448,318	471,676	22.370	12.370
Osage City	755.5	3,921	8,978	192,268	42.8	373,301	73.3	449,089	508,959	21.400	11.400
Lyndon	474.0	3,441	9,664	113,628	47.7	257,172	73.7	238,125	348,786	13.870	3.870
Greensburg	605.5	4,409	24,671	135,094	23.6	203,099	40.4	571,292	501,865	12.300	2.300
Moundridge	701.0	2,647	14,073	217,515	38.6	379,633	65.8	562,766	576,936	16.700	6.700
*Mullinville	170.0	4,170	71,140	20,095	6.6	32,728	15.6	302,681	209,147	12.610	2.610
Highland	413.0	2,897	9,656	125,424	39.8	236,619	74.7	314,400	316,377	26.580	16.580
*Courtland	507.5	3,294	15,813	136.380	30.3	228,217	58.7	449,524	388,719	24.520	14.520
Belleville	1,095.5	3,775	11,773	327,858	39.4	502,030	66.0	830,230	759,976	18.010	8.010
Great Bend	4,514.0	4,383	10,626	993,278	35.6	1,913,569	66.6	2,789,024	2,872,884	19.210	9.210
Troy	560.0	3,139	6,652	185,248	49.4	334,134	81.7	374,494	408,637	28.840	18.840
Horton	691.5	3,764	9,786	208,142	42.0	361,057	72.7	495,490	496,398	23.710	13.710
Hoisington	1,182.5	3,721	16,066	292,549	33.7	497,257	56.6	867,096	877,218	16.750	6.750
Victoria	576.5	1,869	16,626	162,095	41.8	288,040	60.0	387,286	479,737	13.150	3.150
Denton	334.5	3,268	18,357	99,515	34.9	169,479	57.9	285,000	292,288	25.030	15.030
Overbrook	1,092.0	2,929	8,708	271,737	43.8	589,004	75.5	620,300	779,187	20.800	10.800
Abilene	1,795.5	4,378	8,353	511,667	47.3	836,818	73.6	1,080,750	1,136,775	20.270	10.270
Caney	913.0	3,103	10,038	228,180	39.3	477,584	72.2	579,951	660,878	23.730	13.730
Washburn	3,606.5	975	3,664	940,347	42.7	2,271,934	89.5	2,197,714	2,536,219	36.480	26.480
Sawyer	378.5	3,363	36,207	93,300	24.5	107,013	28.0	380,000	381,100	14.387	4.387
Sedgwick	502.0	3,340	8,443	151,702	44.2	279,939	76.7	342,750	364,706	31.420	21.420
Halstead	809.5	4,175	14,721	199,586	36.0	332,158	58.2	553,181	570,491	23.210	13.210
Sabetha	1,284.0	3,470	11,257	381,356	41.3	623,815	68.3	922,261	912,894	19.720	9.720
*Seneca	606.0	3,800	12,175	177,309	33.5	296,437	66.7	529,054	443,998	38.015	28.015
Dodge City	4,180.0	4,449	9,661	878,828	35.7	1,797,405	68.9	2,461,142	2,605,064	19.770	9.770
*Little River	547.0	3,106	22,465	112,774	18.9	215,410	46.7	594,094	461,177	25.420	15.420
Coffeyville	3,895.5	4,366	6,063	959,569	47.0	1,886,097	79.9	2,041,550	2,358,465	25.510	15.510
Independence	2,643.5	4,635	8,230	622,415	41.2	1,184,257	73.1	1,508,600	1,619,377	22.630	12.630
Cherryvale	726.5	3,741	6,788	203,854	44.3	386,646	79.6	460,031	485,275	26.110	16.110
Inman	582.0	2,611	14,820	169,232	39.4	315,102	64.6	429,263	487,607	23.310	13.310
Easton	610.0	2,370	9,892	184,986	48.8	357,127	74.7	379,000	477,810	35.523	25.523
Tecumseh	1,826.0	2,398	17,444	508,607	31.9	922,087	59.1	1,589,756	1,559,142	28.840	18.840

TABLE XV (Continued)

District	Enrollment (1)	Taxable Income (2)	Adj Val per Pupil (3)	State Aid 1969-70 (4)	Pct. of Budget (5)	Proposed State Aid (6)	Pct. of Budget (7)	1969-70 Budget (8)	Proposed Budget (9)	Gen. Levy 1969-70 (10)	Mil Reduction (11)
Baileyville	438.0	1,035	8,853	169,087	52.9	262,828	77.2	319,501	340,381	24.430	14.430
Johnson	676.0	3,045	34,747	140,026	21.7	195,086	29.3	643,650	664,866	10.490	.490
Leavenworth	5,403.5	4,786	5,003	1,497,110	47.5	2,513,822	82.2	3,147,640	3,054,496	40.551	30.551
Burlingame	430.5	3,469	8,400	111,534	42.0	234,113	76.3	265,297	306,437	27.970	17.970
Cuba	234.0	4,569	26,616	64,298	21.0	66,752	34.8	306,032	191,315	25.500	15.500
Melvern	419.5	2,514	12,466	115,237	33.8	232,238	68.9	339,950	336,827	32.940	22.940
Garden City	4,599.5	3,323	11,477	944,717	37.4	2,230,837	67.8	2,522,213	3,286,606	17.170	7.170
Basehor	956.0	2,418	7,569	291,491	48.1	573,406	79.8	605,616	718,125	39.628	29.628
*Bucklin	407.0	3,554	32,549	98,280	21.1	112,521	29.8	464,586	377,470	18.530	8.530
Hesston	701.5	3,006	11,315	198,035	40.8	385,403	70.8	484,855	544,152	21.430	11.430
Neodesha	906.0	4,664	12,282	213,679	40.8	364,333	62.0	522,461	586,883	14.668	4.668
Burden	359.0	3,734	25,399	106,688	36.7	139,824	43.3	290,256	322,188	12.680	2.680
Udall	387.0	3,341	15,817	101,456	35.8	192,559	61.1	283,232	314,983	25.080	15.080
Tonganoxie	1,102.5	3,030	8,357	277,594	46.2	586,963	76.1	599,900	771,235	36.654	26.654
Winfield	2,628.5	4,853	9,437	665,582	42.2	1,131,978	69.5	1,577,046	1,628,081	23.810	13.810
Scott City	1,594.5	3,353	19,092	324,761	30.1	668,355	52.3	1,076,439	1,277,199	14.680	4.680
Leoti	992.0	2,620	20,764	225,883	30.8	479,300	53.7	732,571	891,257	10.170	.170
*Healy	112.0	3,231	32,126	26,240	17.5	29,915	29.3	149,542	101,878	21.270	11.270
Lansing	1,022.0	2,780	8,324	292,790	49.7	591,549	77.6	588,626	761,692	45.602	35.602
Arkansas City	3,768.5	4,321	7,945	878,507	38.8	1,734,369	74.3	2,263,269	2,333,183	22.000	12.000
Dexter	195.0	2,174	35,407	48,816	29.0	69,191	33.3	168,202	207,278	17.880	7.880
Chapman	1,610.5	2,275	14,240	491,084	37.7	878,314	65.6	1,300,884	1,336,985	20.170	10.170
*Haviland	187.5	3,624	41,565	20,737	9.3	24,645	13.6	221,650	180,514	12.240	2.240
Junction City	6,332.0	2,344	4,078	1,732,215	40.7	3,915,136	88.3	4,255,505	4,431,573	17.210	7.210
Copeland	177.0	3,835	44,740	42,837	21.3	16,546	9.4	200,335	174,925	11.380	1.380
Ingalls	264.5	2,259	24,671	87,047	37.0	121,590	48.2	234,759	252,099	17.390	7.390
*Kendall	92.0	2,310	62,807	16,723	9.9	1,320	1.1	168,500	114,244	15.620	5.620
*Kincaid	387.5	3,237	18,001	102,826	27.4	174,576	55.5	374,183	314,083	27.570	17.570
Liberal	3,699.5	4,133	9,643	853,024	38.7	1,653,714	69.8	2,203,123	2,367,200	18.370	8.370
Hope	573.0	2,720	16,166	175,946	35.1	302,936	62.0	500,097	488,199	26.690	16.690
Dighton	617.0	2,701	20,520	148,577	27.8	292,209	53.5	533,822	545,426	17.200	7.200
Kismet	641.5	2,755	38,204	194,334	30.3	205,149	29.5	639,606	695,306	8.600	
Fredonia	1,217.0	3,886	13,016	303,970	38.7	541,776	63.1	783,506	858,586	15.791	5.791
*Edson	83.0	2,512	46,147	13,551	11.2	9,370	10.8	120,639	85,974	25.126	15.126
Elwood	350.5	1,672	3,409	116,630	55.9	216,577	90.0	208,400	240,474	43.240	33.240
Herington	795.0	4,104	8,593	238,440	48.7	393,350	74.2	488,719	529,979	20.470	10.470
Axtell	577.0	2,560	14,819	163,673	34.7	306,426	64.1	471,000	477,437	26.470	16.470
Hays	3,710.5	3,817	11,581	839,264	38.8	1,617,552	65.3	2,159,208	2,476,978	22.200	12.200
El Dorado	2,949.0	5,272	8,680	875,805	47.1	1,235,782	70.7	1,858,984	1,747,728	25.694	15.694
Eudora	705.5	4,183	6,924	143,835	37.0	332,116	77.2	388,500	429,814	31.840	21.840
Rosalia	280.0	2,013	42,126	89,810	27.1	83,586	26.1	330,855	319,491	17.340	7.340
Columbus	1,595.0	4,409	12,989	470,111	45.1	696,234	62.6	1,040,705	1,110,583	20.830	10.830
Syracuse	680.5	2,899	18,821	180,609	28.4	334,730	56.6	633,885	590,883	19.990	9.990
Larned	1,629.0	4,217	15,631	384,062	29.0	626,594	55.1	1,321,305	1,135,852	16.080	6.080
*Rozel	292.0	3,346	31,869	86,767	24.0	98,395	34.5	361,340	284,510	16.090	6.090
Lawrence	7,751.5	5,950	10,100	1,590,155	32.0	2,849,006	64.5	4,954,735	4,414,809	24.330	14.330
Waterville	546.0	3,602	14,267	181,012	46.5	280,163	64.2	389,051	435,959	12.440	2.440
Galena	1,011.0	3,220	3,375	253,385	55.1	606,523	89.8	459,178	674,766	40.550	30.550
Kansas City	33,281.5	5,449	6,785	6,442,653	35.2	13,552,184	75.0	18,262,072	18,068,483	50.239	40.239
Topeka	23,634.5	6,308	6,510	5,102,030	36.0	9,402,276	75.3	14,155,176	12,479,488	36.990	26.990
Lewis	266.5	4,023	35,202	59,577	27.2	75,679	28.7	218,607	263,305	12.830	2.830
Parsons	2,707.5	5,467	7,089	627,000	46.4	1,127,836	74.6	1,351,080	1,511,705	21.218	11.218
Oswego	589.5	4,311	13,011	187,942	50.7	278,977	64.5	370,207	432,377	9.019	
Chetopa	427.5	3,484	7,350	102,149	48.5	230,163	78.5	210,300	293,006	15.445	5.445
Altamont	1,773.0	2,985	9,741	492,325	40.4	968,771	73.7	1,216,189	1,314,187	24.359	14.359
Satanta	509.5	3,302	49,403	82,224	16.4	70,902	12.3	500,000	574,318	8.480	
Baxter Springs	1,021.5	4,701	5,212	238,592	44.5	469,229	81.5	535,713	575,710	30.960	20.960
South Haven	258.0	2,786	28,811	58,227	24.2	92,865	38.4	239,847	241,530	19.060	9.060
Powhattan	198.0	1,541	19,798	46,260	25.3	96,528	55.5	182,519	174,929	19.620	9.620
*Attica	218.0	4,573	25,367	50,196	23.1	65,740	37.2	216,779	176,340	12.590	2.590
*Shawnee Mission	43,667.0	8,104	7,270	8,046,503	27.6	15,146,867	70.4	29,143,784	21,496,049	62.420	52.420
Totals	502,730.0	3,608 Average	11,394 Average	119,176,041		221,070,259		332,577,288	328,266,817		

*School districts that have smaller budgets with foundation program than that of 1969-70 school year.

TABLE XVI

APPLICATION OF INCENTIVE AID FORMULA

District Name	Local Incentive (1)	State Incentive (2)	Total Incentive (3)	Transportation (4)	Total Poss. Budget (5)	Supl. Mill Levy (6)	Total Proposed Budget (7)	Budget Increase (8)	Final Levy (9)	Final Change (10)
Erie St. Paul	90,240	83,298	173,538	42,300	1,412,279	.000	1,412,279	428,980	15.000	5.310
Cimarron	66,595	6,586	73,181	21,066	653,423	1.620	653,423	98,223	15.000	6.390
Greeley	65,335		65,335	21,175	546,927	1.726	546,927	70,520	15.000	3.092-
Turner	107,766	526,151	633,917	15,530	4,394,213	4.523	4,394,213	1,382,278	15.000	85.942
Piper	19,219	42,777	61.996	9,117	469,018	4.000	469,018	102,759	15.000	77.619
Bonner Springs	65,219	195,657	260,876	26,792	1,642,495	4.822	1,714,197	144,536	16.374	84.955
Leon	71,241	5,362	76,603	29,324	714,768	1.950	714,768	203,220	15.000	2.780
Remington	79,775	9,859	89,634	27,894	814,823	1.890	814,823	144,616	15.000	5.060
Ft. Leavenworth	2,152	213,048	215,200		1,696,937	.000	1,696,937	453,487	15.000	9.694
Wakeeney	93,191	15,170	108,361	31,593	915,425	1.730	915,425	204,848	15.000	3.560
Moscow	69,998		69,998	7,779	296,567	.000	296,567	64,515	15.000	9.440-
Hugoton	219,928		219,928	23,046	1,230,520	2.140	1,230,520	274,687	15.000	6.870-
Norton	52,765	82,529	135,294	15,171	967,071	2.000	967,071	229,941	15.000	8.350
Almena	26,314	9,245	35,559	15,188	310,719	5.800	341,007	46,762	19.190	13.270
Lenora	26,232	9,216	35,448	14,007	315,586	5.950	342,265	47,514	18.700	17.300
Ulysses	276,266		276,266	30,433	1,830,581	.500	1,830,581	249,681	15.000	4.550-
Lakin	137,132		137,132	13,293	784,393	2.070	784,393	205,893	15.000	6.260-
Deerfield	43,937		43,937	6,040	289,093	2.530	289,093	49,702	15.000	4.850-
Rolla	67,778		67,778	9,233	333,185	2.500	354,972	50,792	16.607	6.557-
Elkhart	125,370		125,370	10,745	897,227	3.310	897,227	289,025	15.000	6.560-
Minneola	66,280		66,280	13,317	436,279	1.970	436,279	129,779	15.000	3.350-
Ashland	99,666		99,666	17,285	562,293	.000	562,293	120,413	15.000	2.310-
Mahaska	33,976		33,976	18,310	311,838	1.420	378,025	27,650	24,739	2.939-
Washington	37,619	32,045	69,664	9,658	533,732	4.430	533,732	102,248	15.000	4.790
Barnes	70,720	6,994	77,714	32,260	652,611	1.330	687,509	51,549	17.240	.660
Clifton Clyde	71,969	13,708	85,677	19,588	758,790	3.500	758,790	159,570	15.000	5.190
Fowler	40,530		40,530	12,068	306,469	1.510	306,469	45,189	15.000	3.070
Meade	89,149		89,149	14,502	686,252	3.340	686,252	184,921	15.000	2.930
Jetmore	55,894	1,140	57,034	22,365	537,385	3.430	537,385	165,185	15.000	1.960-
Hanston	43,089		43,089	8,016	262,806	2.000	262,806	33,195	15.000	2.480
Stanley	73,973	14,090	88,063	23,225	755,533	3.510	755,533	144,431	15.000	29.560
Spring Hill	38,189	41,371	79,560	10,384	629,642	3.220	629,642	193,642	15.000	34.040
Gardner	58,740	95,838	154,578	18,397	1,086,358	3.710	1,086,358	179,922	15.000	35.130
De Soto	55,815	150,907	206,722	26,413	1,533,445	3.850	1,533,445	489,828	15.000	62.720
Olathe	161,315	342,794	504,109	22,898	3,071,497	3.060	3,071,497	263,758	15.000	38.270
Fort Scott	99,837	162,891	262,728	30,521	1,759,171	.213	1,759,171	449,171	15.000	3.639
Uniontown	34,632	29,501	64,133	27,932	551,103	4.391	551,103	119,948	15.000	8.848
Lebanon	21,771	8,466	30,237	13,754	273,258	4.900	273,258	35,718	15.000	13.970
Smith Center	48,330	52,357	100,687	25,337	747,109	3.200	747,109	206,536	15.000	5.400
Kensington	23,294	16,187	39,481	15,172	341,408	1.770	341,408	84,626	15.000	.040
Minneapolis	71,731	29,298	101,029	26,345	860,801	2.620	860,801	232,872	15.000	1.450-
Bennington	54,301	8,113	62,414	18,014	558,142	2.650	558,142	81,992	15.000	3.050
Sharon Springs	45,037	9,886	54,923	15,152	466,972	4.161	466,972	74,901	15.000	2.998
Weskan	16,657		16,657	5,108	134,095	4.271	143,270	21,050	17.753	4.124
Waverly	45,733	9,367	55,100	19,314	465,856	1.530	465,856	45,426	15.000	12.800
Burlington	33,086	38,840	71,926	10,002	548,164	2.410	548,164	112,605	15.000	7.870
Leroy	37,026	14,399	51,425	14,344	431,621	.730	431,621	34,643	15.000	10.840
Arma	25,698	54,608	80,306	8,257	559,250	.750	559,250	152,250	15.000	16.800
Cherokee	51,491	77,236	128,727	29,586	1,007,269	4.750	1,007,269	273,361	15.000	26.400
Girard	62,393	76,258	138,651	28,455	1,025,262	3.200	1,025,262	300,932	15.000	11.510
Frontenac	14,630	41,639	56,269	2,303	375,297	3.790	375,297	90,297	15.000	30.070
Pittsburg	129,807	221,022	350,829	6,374	1,982,683	4.730	1,982,683	297,007	15.000	12.270
Admire	61,861	12,670	74,531	35,370	662,634	.510	662,634	110,473	15.000	4.250
Hartford	74,095	12,061	86,156	30,607	783,996	3.930	783,996	151,511	15.000	12.000
Emporia	169,438	254,157	423,595	21,129	2,533,716	5.570	2,658,167	315,354	16.460	11.037
Medicine Lodge	117,109	13,012	130,121	33,699	1,009,871	.458	1,042,930	60,390	16.127	7.617
Kiowa	67,821		67,821	17,091	493,203	2.120	640,033	59,233	25.824	2.644-
Moran	48,115	13,570	61,685	17,285	541,182	5.410	541,182	154,782	15.000	9.160
Iola	66,536	162,898	229,434	16,248	1,556,252	2.770	1,556,252	442,156	15.000	14.790
Humboldt	54,772	39,662	94,434	12,016	766,548	1.910	766,548	262,733	15.000	5.680
Wichita	2,147,934	5,258,734	7,406,668	323,767	42,956,957	5.148	45,479,083	4,377,183	17.400	22.163
Derby	232,574	413,464	646,038	37,869	4,835,976	4.756	4,835,976	1,420,676	15.000	14.496
Haysville	152,342	295,722	448,064	57,216	3,386,062	3.522	3,386,062	749,945	15.000	30.919
Valley Center	56,028	137,172	193,200	22,342	1,376,142	.000	1,376,142	417,295	15.000	20.027
Mulvane	46,770	126,452	173,222	19,569	1,250,744	1.790	1,250,744	404,930	15.000	17.660
Clearwater	73,407	19,513	92,920	14,016	783,321	.000	783,321	276,821	15.000	4.940
Goddard	56,026	99,601	155,627	35,822	1,226,020	4.935	1,226,020	379,871	15.000	28.995
Maize	34,937	77,763	112,700	18,555	857,121	.000	857,121	373,681	15.000	22.124
Andale	150,558	47,544	198,102	29,988	1,681,435	4.020	1,681,435	506,458	15.000	9.910
Cheney	45,545	9,328	54,873	9,592	459,461	4.810	467,899	66,096	15.768	15.872
Palco	71,537		71,537	16,497	473,507	2.750	577,188	66,830	22,246	.714
Plainville	104,706		104,706	13,254	810,831	3.400	810,831	184,103	15.000	3.530
Stockton	56,525	21,981	78,506	21,444	655,724	5.860	655,724	161,673	15.000	6.160
Cawker City	60,457	47,501	107,958	21,866	851,213	3.380	868,104	82,210	15.782	5.248
Beloit	78,481	32,055	110,536	22,177	803,681	1.910	848,821	70,401	17.663	1.897
Oakley	68,974	17,243	86,217	28,068	746,856	5.710	746,856	176,348	15.000	3.810
Winona	42,545		42,545	16,028	306,287	3.850	353,814	49,607	20.585	2.825-
Esbon	22,590		22,590	9,081	160,343	.500	217,107	12,597	27.563	6.193-
Burr Oak	26,283	9,234	35,517	12,774	314,046	1.220	314,046	64,103	15.000	1.570
Mankato	29,776	26,405	56,181	8,605	430,866	5.840	465,885	56,964	18.254	17.216
Jewell	35,435	723	36,158	12,174	314,033	5.560	341,946	55,688	18.938	4.082
Morland	50,794		50,794	15,468	369,260	3.720	394,117	56,559	17.446	5.454

TABLE XVI (Continued)

District Name	Local Incentive (1)	State Incentive (2)	Total Incentive (3)	Transportation (4)	Total Poss. Budget (5)	Supl. Mill Levy (6)	Total Proposed Budget (7)	Budget Increase (8)	Final Levy (9)	Final Change (10)
Hill City	77,019	36,244	113,263	18,944	927,365	3.030	927,365	105,029	15.000	15.640
Howard	68,149	25,205	93,354	31,044	728,337	2.570	734,581	70,011	15.334	3.646
Elk City	27,581	8,709	36,290	12,749	322,908	1.790	322,908	75,766	15.000	8.660
Cottonwood Falls	124,475		124,475	34,120	811,507	.410	876,521	51,945	17.611	1.861-
Cedar Vale	29,855		29,855	5,213	214,342	3.030	214,343	28,299	15.000	2.540
Sedan	42,247	31,870	74,117	27,301	627,294	2.500	627,294	166,595	15.000	8.360
Pomona	55,069	39,877	94,946	23,593	793,773	3.790	793,773	283,960	15.000	8.150
Richmond	40,302	19,850	60,152	26,151	535,160	.510	535,160	110,475	15.000	11.780
Wellsville	42,732	41,056	83,788	16,556	680,544	4.310	680,544	281,564	15.000	9.180
Ottawa	106,399	197,598	303,997	14,532	1,918,033	4.500	1,918,033	498,883	15.000	8.070
Grinnell	27,746	16,295	44,041	19,045	385,445	2.632	385,445	111,115	15.000	4.572
Grainfield	39,336	16,066	55,402	18,421	487,250	2.000	487,250	81,112	15.000	10.300
Quinter	41,478	10,369	51,847	15,526	458,629	3.040	458,629	122,188	15.000	7.500
Oberlin	72,898	44,679	117,577	37,892	930,247	3.830	930,247	174,089	15.000	5.210
Jennings	30,098		30,098	17,302	287,775	1.880	287,775	41,524	15.000	9.570
Bird City	36,393		36,393	11,330	300,381	4.450	321,982	47,722	17.967	5.303
St. Francis	55,107	22,508	77,615	28,684	648,328	3.720	648,328	146,816	15.000	9.020
Lincoln	68,528	16,074	84,602	32,873	737,943	2.780	737,943	141,828	15.000	.500
Sylvan Grove	33,969		33,969	13,799	233,305	3.860	332,679	42,065	29.627	3.397-
Coldwater	98,161		98,161	23,010	636,321	2.970	739,308	93,513	20.245	1.245
Utica	22,211		22,211	6,290	160,428	4.550	221,793	30,774	28.813	2.943-
Ransom	34,851	3,030	37,881	18,865	359,242	1.000	374,962	24,825	17.070	7.470
Ness City	55,743	8,329	64,072	16,080	527,123	3.300	612,651	65,963	21.670	1.740-
Bazine	37,630		37,630	6,823	211,530	1.000	238,138	18,865	18.535	6.115-
Salina	309,866	881,926	1,191,792	35,062	7,507,432	5.670	7,507,432	2,456,150	15.000	11.560
Gypsum	67,266		67,266	22,945	625,916	4.970	625,916	119,876	15.000	8.360
Brookville	28,309	6,214	34,523	15,049	316,252	3.894	316,252	42,252	15.000	17.780
Hutchinson	274,783	641,160	915,943		5,447,481	4.596	5,447,481	800,679	15.000	16.374
Nickerson	78,434	133,549	211,983	25,234	1,622,785	3.620	1,622,785	395,285	15.000	18.640
Langdon	92,527		92,527	35,214	744,224	2.690	832,627	89,427	19.777	2.633
Pretty Prairie	71,606	14,666	86,272	25,058	771,429	.220	771,429	117,805	15.000	9.150
Haven	78,650	5,919	84,569	20,087	760,592	5.020	760,592	146,692	15.000	11.090
Buhler	118,782	89,607	208,389	38,814	1,699,519	2.410	1,699,519	439,581	15.000	10.810
Brewster	35,629		35,629	11,761	248,688	3.070	265,096	34,500	17.302	1.552-
Colby	88,432	56,538	144,970	10,101	1,036,439	2.400	1,036,439	107,335	15.000	7.970
Rexford	30,415	620	31,035	13,912	259,636	2.300	313,499	28,919	23.854	.516
Herndon	25,488		25,488	7,774	190,628	1.800	190,628	55,128	15.000	12.950
Atwood	58,296	22,670	80,966	26,949	685,916	4.970	718,225	92,151	16.995	9.045
McDonald	31,981		31,981	13,623	253,626	4.320	263,898	40,198	16.605	9.965
Wamego	52,460	64,117	116,577	20,221	843,638	2.470	843,638	146,716	15.000	18.340
St. Mary's	64,083	56,828	120,911	24,351	887,395	4.620	887,395	184,956	15.000	10.480
Onaga	40,987	22,069	63,056	21,647	546,121	3.430	546,121	54,671	15.000	15.780
Westmoreland	30,513	43,908	74,421	17,601	594,301	2.940	594,301	114,729	15.000	17.570
Kirwin	24,768	1,580	26,348	16,021	243,957	.970	264,424	17,396	18.880	.980-
Phillipsburg	77,239	53,674	130,913	24,012	989,220	4.880	989,220	309,810	15.000	3.300
Logan	49,526		49,526	17,564	461,638	2.280	501,767	46,476	19.051	5.929
Ellsworth	72,444	28,172	100,616	22,156	814,478	3.230	814,478	146,810	15.000	3.310
Holyrood	136,179		136,179	22,594	841,417	1.600	951,501	88,886	19.041	2.381-
Alma	52,333	24,627	76,960	20,176	608,367	3.930	623,952	70,849	16.010	5.530
Eskridge	50,282	24,765	75,047	20,448	645,791	.670	645,791	87,291	15.000	16.540
Kingman	169,712	12,774	182,486	37,804	1,528,893	1.860	1,528,893	347,201	15.000	3.050-
Cunningham	63,754	6,305	70,059	22,081	633,909	.000	633,909	43,026	15.000	2.920
Concordia	110,348	114,852	225,200	27,771	1,567,669	5.570	1,567,669	366,696	15.000	10.610
Glasco	55,798	7,608	63,406	17,376	551,164	.000	551,164	96,227	15.000	3.120
Circleville	33,726	22,484	56,210	21,406	478,436	3.000	478,436	66,129	15.000	24,850
Holton	41,195	87,539	128,734	17,508	882,286	3.500	882,286	237,418	15.000	20.630
Mayetta	20,521	47,882	68,403	13,542	515,599	5.520	515,599	107,083	15.000	28.700
Valley Falls	25,198	34,797	59,995	13,253	476,799	5.210	476,799	90,974	15.000	17.920
Winchester	28,547	29,712	58,259	10,011	457,409	4.780	457,409	68,445	15.000	17.030
Meriden	20,411	37,906	58,317	13,150	459,157	5.830	459,157	85,682	15.000	26.190
Oskaloosa	19,995	32,623	52,618	10,107	414,190	4.870	414,190	109,325	15.000	6.470
McLouth	24,819	32,899	57,518	12,875	458,370	.000	458,370	164,478	15.000	10.870
Perry	51,464	51,464	102,928	20,760	774,310	4.350	774,310	166,735	15.000	10.790
Pleasanton	18,481	28,906	47,387	6,302	360,571	3.930	360,571	65,753	15.000	16.170
Seaman	145,546	209,444	354,990	38,511	2,734,310	5.820	2,734,310	756,827	15.000	31.130
Mound City	45,341	28,988	74,329	24,975	639,315	3.830	639,315	118,412	15.000	11.330
Kinsley	59,927	16,902	76,829	19,649	621,539	1.030	621,539	58,680	15.000	3.570
Baldwin	43,556	62,678	106,234	18,346	799,432	1.000	799,432	230,078	15.000	12.720
Stafford	63,397		63,397	13,820	484,924	4.280	484,924	98,747	15.000	2.410
St. John	82,765		82,765	19,848	601,823	2.000	601,823	78,736	15.000	.540-
Macksville	101,876		101,876	24,276	546,814	2.950	596,204	88,497	17.424	3.254-
Goodland	117,955	104,601	222,556	33,740	1,636,106	5.235	1,636,106	320,281	15.000	17.755
Wellington	105,065	157,597	262,662	19,756	1,682,485	3.420	1,682,485	333,784	15.000	9.550
Claflin	60,955		60,955	10,759	433,415	.000	433,415	43,886	15.000	.730-
Ellinwood	78,618	8,735	87,353	13,972	730,348	2.440	730,348	109,827	15.000	2.080
Conway Springs	46,454	18,065	64,519	12,358	522,815	3.070	522,815	98,427	15.000	10.300
Belle Plaine	32,566	39,802	72,368	7,755	535,874	4.230	555,874	142,614	15.000	19.150
Oxford	40,898	17,527	58,425	13,326	500,908	.590	500,908	142,629	15.000	7.950
Argonia	35,900	9,543	45,443	15,483	405,459	.000	405,459	73,454	15.000	2.100
Caldwell	45,626	15,208	60,834	15,778	501,380	2.360	501,380	108,130	15.000	5.100
Anthony	149,992	7,894	157,886	38,490	1,245,574	2.040	1,364,660	126,180	18.700	4.170
LaCygne	63,974	28,741	92,715	42,798	834,758	2.000	834,758	143,258	15.000	6.810
Holcomb	78,693		78,693	17,408	539,060	3.050	539,060	184,857	15.000	.870-
Marysville	89,129	52,345	141,474	27,519	1,009,715	1.880	1,009,715	214,815	15.000	.280

TABLE XVI (Continued)

District Name	Local Incentive (1)	State Incentive (2)	Total Incentive (3)	Transportation (4)	Total Poss. Budget (5)	Supl. Mill Levy (6)	Total Proposed Budget (7)	Budget Increase (8)	Final Levy (9)	Final Change (10)
Garnett	105,946	54,578	160,524	33,944	1,217,403	1.150	1,217,403	270,610	15.000	.370-
Yates Center	73,115	27,042	100,157	30,961	850,589	3.509	850,589	272,700	15.000	3.804
Osawatomie	52,081	96,721	148,802	16,376	975,578	3.630	975,578	159,578	15.000	25.480
Paola	98,257	83,700	181,957	25,670	1,277,650	4.140	1,277,650	255,317	15.000	12.580
Burrton	51,173	18,927	70,100	15,421	598,266	4.350	598,266	138,487	15.000	13.170
Montezuma	34,435	347	34,782	12,775	325,705	3.110	325,705	50,001	15.000	7.160
Silver Lake	26,223	30,783	57,006	9,066	447,626	1.970	447,626	140,476	15.000	21.580
Newton	140,679	313,124	453,803	10,470	2,766,367	5.110	2,766,367	525,065	15.000	16.200
Subletta	99,606		99,606	16,928	646,923	1.930	646,923	99,723	15.000	2.320-
Towanda	84,205	53,835	138,040	27,432	1,144,709	3.750	1,144,709	321,511	15.000	6.190
Sterling	40,728	29,492	70,220	13,634	523,783	1.460	611,721	41,021	21.260	2.080
Effingham	66,246	63,648	129,894	46,576	1,092,692	5.860	1,092,692	362,692	15.000	18.460
Riley	37,136	25,806	62,942	15,763	526,039	5.940	526,039	114,734	15.000	12.370
Clay Center	127,324	108,461	235,785	51,832	1,678,105	4.840	1,678,105	305,812	15.000	8.370
Centralia	62,651	26,850	89,501	30,354	738,943	2.890	750,557	71,955	15.648	11.602
Spearville	33.351	21,322	54,673	8,156	448,024	1.650	448,024	88,918	15.000	9.410
Pratt	110,108	93,795	203,903	18,678	1,371,781	2.427	1,371,781	168,389	15.000	.918
Manhattan	233,813	381,484	615,297	40,318	3,719,760	5.710	3,719,760	496,522	15.000	16.960
Randolph	39,317		39,317	22,954	361,151	2.000	361,151	68,660	15.000	7.750
Andover	26,656	84,410	111,066	13,033	810,072	3.170	810,072	221,715	15.000	24.340
Madison	40,606	5,537	46,143	14,818	376,483	4.240	437,413	55,263	21.600	.480
Buffalo	39,525	15,370	54,895	18,368	482,457	1.040	482,457	136,185	15.000	.470
Ellis	58,792	8,785	67,577	13,536	590,669	6.080	590,669	175,739	15.000	8.790
Eureka	97,535	34,269	131,804	31,011	1,023,773	5.330	1,023,773	211,450	15.000	6.970
Hamilton	33,037		33,037	7,656	240,606	.500	240,606	29,746	15.000	5.190
Natoma	33,300		33,300	8,829	243,096	2.970	271,593	32,713	19.278	4.772
Osborne	57,568	38,378	95,946	25,814	776,930	1.200	776,930	146,148	15.000	5.300
Solomon	39,612	25,325	64,937	16,176	543,558	1.020	543,558	138,733	15.000	5.030
Rose Hill	20,961	53,899	74,860	14,220	572,738	3.070	572,738	184,464	15.000	32.100
LaCrosse	76,752	15,720	92,472	33,064	775,319	3.460	782,367	90,367	15.381	.769
Douglass	27,733	35,296	63,029	11,382	492,435	3.240	492,435	129,400	15.000	6.740
Lost Springs	54,420	3,473	57,893	28,534	550,379	.710	550,379	130,379	15.000	1.230
Peabody	51,831	21,170	73,001	16,687	587,198	2.780	589,051	56,868	15.120	4.970
Paradise	24,986		24,986	8,481	166,275	2.150	229,096	21,653	27.571	6.081-
Lindsborg	85,358	31,570	116,928	33,178	891,950	5.850	1,017,107	148,307	20.424	7.426
Chase	62,508		62,508	14,381	404,433	.000	446,778	21,275	18.387	6.787-
Augusta	76,604	142,264	218,868	17,849	1,349,494	3.386	1,349,494	358,974	15.000	8.340
Bison	57,560		57,560	30,771	519,507	3.930	611,325	74,352	22.975	.525-
Riverton	51,347	26,451	77,798	16,116	656,711	4.070	656,711	202,343	15.000	12.290
Lyons	67,534	82,541	150,075	7,841	1,029,396	2.420	1,029,396	163,264	15.000	8.840
Wathena	17,761	43,483	61,244	10,241	409,027	5.900	409,027	115,027	15.000	24.490
Russell	228,814	28,280	257,094	43,991	1,952,203	2.240	2,227,509	208,579	20.350	4.940
Marion	57,567	45,231	102,798	11,199	773,864	2.250	773,864	213,688	15.000	4.090
Atchison	88,346	187,735	276,081	9,776	1,675,847	5.810	1,675,847	383,966	15.000	14.370
Hillsboro	57,004	57,004	114,008	28,214	887,566	3.270	887,566	205,670	15.000	8.300
Goessel	22,687	24,577	47,264	15,312	389,970	4.820	389,970	94,869	15.000	4.030
Hoxie	67,641	30,389	98,030	38,454	869,069	3.490	869,069	228,619	15.000	11.800
Chanute	96,377	195,674	292,051	15,983	1,869,066	1.640	1,869,066	513,423	15.000	13.170
Hiawatha	97,160	59,549	156,709	38,899	1,140,222	5.000	1,140,222	190,722	15.000	10.570
Louisburg	68,658	22.886	91,544	25,574	752,859	2.430	752,859	235,693	15.000	5.500
Council Grove	84,831	54,236	139,067	38,835	1,108,242	5.760	1,108,242	170,682	15.000	17.960
McPherson	138,416	162,488	300,904	14,323	1,935,682	4.160	1,998,768	210,352	16.048	10.492
Canton	42,023	24,680	66,703	12,894	550,209	.310	550,209	101,891	15.000	7.680
Osage City	33,914	53,044	86,958	7,655	602,940	3.220	602,940	153,851	15.000	9.620
Lyndon	22,903	31,627	54,530	9,384	411,926	3.580	411,926	173,801	15.000	2.450
Greensburg	74,688		74,688	10,993	586,639	2.390	637,343	66,051	18.394	3.704-
Moundridge	49,322	30,229	79,551	21,233	675,967	5.880	675,967	113,201	15.000	7.580
Mullinville	60,469		60,469	5,634	274,785	4.200	371,147	68,466	22.967	6.157-
Highland	19,939	27,534	47,473	12,608	375,417	5.900	375,417	61,017	15.000	17.480
Courtland	40,122	18,025	58,147	15,631	461,207	2.970	497,025	47,501	18.070	9.420
Belleville	64,481	61,952	126,433	27,449	911,592	5.630	947,983	117,753	16.400	7.240
Great Bend	239,828	281,537	521,365	24,009	3,416,276	2.250	3,416,276	627,252	15.000	6.460
Troy	18,625	45,599	64,224	15,394	486,984	5.900	486,984	112,490	15.000	19.740
Horton	33,835	44,851	78,686	16,193	589,940	5.390	589,940	94,450	15.000	14.100
Hoisington	94,990	40,710	135,700	20,332	1,031,572	.230	1,031,572	164,476	15.000	1.980
Victoria	47,924	17,725	65,649	8,011	552,736	.500	552,736	165,450	15.000	1.350-
Denton	30,700	7,675	38,375	14,971	344,398	3.890	344,398	59,398	15.000	13.920
Overbrook	47,345	77,573	125,118	25,511	927,710	1.630	927,710	307,410	15.000	7.430
Abilene	74,980	133,297	208,277	9,291	1,353,576	5.350	1,353,576	272,826	15.000	10.620
Caney	45,823	58,320	104,143	15,625	779,356	4.810	779,356	199,405	15.000	13.540
Washburn	66,071	346,872	412,943	52,639	2,997,455	5.840	2,997,455	799,741	15.000	27.320
Sawyer	68,519		68,519	24,421	472,024	1.902	472,024	92,024	15.000	1.289
Sedgwick	21,189	36,078	57,267	4,838	426,412	4.270	426,412	83,662	15.000	20.690
Halstead	59,579	33,513	93,092	13,256	675,745	3.880	675,745	122,546	15.000	12.090
Sabetha	72,263	75,212	147,475	35,833	1,093,244	.900	1,093,244	170,983	15.000	5.620
Seneca	36,887	32,711	69,598	14,617	527,007	1.497	567,102	38,048	17.880	21.632
Dodge City	201,894	278,806	480,700	20,947	3,104,982	4.530	3,104,982	643,840	15.000	9.300
Little River	61,439	1,253	62,692	19,098	541,391	1.190	639,152	45,058	22.796	3.814
Coffeyville	118,072	336,051	454,123	26,892	2,837,260	5.430	2,837,260	795,710	15.000	15.940
Independence	108,780	193,386	302,166	14,350	1,934,709	1.860	1,934,709	426,109	15.000	9.490
Cherryvale	24,657	57,533	82,190	4,914	571,974	5.080	571,974	111,943	15.000	16.190
Inman	43,126	23,221	66,347	21,891	574,038	2.030	574,038	144,775	15.000	10.340
Easton	30,170	39,992	70,162	19,749	566,091	.635	566,091	187,091	15.000	21.158
Tecumseh	159,263	50,293	209,556	50,063	1,814,628	3.900	1,814,628	224,872	15.000	17.740

TABLE XVI (Continued)

District Name	Local Incentive (1)	State Incentive (2)	Total Incentive (3)	Transportation (4)	Total Poss. Budget (5)	Supl. Mill Levy (6)	Total Proposed Budget (7)	Budget Increase (8)	Final Levy (9)	Final Change (10)
Baileyville	19,385	30,320	49,705	16,029	404,792	3.020	404,792	85,291	15.000	12.450
Johnson	117,441		117,441	20,077	800,727	2.340	800,727	157,077	15.000	2.170-
Leavenworth	135,141	479,136	614,277	925	3,669,622	5.848	3,669,622	521,982	15.000	31.399
Burlingame	18,081	30,786	48,867	6,431	361,204	3.000	361,204	95,907	15.000	15.970
Cuba	31,140		31,140	14,608	235,857	.950	327,545	21,513	29.721	3.271-
Melvern	26,147	22,273	48,420	11,019	395,357	3.650	395,357	55,407	15.000	21.590
Garden City	263,919	263,919	527,838	44,741	3,855,491	2.410	3,855,491	1,333,278	15.000	4.580
Basehor	36,175	73,446	109,621	22,454	848,346	5.294	848,346	242,730	15.000	29.922
Bucklin	66,235		66,235	16,783	459,103	1.000	501,724	37,138	18.218	1.313
Hesston	39,683	41,302	80,985	7,400	631,926	3.670	631,926	147,071	15.000	10.100
Neodesha	55,637	47,394	103,031	8,946	698,122	2.000	698,122	175,661	15.000	1.668
Burden	45,589		45,589	22,686	388,590	3.940	388,590	98,334	15.000	1.620
Udall	30,603	13,749	44,352	10,279	368,766	5.220	368,766	85,534	15.000	15.300
Tonganoxie	46,062	81,888	127,950	28,558	925,385	5.401	925,385	325,485	15.000	27.055
Winfield	124,012	178,456	302,468	26,142	1,954,533	1.280	1,954,533	377,487	15.000	10.090
Scott City	152,210	28,992	181,202	37,125	1,492,461	2.310	1,492,461	416,022	15.000	1.990
Leoti	102,989	10,185	113,174	38,495	1,039,748	2.480	1,039,748	307,177	15.000	2.350-
Healy	17,990		17,990	4,922	124,384	2.810	167,634	18,092	27.020	2.940-
Lansing	42,535	75,617	118,152	10,277	889,273	4.236	889,273	300,647	15.000	34.838
Arkansas City	149,684	277,984	427,668	31,271	2,789,540	3.570	2,789,540	526,271	15.000	10.570
Dexter	34,520		34,520	11,095	251,977	1.440	251,977	83,775	15.000	4.320
Chapman	114,667	70,279	184,946	57,604	1,574,779	5.870	1,574,779	273,895	15.000	11.040
Haviland	38,966		38,966	6,614	225,548	1.230	242,796	21,146	17.213	3.743-
Junction City	129,109	588,163	717,272	44,891	5,190,030	4.290	5,190,030	934,525	15.000	6.500
Copeland	39,594		39,594	7,452	221,356	.420	221,356	21,021	15.000	3.200-
Ingalls	32,626		32,626	14,391	297,928	2.960	297,928	63,169	15.000	5.350
Kendall	28,890		28,890	7,875	150,359	.250	178,441	9,941	19.859	3.989-
Kincaid	34,875	9,270	44,145	16,945	373,774	1.470	403,657	29,474	18.380	10.660
Liberal	178,352	246,295	424,647	8,436	2,799,587	5.220	2,799,587	596,464	15.000	8.590
Hope	46,315	18,917	65,232	21,972	573,589	5.580	579,374	79,277	15.476	16.794
Dighton	63,304	7,033	70,337	16,534	630,932	2.460	630,932	97,110	15.000	4.660
Kismet	122,539		122,539	31,970	847,176	.410	847,176	207,570	15.000	5.990-
Fredonia	79,202	59,748	138,950	25,720	1,021,133	1.246	1,021,133	237,627	15.000	2.037
Edson	19,150		19,150	6,274	110,880	4.932	146,505	25,866	24.301	5.757
Elwood	5,972	33,841	39,813		280,287	5.910	280,287	71,887	15.000	34.150
Herington	34,153	58,152	92,305	2,934	624,976	5.440	624,976	136,257	15.000	10.910
Axtell	42,749	23,018	65,767	15,728	557,634	5.050	557,634	86,634	15.000	16.520
Hays	214,837	206,412	421,249	27,195	2,923,177	3.810	2,923,177	763,969	15.000	11.010
El Dorado	127,986	208,819	336,805	20,853	2,103,665	1.890	2,103,665	244,681	15.000	12.584
Eudora	24,424	56,989	81,413	8,377	518,913	4.570	518,913	130,413	15.000	21.410
Rossalia	58,976		58,976	18,979	395,879	1.520	395,879	65,024	15.000	3.860
Columbus	103,579	78,138	181,717	40,259	1,329,235	1.660	1,329,235	288,530	15.000	7.490
Syracuse	64,035	14,056	78,091	19,121	686,517	3.910	718,161	84,276	17.026	6.774
Larned	127,306	59,908	187,214	36,848	1,356,872	2.770	1,461,428	140,123	17.792	1.058
Rozel	46,527		46,527	13,444	343,371	.000	379,407	18,067	18.872	2.782-
Lawrence	391,450	498,209	889,659	43,584	5,344,454	1.860	5,355,371	400,636	15.061	11.129
Waterville	38,946	23,870	62,816	16,309	513,738	2.960	513,738	124,687	15.000	.400
Galena	17,055	96,645	113,700	1,248	789,611	4.940	789,611	330,433	15.000	30.490
Kansas City	1,128,908	2,634,118	3,763,026	78,169	21,903,224	5.858	21,903,224	3,641,152	15.000	41.097
Topeka	769,302	1,978,205	2,747,507		15,226,995	5.690	15,782,174	1,626,998	16.000	26.680
Lewis	46,906		46,906	10,504	319,848	.520	319,848	101,241	15.000	1.650-
Parsons	95,953	213,572	309,525	4,630	1,825,478	2.999	1,825,478	474,398	15.000	9.217
Oswago	38,346	28,927	67,273	2,072	501,551	2.120	501,551	131,344	15.000	3.861-
Chetopa	15,710	33,383	49,093	2,366	344,270	2.100	344,270	133,970	15.000	2.545
Altamont	86,345	119,238	205,583	60,623	1,575,388	3.132	1,575,388	359,199	15.000	12.491
Satanta	125,851		125,851	15,331	714,235	3.540	714,235	214,235	15.000	2.980-
Baxter Springs	26,620	89,119	115,739	2,976	694,180	.000	694,180	158,467	15.000	15.960
South Haven	37,164		37,164	10,757	288,563	1.590	288,563	48,716	15.000	5.650
Powhattan	19,600	2,928	22,528	6,633	203,543	3.990	208,066	25,547	16.153	7.457
Attica	27,648		27,648	5,200	208,759	.000	227,617	10,838	18.410	5.820-
Shawnee Mission	1,587,295	3,373,001	4,960,296	100,093	26,548,174	2.970	31,590,968	2,447,184	20.830	44.560
Totals	26,830,570	31,843,411	58,673,981	6,146,040	393,033,033		404,841,116			

- indicates increase in mill levy from 1969-70.

(3) Additional revenue at the state level necessary to make the program operational will require $142,441,063 from new sources.

(4) Transportation is not a part of the finance plan but will continue independently with the present funding procedure.

(5) Incentive grants may be approved by the State Board of Education for the following reasons: special education, vocational education, summer school, enrichment programs, improvement of salary schedules, capital outlay, and decrease in state aid from the preceding year. Capital outlay projects will be approved on a yearly basis only. This includes building additions, equipment, maintenance, repair of buildings, and purchase of lands.

(6) $10,034,068 is provided for categorical aid. This is not reflected in Tables XV and XVI. Vocational education, textbook rental, and driver education qualify for categorical aid.

(7) General operation levies for school districts will be placed under a tax lid of ten mills. An additional five mills may be levied for incentive aid if the project is approved by the State Board of Education. All districts with a budget less than their 1969-70 budget may exceed the 15 mills and receive additional incentive aid in order to increase the budget capacity to 105% of the 1969-70 budget. For expenditures above the set limitations, approval must come from the majority of the voters. The patrons of each

district may have the option to vote for non-property taxes in lieu of the property tax.

The Foundation Program

Table XV shows the results of the foundation formula when applied to all unified districts of Kansas. Column 1 lists the enrollment as of September 15 during the 1969-70 school year. Column 2 gives the taxable income per pupil in each unified district. Column 3 shows the wealth of each district in terms of assessed valuation per pupil. Column 4 gives the amount of state aid each district received. Column 5 reflects the percentage of the 1969-70 budgets as funded by state aid. Column 6 reveals the allocation for each district by the distribution formula. Column 7 gives the percentage of the proposed budget being allocated by state aid. Column 8 lists the 1969-70 operating budget. Column 9 gives the proposed budget for each district resulting from the ten mill local levy, the ten mill county foundation levy, and allocation from the foundation program. Column 10 lists the general operating levy in terms of mills for the 1969-70 school year. Column 11 gives the mill levy reduction for each district as a result of the foundation program.

An application of the foundation program will provide $221,200,539 in state aid, which constitutes 67.3% of all budgets. Budget capacity will total $328,266,817 without incentive or categorical aid. This provides a guarantee of $656 per pupil. State aid totaled $119,176,041 in 1969-70

representing 35% of all budgets. Fourteen districts will receive less state aid than that received in 1969-70. Table XVII lists the districts relating their present mill levy and the amount of the decrease. The total decrease amounts to $196,277.

Incentive Program

Table XVI shows the application of the foundation program supplemented by the incentive aid formula. Column 1 in Table XVI lists the local incentive aid contribution. Column 2 shows the amount of the supplementary state incentive aid. The total sources of incentive are combined in Column 3. Column 4 shows 100% funding of the present transportation program. Column 5 reveals the computation of the possible budget for each unified district. The sum of vocational and capital outlay levies are listed for each district in Column 6. Column 7 is the computation of maximum budgets. This represents 105% of the combined vocational and capital outlay and general operating funds of 1969-70. It applies only to the 42 districts who have a smaller proposed budget than that of 1969-70. Column 8 lists the mill levy for each district if each participates with maximum local effort. Column 9 shows the increase of total expenditures over the 1969-70 budgets for each district. Column 10 reveals the increase or decrease in the levy. The final adjustment in the general levy considers maximum local effort.

TABLE XVII

SCHOOL DISTRICTS TO RECEIVE LESS STATE AID

School	Enrollment	Decrease in State Aid	Adjusted Assessed Valuation Per Pupil	Present Mill Levy
Hugoton	997	$ 34,000	$ 44,119	5.99
Lakin	582	6,500	47,084	6.67
Ashland	438	24,000	45,458	12.69
Bagine	162	14,800	46,458	11.42
Brewster	205	1,500	34,677	12.68
Hollywood	766	32,500	35,556	15.06
Macksville	375	60,500	54,262	11.22
Chase	358	15,500	34,873	11.60
Copeland	177	26,300	44,740	11.38
Kendall	92	15,400	62,807	15.62
Edson	83	4,200	46,147	25.16
Rosalia	280	6,300	42,126	17.34
Satanta	509	11,300	49,403	8.48
Rolla	215	3,300	63,051	7.55
Total	5,239	$ 196,277		

Source: Statistics Department, Kansas State Department of Education

Table XVI shows the effects of the incentive program on each district when it supplements the foundation program.

If the maximum effort of five mills is applied by all districts, the local incentive effort will total $26,765,430. Supplementary incentive aid from the state in the form of percentage matching grants will amount to $31,854,746. In order for the 42 districts to increase their budget to 105% of their 1969-70 budgets, it will require $5,964,886 of supplementary local effort to be matched by $5,789,781 in supplementary state incentive aid. These 42 districts are identified by an asterisk in Table XV.

Categorical Aid

The estimated cost of $10,000,000 for categorical aid is not reflected in the total possible budget in Column 10 of Table XVI. As most of this phase of the plan is allocated in flat grants and earmarked for special purposes, there will be no significant impact on budget power and levies. Approximately one-half of the grants will be allocated for textbook rental and a large portion will be designated for tuition to vocational schools. Flat grants for the purpose of driver education will continue to be allocated as they are in the present program. Districts will not receive incentive and categorical aid for the same project. The total expenditures from categorical aid is based on present grants plus textbook rental provided that all districts give maximum participation in categorical and incentive aid programs.

If all districts give maximum participation in categorical and incentive aid programs, then the state will provide 64.7% of the total expenditures. The average expenditure per pupil will be $830. The finance plan will provide $415,207,627 in expenditures, compared to $366,974,282 in 1969-70.

The increase in expenditures of $48,233,395 over a two-year period represents a 6.5% average increase compared to a 9% increase in expenditures at the national level for one year.

Procedure for Implementing the Program

Upon completion of a project with the magnitude, such as this finance plan, it is necessary to recognize that the most difficult task is yet to be accomplished in fulfillment of all objectives.

The ultimate goal is for the plan to be adopted by the Kansas State Legislature. There are, however, significant steps that will need to be taken before the matter is brought to the attention of the Legislature. The following procedure indicates the proper order for the implementation of the finance plan.

(1) Recognition of obstacles:
    a. Apathy
    b. Understanding of definitions
    c. Acceptance of change
    d. Political process

(2) Development of principles and criteria for standards

(3) Accumulation of data

(4) Use of decision models

(5) Development of hypothetical model

(6) Operationalization of model

(7) Evaluation of results

(8) Documentation

(9) Presentation

(10) Endorsement by power groups

(11) Endorsement by news media

(12) Presentation to legislative and gubernatorial candidates

(13) Presentation to Joint Legislative Committee of Educational Finance

(14) Solicitation of support in lobby by power groups

(15) Adoption by committee

(16) Adoption by Senate and House

(17) Signature of Governor

Summary

An application of the distribution program reveals what effects school size, wealth and effort have on each school district in Kansas. The application requires a number of items of information. The list of items for each district includes enrollment, assessed valuation per pupil, taxable income per pupil, 1969-70 budget, percentage state aid, transportation allocation, mill levies, expenditure for capital outlay and vocational education, criteria of quality and pupil-teacher ratio.

The application further reveals the new budget and new mill levy in comparison to 1969-70 data. Computation is made on the basis of maximum participation for local effort. The total proposed budgets permit each district to increase their 1969-70 budget by at least five percent. This restraint, however, applies only to 42 wealthy districts whose possible budget is less than the 1969-70 budgets. It is necessary for these districts to exceed the fifteen mill limitation in order to increase their budget.

Additional increases must be approved by the voters of the district. The remaining districts will have increased budgets greater than five percent and will maintain a levy of fifteen or less mills.

An application of the foundation program will provide 67.3% state support and guarantee expenditures of $656 per pupil. An application of the incentive program and categorical aids with the foundation program provides a total guaranteed expenditure of $830 per pupil and 64.7% state support. Application of the finance plan will require a $48,233,295 increase of the 1969-70 budgets, which represents a 6.5% per year increase compared to a national average of 9% during the past two years. The most significant element of the plan is the $97,000,000 property tax relief, which supplemented by new costs will require $142,441,063 from new sources.

At least one-half of the $10 million in categorical aid will be ear-marked for textbook rental. The balance will be distributed for vocational education, and also for

driver education. The procedure for implementing a school finance plan consists of a series of seventeen important steps in order form. The most difficult and important step is the adoption of the plan by the Legislature.

CHAPTER VI

EVALUATION OF THE FINANCE PLAN AND RECOMMENDATIONS

The fact that a considerable amount of money is spent on public education is important, but the crucial question in public education is the worth of the educational product that will be purchased with these dollars.

The evaluation of the finance plan is based on the twelve principles that were presented in the first chapter as guides to the solution of the problems related to the fiscal needs, abilities, and effort of the public schools. These principles provide an excellent basis for the examination of the effectiveness of a total financial program supported from local and state sources but exclusive of federal aid.

The evaluation is supplemented by Tables XVIII through XXII which give a comprehensive report on goal accomplishments of the proposed finance plan.

Evaluation

All of the principles are utilized in the evaluation even though some of them do not directly apply to the foundation program since it is limited to the distribution of state and county funds.

TABLE XVIII

UNIFIED SCHOOL DISTRICTS WITH ENROLLMENTS LESS THAN 150

School	Enrollment	State Aid 69-70	Mill Levy 69-70	Assessed Valuation Property	Proposed State Aid	Local Incentive Aid	State Incentive Aid	Final Mill Levy	Cost Per Pupil
Moscow	140	$13,873	5.56	$106,000	$60,564	$69,998	0	15.00	$2,118
Weskan	114	28,475	17.61	29,224	46,120	16,657	0	17.75	1,255
Utica	137	24,238	21.32	32,427	43,596	22,211	0	28.82	1,618
Paradise	143	26,710	19.34	34,946	33,563	24,986	0	27.57	1,603
Healy	112	26,240	21.27	32,126	29,915	17,990	0	27.02	1,492
Kendall	92	16,723	5.62	62,807	1,320	28,890	0	19.86	1,940
Edson	83	13,551	25.126	46,147	9,370	19,150	0	24.30	1,765

Source: Statistics Department, Kansas State Department of Education

TABLE XIX

COMPARISON OF PRESENT AND NEW FINANCE PLANS' DISTRIBUTION PER PUPIL

	Number of Districts		
	Present Finance Plan	New Foundation Program	Foundation Program Supplemented by Incentive Program
Less Than $100	8	8	8
$100-$200	58	12	12
$200-$300	231	30	29
$300-$400	13	47	28
$400-$500	0	136	95
$500-$600	0	72	98
$600-$700	0	5	35
$700-$800	0	0	5
$800-$900	0	0	0
Over $1000	0	0	0

Source: Statistics Department, Kansas State Department of Education

TABLE XX

DISTRIBUTION OF GENERAL LEVIES (MAXIMUM LOCAL EFFORT)

Levy	New Plan Number of Schools	Present Plan Number of Schools
15 mills or less	223	51
15-18 mills	32	50
18-20 mills	30	38
20-22 mills	11	39
22-25 mills	7	38
25-30 mills	7	39
30-35 mills	0	12
35-40 mills	0	16
50-75 mills	0	24
Over 75 mills	0	3

Source: Statistics, Kansas State Department of Education

TABLE XXI

COMPARISON OF STATE AID PERCENTAGE IN PRESENT AND NEW FINANCE PLANS

	Number of Schools New Finance Plan	Number of Schools Present Plan
Less than 30%	33	87
30-40%	20	124
40-50%	20	92
50-60%	68	6
60-75%	109	0
Over 75%	60	0

Source: Statistics, Kansas State Department of Education

TABLE XXII

COMPARISON OF FINANCE PLANS IN DISTRICTS OF FIVE COUNTIES

District	Taxable Income Per Pupil	Adjusted Assessed Valuation Per Pupil	1969-70 State Aid Per Pupil	1969-1970 Mill Levy	Deviation from Co. Average State Aid	Deviation Average County Mill Levy	New Finance Plan *State Aid Per Pupil	Final Mill Levy	Deviation State Aid Per Pupil	Deviation Average County Mill Levy
Wichita	$5969	6,766	243	34.4	+ 2.90	+ 8.00	$497	17.4	+ 2.1	- 27
Derby	1778	9,304	215	24.7	- 6.69	-11.80	642	15.0	- .3	+118
Haysville	1779	7,873	233	42.4	+ 1.06	+15.39	649	15.0	- .3	+125
Valley Center	2987	6,717	240	35.0	+11.49	+ 6.04	631	15.0	- .3	+107
Mulvane	3051	6,155	243	30.9	+ 2.64	+ 2.57	644	15.0	- .3	+120
Clearwater	2926	17,971	199	19.9	-31.07	-12.02	476	15.0	- .3	- 48
Goddard	2294	8,212	212	39.0	-17.15	+ 9.53	642	15.0	- .3	+118
Maize	1293	7,131	221	37.1	- 3.74	+ 5.25	660	15.0	- .3	+136
Andale	1774	17,457	244	20.9	- 9.11	-12.47	504	15.0	- .3	- 20
Cheney	3774	18,919	263	26.8	23.60	-10.29	443	15.77	+ .47	- 81
Ft. Leavenworth	1324	190	197	24.7	-46.72	-12.42	744	15.0	0	+ 73
Easton	2370	9,892	239	35.5	- 5.29	- 1.59	618	15.0	0	- 53
Leavenworth	4786	5,003	260	40.55	15.98	+ 3.44	553	15.0	0	-118
Basehor	2418	7,569	273	39.62	+29.14	+ 2.51	653	15.0	0	- 18
Tongonoxie	3030	8,357	221	36.65	-23.20	- .46	580	15.0	0	- 91
Lansing	2780	8,324	231	45.60	-13.44	+ 8.49	642	15.0	0	- 29
Osawatomie	4315	8,107	193	36.85	- 5.79	+10.73	532	15.0	0	+ 49
Paola	4734	12,287	209	23.44	+ 9.64	- 2.68	460	15.0	0	- 23
Louisburg	3389	17,155	189	18.07	-10.15	- 8.05	450	15.0	0	- 33
Leon	2445	21,141	270	15.83	+33.03	- 7.85	448	15.0	0	- 73
Remington	2753	20,313	269	18.17	+31.81	= 5.51	461	15.0	0	- 60
Towanda	2367	13,976	258	17.44	+20.87	- 6.24	556	15.0	0	+ 35
Andover	20.9	5,600	247	36.17	+ 9.76	+12.49	684	15.0	0	+163

*Includes incentive aid.

TABLE XXII (Continued)

District	Taxable Income Per Pupil	Adjusted Assessed Valuation Per Pupil	1969-70 State Aid Per Pupil	1969-1970 Mill Levy	Deviation from Co. Average State Aid	Deviation Average County Mill Levy	Foundation Plan *State Aid Per Pupil	Final Mill Levy	Deviation State Aid Per Pupil	Deviation Average County Mill Levy
Rose Hill	1906	$ 6,376	217	44.03	-19.67	+20.35	670	15.0	0	+149
Douglas	3028	10,169	241	18.50	+ 4.13	- 5.18	608	15.0	0	+ 87
Augusta	5795	8,102	234	19.95	- 2.83	- 3.73	492	15.0	0	- 29
El Dorado	5272	8,680	259	25.69	+21.93	+ 2.01	482	15.0	0	- 39
Rosalia	2013	42,126	253	17.34	+16.14	- 6.34	230	15.0	0	-291
Walthena	4079	6,729	279	33.59	- 6.99	+ 2.13	569	15.0	0	+ 39
Highland	2897	9,656	276	26.58	- 9.92	- 4.88	609	15.0	0	+ 1
Troy	3139	6,652	291	28.84	+ 4.96	- 2.62	650	15.0	0	+ 42
Denton	3268	18,357	268	25.03	-17.60	- 6.43	484	15.0	0	-124
Elwood	1672	3,409	314	43.24	+28.36	+11.78	714	15.0	0	+106
State Average	3608	11,394								

*Includes incentive aid.

Source: Statistics, Kansas State Department of Education

The first principle indicates that the financial support of public education should be shared by all citizens at all levels of government. The finance plan provides the essential support of education from both local and state sources. The amount of state support is not only significantly increased but is distributed on an equalization basis. The county-wide property tax plus the ten mill local levy introduces equalization at the local levy. This equalization of financial support must be present if citizens throughout the state are to be able to provide equal educational opportunity with the same amount of effort. As federal aid is not included in the finance plan, this principle is only partially satisfied.

The second principle recommends greater responsibility on the part of the state for support of public education. It specifically cites a minimum of fifty percent state support for the operation of a fiscal school year with exceptions in the wealthy districts. Table XXI shows that 237 of the 310 districts would receive fifty percent or more of the guaranteed expenditures from state sources.

The third principle involves a concept that the local school district's ability to pay should be measured in terms relative to both the adjusted assessed valuation per pupil and taxable income per pupil within each district. The implementation of the taxable income element supplemented by the Strayer-Haig concept, which requires a ten mill local

effort on the part of each district for maximum budget power, satisfies this principle.

The fourth principle emphasizes the objective of continued local controls for boards of education in order to maintain a high interest level required for quality education. A strong point for the pupil unit and the incentive program is that it leaves the boards of education free to make decisions concerning the operation of school systems that they serve. Although the plan is based on a mandated ten mill local levy, local boards still retain the power to levy less than this amount or they may levy up to fifteen mills if they participate in the incentive program. Boards may also ask for increased expenditures beyond the fifteen mill levy, with approval by the voters. Therefore, each phase of the finance plan satisfies this principle.

The fifth principle states that the amount of state support for public schools should be based on a per capita income within the state of Kansas in relation to the national per capita income. The economic limitations of the plan are based upon this principle. The distribution of the foundation program guarantees an expenditure of $656 per pupil whereas the principle recommends at least $652 by utilizing the present variables. An outstanding feature of the formula is that when the national average expenditure per pupil increases, the variables will increase allocations for Kansas schools and serve as an automatic stabilizer for inflation or recession.

The sixth principle recommends an inverse relationship between the amount of state aid received in each school district and its assessed valuation per pupil relative to the state average assessed valuation per pupil. The incentive program is based entirely upon this principle. A review of data in Tables XX and XXII will reveal that this principle has been satisfied.

The seventh principle recommends the implementation of specific elements in the distribution formula. The distribution formula is composed of the elements recommended in this principle.

The eighth principle recommends the exclusion of transportation costs from the distribution formula. Transportation costs are listed in Table XVI for information purposes, but are actually not part of the distribution formula.

The ninth principle recommends that budget capacity be preplanned in respect to projected enrollment. As the unit of educational need is average daily membership, it will be necessary to project enrollment in order to make long range budgetary plans. This principle has been satisfied.

The tenth principle stresses a need for school aid being supported by a good tax. The principles of a good tax are established as equity, efficiency, and adequacy. The choice of state income tax serves as the best alternative to satisfy this criteria.

In order to be equitable, the tax must be progressive and place the incidence where the wealth is. Duplication of

federal income tax forms and state deductions makes the state income tax efficient. Research shows the state income tax as the best potential untapped or unused source of revenue. It is possible, however, that it will require some less progressive tax to make the entire revenue feasible. This principle has been moderately satisfied.

The eleventh principle recommends funding for capital outlay and school textbooks. Capital outlay is included as one of the approved programs for incentive grants. It is, however, restricted to a one year program. Categorical aid provides flat grants for textbook rental on a per pupil basis. This principle is not completely satisfied.

The twelfth principle places a restraint on school districts for state aid if their school enrollment (K-12) is less than 150 students. Seven districts with a school population less than 150 now receive state support from the present foundation plan. A recommendation to reorganize these districts with an adjacent unified district will follow. This principle, however, does not have direct application of the finance plan. Table XVIII lists the seven districts with their enrollment, mill levy and cost per pupil.

The above principles for financing public education that are directly applicable to the distribution formula have been adequately satisfied by the procedures suggested in this finance plan.

An examination of Tables XV through XXII reveals very significant changes from the present finance plan to the new finance plan.

The principles in Chapter I established a goal of 15 mills including incentive aid as the local effort toward a guaranteed expenditures. Table XX shows that 223 of the 310 districts can operate with a levy of 15 mills or less and maintain maximum budgetary power. The principles also establish a minimum guarantee of $652 per pupil with each district, other than the wealthy districts, receiving at least 50% state support. Table XIX gives a comprehensive review of the distributions with the present foundation program, the new foundation program and the new foundation program supplemented by the incentive program. An examination of these data will clarify that the objectives stated in the principles have been satisfied.

Three very important characteristics of a desirable state school finance plan are the simplicity of the plan, the incentive to the local school district, and the equalization of effort among districts.[1] The pupil unit and the percentage equalizing formula provide the necessary simplicity, however, the distribution formula itself is somewhat complex. Computer systems can eliminate the necessity of administrative detail in revenue projection. Incentive to raise more local revenue for education is an integral part of the second phase of the program. Equalization of effort is achieved at the county level with the ten mill levy and at the local level with the mandatory ten mill levy in order to achieve maximum budgetary capacity.

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[1]Burdick, p. 128.

There are strong indications that public education in Kansas needs to be funded at the level recommended in this finance plan. The plan, if necessary, could operate at a level lower than the 50% minimum state support in all but the wealthy districts, but the quality of education sought by power groups cannot be a realistic goal if a lower level of support is implemented.

Recommendations

The first two groups of recommendations indicate the changes in the Kansas Constitution and statutes that are necessary in order to implement the finance plan. The general recommendations suggest possibilities for further study and additional actions that are necessary for the program to function properly.

Constitution

1. The present Kansas foundation program should be repealed with the exception of the County foundation program which will be retained as part of a new finance plan.

2. The present tax lid on school levies should be repealed in order that the number of mills allowed in the proposed levies may be dictated by the statutes.

Statutes

1. The measure of educational need in the present foundation program should be replaced by a measure based on a pupil unit. The state foundation program would use the

average daily membership multiplied by a state share of a guarantee as the measure of need. The state share is determined by the following distribution formula:

$$G = X \left[1 + (Sc) \left(\frac{TXD}{TXS}\right)\left(\frac{CQ}{10}\right)\left(\frac{PTR}{C}\right) \right] - .010AVP$$

X = 50% of product (per capita income ratio X national average cost per pupil)
G = State share of guarantee per pupil
SC = Size of school element
TXD = Taxable income per pupil in the school district
TXS = Taxable income per pupil in the state of Kansas ($3,608 in 1969-70)
CQ = Criteria of quality
PTR = Pupil-teacher ratio of the district
C = Required constant for per pupil teacher ratio depending upon the size of the school
AVP = Average assessed valuation per pupil

2. The official school enrollment as recorded on September 15, which is presently used as the legal measure of the number of students should be replaced by average daily membership of the preceding year to determine the educational need, but provision should be made for adjustment for increases or decreases in membership during the current year.

3. Only unified districts (K-12) with an enrollment of 150 or more are eligible to receive state support.

4. The present equalized assessed valuation indicates that the following mill levy should be authorized: ten mills on a county levy for the county foundation program which will be redistributed on a teacher unit basis, ten mills authorized by the board of education of the school district for regular general operating fund, five mills by the board of education for incentive grants to be supplemented by equalized matching grants at the state level, and an unlimited

number of mills that may be authorized by a majority of the electors of the district voting on a proposed levy.

5. A tax levy on intangibles should be discontinued.

6. All assessed valuations of property will be in compliance with thirty percent ratio as now established in Kansas Statutes.

7. State aid allocations per pupil will be made to district for each pupil regardless of his residence. The home district of a student, however, must grant permission for students attending another district, in order for allocations to be made. Students attending a vocational technical institute for one-half day will be counted as one-half students in their home district.

8. The following percentage equalizing formula should be established as a basis for distribution of state funds for the incentive program:

$$\text{State Support Ratio} = 1 - \left[\frac{\begin{array}{c}\text{Equalized Assessed Valuation Per} \\ \text{ADM in the District}\end{array}}{\begin{array}{c}\text{Average Equalized Assessed Valuation} \\ \text{Per ADM in the State}\end{array}} \times .50 \right]$$

9. Categorical aids for vocational education, driver education, and textbook rental will be funded as flat grants. Vocational categorical grants will be allocated for approved applications of secondary students and adults attending a vocational technical school.

10. Exceptions to the tax lid will be made during the initial year only for those districts whose budget

limitations were less than the 1969-70 budget. All districts will be permitted to increase their total budgets to at least 105% of the preceding budget. The increase above the 15 mill limitation will be funded by a local and state partnership determined by the incentive grant formula. Following the year of the implementation of the finance plan, all increased expenditures that require an increase in the local levy must be approved by the voters of the district.

11. The board of education will have the option of placing before the patrons of each school district the choice of property tax or some designated non-property tax for local support of public schools.

12. School levies that may be imposed are general operational, incentive, social security and bonded indebtedness. Local incentive levies require state board of education approval and all bonded indebtedness must be approved by the majority of voters.

General Recommendations

1. The present state support for transportation should continue but be funded at 100% instead of on a prorated basis as in the past.

2. The state income tax should be examined very carefully to determine the possibility of increasing the revenues from this source. A comprehensive study of the sales tax that will provide exemptions for various necessities should be made in order to develop a more progressive tax revenue from this source.

3. A comprehensive study should be made to investigate other possible revenue sources. Some possibilities include business and professional services, gross receipts on public utilities, ton mile tax on motor carriers, oil and gas severance tax, validation of merchants inventory, tax withholding on cash transactions, and elimination of federal income tax payments as a deduction from state income tax.

4. The position of tax assessor should cease being a political office and be changed to an appointed office with civil service status requiring specific qualifications.

5. All school districts should be placed on improved accountability for efficient operation. Appropriate steps to implement PPBES in all districts should be taken as quickly as possible.

6. A comprehensive study for the extended school year should be made in Kansas to seek possible reduction in school expenditures and future needs as well as improving the educational opportunities.

7. The increased use of para-professional employees should be encouraged and a state-wide in-service training program should be established for this service.

8. A new technique of reporting college hours and experience of teachers should be devised in order to eliminate unnecessary details for computing the criteria of quality. Computer systems at both the State Department of Education and Kansas Association of School Boards are available to give all districts their COQ in one operation. This technological

improvement makes it feasible to retain a major element in the present foundation program and eliminate the controversial administration tasks.

9. Long-range planning should include provisions to ultimately reach a minimum goal of sixty percent state support of education in all districts except those defined as wealthy districts in this project.

Conclusion

There should be a concerted effort among all citizens and members of the educational profession, leaders of government and various groups of citizens at large to take stock continuously in the educational purpose and goals for Kansas. Organizations with an interest in education should seek increased resources for research and planning of educational improvement. The citizens of every school district should seek ways to utilize Kansas' great potential of cultural resources for the improvement of schools. There should be continued emphasis placed on school legislation which will encompass well-planned programs of development. Certain power groups feel that the current unrest among members of the educational profession is an indication of a potentially deeper crisis in Kansas' schools if legislators cannot take corrective steps toward the improvement of conditions within the Kansas public schools.

The state needs not only additional financial assistance and more equitable distribution of funds, but it also needs

a rebirth of community interest for educational purposes with vigorous financial support that is essential to the existence of effective schools. The leadership for this task must be assumed by the public school superintendents with assistance from educational organizations and interest groups.

The program developed in this finance plan provides the necessary procedures to insure that the distribution of state funds will successfully equalize educational opportunity and provide incentive for additional local support of education.

Summary

The most crucial question in evaluating public education is determining the worth of the product to be purchased with the appropriated funds.

The evaluation of the finance plan is based on the twelve principles that were presented in the first chapter as a guide and by examination of the tables which offer a comprehensive comparison between the present Kansas program and the proposed finance plan.

The principles that are directly applicable to the distribution formula have been adequately satisfied. An examination of the tables reveals significant changes from the present program to the new finance plan. The established goals for maximum local levies of fifteen mills and minimum of fifty percent state support are accomplished, except in the wealthy districts.

Three desirable characteristics achieved with the finance plan are simplicity, local incentive and equalization of effort. Public education in Kansas definitely needs to be funded at the level recommended in this project. If necessary funds are not available, the formula will work satisfactorily for a lower level.

The first two groups of recommendations indicate the changes in the Kansas Constitution and statutes that are necessary to implement the distribution program. General recommendations that suggest further study include: 100% funding of present transportation program, review of state income tax structure, investigation of other possible revenue sources, establishment of a new accountability system for all school districts, a comprehensive study of the extended school year, increased use of para-professional employees supplemented by in-service training and a new methodology for computing the criteria of quality that offers more simplicity and less detail.

The program outlined in this finance plan provides adequate financial support for public education in Kansas and a desirable method for the distribution of state support. The adoption of the new plan, however, will not be an easy task. A finance plan for the public schools of Kansas will become a reality only when the school administrators of Kansas assume the leadership and create a stronger interest on the part of various power groups. If the individuals within these groups make a concerted effort, it will be

possible to win acceptance from the Legislature and the citizens of Kansas.

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A P P E N D I X A

March 1, 1970

210 S. Duncan St.
Stillwater, Oklahoma 74074

Dear

I am at present, a graduate student in residence for work toward the Doctor of Education Degree at Oklahoma State University. I am on leave from my position as superintendent of schools at Haysville, Kansas.

For my dissertation, I have selected the task of writing a new school foundation finance plan for Kansas elementary and secondary schools. It is my utmost desire that this project will make some contribution to the solution of school problems of Kansas. In order to prepare a proposal that will receive favorable consideration, it is necessary to know the objectives and ideals of those who will be influential in reconstituting the present foundation program. I have enclosed a set of principles, in which to serve as standards for criteria of a new plan. The key word or phrase is underlined in each principle. Would you please respond to each principle on the response sheet? If you disagree, please make a suggestion in the comment space. Your contribution will be greatly appreciated.

Sincerely,

Enclosure

Bryce Stallard

Survey mailed to:

12 members of Joint Legislation Committee
Senator Joe Harder, chairman

11 members of Kansas State Board of Education
Dr. Taylor Whittier, Commissioner

12 members of Kansas Association of School Boards
Board of Directors, Dr. Marian McGhehey, Exec. Sec'y.

6 members of National Congress of Parents & Teachers, Kansas
Board of Directors, Dr. Cliff Huff, Exec. Sec'y.

12 members of Kansas State Teachers Association Board of Directors, Dr. Melvin Neely, Exec. Sec'y.

12 members of Kansas Association of School Administrators
Board of Directors, Paul Nelson, President

6 members of Kansas Farm Bureau
Board of Directors, Ray Frisbee, President

Total response 36.3%

A P P E N D I X B

SURVEY QUESTIONNAIRE FOR DEVELOPING A SCHOOL FOUNDATION PROGRAM

PRINCIPLES

1. Financial support of public education should be a joint partnership of the local government, state government, and federal government.

It is imperative that the federal government increase its participation of support for public education but continue its role as a junior partner. Experience with administration of federal education appropriations has shown that a desirable plan would be to allocate funds at the federal level from the United States Office of Education directly to the respective state departments of education and not to the local school districts. There have been many federal programs during the past twenty-five years that have created a wide variety of opinions as to the success derived from their contributions. The most desirable form of federal aid would be direct grants to the states. This plan should be administered with the foundation principle itself in relationship to state wealth.

2. The state of Kansas must assume a greater responsibility of support for public education. All unified school districts should receive a minimum of 50 percent state support for the operation of a fiscal school year. Local boards of education should be free from unreasonable restrictions in the administration of fiscal affairs and from undue controls from state agencies. When school boards are hampered

in the exercise of their judgment to solve a great variety of problems facing them, the education of individuals suffers.

3. The measure of the local school districts' ability to pay should be in terms relative to both the property tax base and the local economic index of personal income. The local tax base should not be expected to bear more than a fair burden of the total load. Consideration must be given to the school districts of high income areas that have a low assessed valuation for tax base and to those school districts with a high assessed valuation as in the case of some rural areas, but personal income is limited when farm land does not produce and income is hampered.

4. Boards of education should continue to be fiscally independent of other governmental bodies and in order to maintain the high interest level required for quality education at the local level, each district's guaranteed share will be established in relation to a local levy of 15 mills. This levy, however, will not be compulsory. As a local incentive they should be permitted to increase the levy an additional ten mills without a vote of the people. For districts that display a desire to improve the quality of education by levying above the 15 mills, there should be an available incentive grant prorated with an inverse relationship to the property tax. The appeal for such funds should be subject to approval by the State Board of Education.

5. The amount of state support given to the public schools should be based on the per capita income within the State of Kansas in relationship to the national per capita income and national average of state support for public schools.

6. There should be an inverse relationship between the amount of state aid received and the school district's assessed valuation per pupil relative to the state mean assessed valuation per pupil.

7. The variables for the distribution formula to be given attention are as follows:

(1) Ability to pay--property tax

(2) Local economic index--personal income

(3) Size of school

(4) Professional training and experience of teachers

(5) Pupil-teacher ratio

8. Transportation costs and sparsity factors should be excluded from the foundation formula.

9. Budgetary capacity should be pre-planned in each district with regard to projected enrollment.

10. The proposed plan for school aid should be supported by a good tax. Three principles of a good tax are:

(1) Equity

(2) Efficiency

(3) Adequacy

11. Funding in the school foundation plan should provide expenditures for capital outlay and school textbooks.

12. School districts eligible for state support should have a minimum school enrollment of 400, (K-12), for quality education. All money received in federal grants should serve strictly as a relief to property tax at the local level and have no effect on the state foundation distribution whatsoever.

A P P E N D I X C

SURVEY RESPONSE SHEET

Response to Principle

Principle Number	Agree	Disagree	Comment
1	___	___	_____
2	___	___	_____
3	___	___	_____
4	___	___	_____
5	___	___	_____
6	___	___	_____
7	___	___	_____
8	___	___	_____
9	___	___	_____
10	___	___	_____
11	___	___	_____
12	___	___	_____

Please return to:
Bryce Stallard
201 S. Duncan
Stillwater, Oklahoma

A P P E N D I X D

Results of Survey

Principle Number	Result
1	Response---unanimous. Agreement on principle as written.
2	Response---Should be 50% or more but hopeful for at least 40%.
3	Response---Agreement with principle as written.
4	Response---Equal opinion of 10 mill or 15 mill mandatory levies, contingent upon county levy.
5	No consensus arrived at.
6	General agreement with principle as written if income is also an element.
7	Response---Shows agreement with all variable listed except professional training of teachers.
8	Unanimous agreement with principle as written.
9	Response---Shows agreement with principle but concern over of technique of penalization of schools who over-project enrollment.
10	Response---Shows total agreement but questions the source of a good tax.
11	Response---Does not show total agreement for foundation program to finance capital outlay and textbooks.
12	Response---In that some school districts in Kansas are too small to operate as an independent district. An agreement to a minimum size is not arrived at in this survey.

VITA

Bryce Duane Stallard

Candidate for the Degree of

Doctor of Education

Thesis: A PROPOSED FINANCE PLAN FOR STATE AID TO ELEMENTARY AND SECONDARY SCHOOLS IN KANSAS

Major Field: Educational Administration

Biographical:

Personal Data: Born in Topeka, Kansas, November 17, 1926, the son of Hobart and Lottie Stallard.

Education: Graduated from Lawrence High School, Lawrence, Kansas, in 1944; received the Bachelor of Arts degree from Baker University, with a major in mathematics, in August, 1950; received the Master of Education degree from the University of Kansas, with a major in secondary education in August, 1960. Master's thesis used as a guideline by the State Legislature of Kansas to develop a junior college program now in operation at Colby, Kansas. Completed the requirements for the Doctor of Education degree at Oklahoma State University in May, 1971.

Professional Experience: Employed in Nortonville Public Schools, Nortonville, Kansas, as a mathematics teacher and coach from 1950 to 1952; as a mathematics teacher and coach at Smith Center High School from 1952 to 1954; as a mathematics instructor and junior college basketball coach at El Dorado, Kansas in 1954 to 1955; as a basketball coach and mathematics instructor at Sherman Community High School, Goodland, Kansas, 1954 to 1957. Employed as a mathematics instructor and coach at Washburn Rural High School, Topeka, Kansas, 1957 to 1960. As a director of athletics and mathematics instructor at Campus High School, Wichita, Kansas, 1960 to 1962. As junior and senior high school principal at Olathe, Kansas, 1963 to 1965.

As superintendent of schools of Haysville, Kansas, 1965 to 1971. Granted a year's leave of absence for residence requirement at Oklahoma State University during the 1969-70 school year. Served in the United States Naval Air Forces from 1944 to 1946.

Professional Organizations: Kansas Association of School Administrators, American Association of School Administrators, Phi Delta Kappa, IDEA (Institute of Development of Educational Activities), Comparative Education Society.