



Oral Proponent Testimony before the
House K-12 Education Budget Committee

on

SB 382 – Amending the capital improvement state aid schedule to exclude U.S.D. No. 207, Fort
Leavenworth

by

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Madam Chair, Members of the Committee:

Thank you for the opportunity to testify as a proponent of **SB 382**. As we have previously testified, KASB’s permanent policy positions adopted by our members includes the following statement:

Capital costs should continue to be the responsibility of local districts through local bond issues and capital outlay levies, provided both receive state equalization aid that meets constitutional standards of equity. Arbitrary limits on the amount of school district bond issues should not be imposed.

KASB appears as a proponent of this bill for the same reason we testified in support of **HB 2526** earlier this session. Changes in the capital improvement aid formula in 2015 tie the equalization schedule to the district with the lowest assessed valuation per pupil. That district is now, and is likely to always be, USD 207 Fort Leavenworth, on a military base with almost no taxable valuation.

As a result, USD 207 valuation per pupil essentially never increases, while most other districts’ valuation per pupil increases over time. The state aid formula for bond and interest pays a percentage of annual bond and interest costs that decreases as AVPP rises compared to the lowest AVPP district. Over time, the percentage of aid paid to all other districts will decline. Bond and interest costs NOT covered by state aid are paid by local property taxes.

This has two consequences. First, it shifts more reliance for school facility funding to the property tax, which is generally considered the most unpopular revenue source and already varies significantly across Kansas. Second, because of the significant difference in local property wealth among local school districts, it means low wealth districts will require much higher property tax levies than higher wealth districts to raise revenue for school facilities. This will produce exactly the “wealth-based disparity” the Kansas Supreme Court has repeatedly found to be unconstitutional because it creates differences in the educational opportunities available to students in districts across the state.

SB 382 differs from **HB 2526** as passed by this committee in two ways. First, it would apply the higher aid rate to bonds passed after July 1, 2015, rather than July 1, 2020. This increases the cost of the bill to the state. However, the additional funding would not provide additional school district funding but would reduce property taxes in districts that are already at risk of widening disparities in mill levies. In that way it would provide both property tax relief and greater equity.

Second, the bill would exclude virtual school students from the AVPP used to calculate Capital Improvement State Aid for bonds approved at elections held on or after July 1, 2015. KASB does not have a position on this issue.

As indicated in previous testimony, KASB urges the committee to support a solution to the growing problem of inequity in capital improvement finance.

Thank you for your consideration.