

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by the Chairman Edmonds at 8:30 a.m. March 30 in Room 519-S of the Capitol.

All members were present.

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor
Winnie Crapson, Secretary

Conferee appearing before the committee:

Speaker Glasscock
Representative Aurand
Bob Vancrum, Blue Valley U.S.D. 229
Mark Tallman, Kansas Association of School Boards
Craig Grant, Kansas-NEA

Others attending: See attached list.

Hearing was opened on:

HB 2577 - School district finance, teachers' enhancements for affordable community housing weighting.

Representative Aurand explained the request for HB 2577 (Attachment #1) and responded to questions from members of the Committee and responded to questions..

Speaker Glasscock testified in support of the bill.

Bob Vancrum, representing Blue Valley U.S.D. 229, testified in support of the bill (Attachment #2) and responded to questions from Committee members.

Mark Tallman presented testimony in opposition to HB 2577 on behalf of the Kansas Association of School Boards (Attachment #3) and responded to questions from members of the Committee.

Craig Grant testified that Kansas-NEA has a neutral position on HB 2577. In response to questions from Committee members he had testified in 1991 before a group trying to prepare a proposal for the new school finance formula. At that time K-NEA proposed a cost-of living weighting, referred to "cost-of-doing-business", to recognize the differential between districts. He believes housing is only one part of that difference. He believes K-NEA would consider that there is a legitimate reason for such weighting but that the consideration should be cost-of-doing-business.

The hearing was closed on HB 2577.

Meeting was recessed at 9:50 a.m.

CONTINUATION SHEET

Upon reconvening at 11:30 a.m. the committee continued consideration of **HB 2577**.

Representative Vickrey moved to amend **HB 2577** to include provisions for a protest petition similar to that for local option budget. Representative T. Powell seconded and motion was adopted.

Representative Mays moved to amend **HB 2577** to provide a 10% cap. Representative Howell seconded. Motion of Representative Mays was adopted.

Representative Huff moved to recommend **HB 2577** as amended favorable for passage. Representative Hutchins seconded.

Representative Larkin commented that this would be a major change in the school finance formula, the implications not being fully understood, and he would prefer to await receipt of the information Legislative Research is developing at his request on average teacher salary by district under current law showing what would happen under **HB 2577** if every district eligible to do the new levy in fact decided to do it at the maximum level; how much in dollars would be raised in each of these districts; what the mill levy would be; and what would happen to average teacher salaries. [See Attachment #10 April 4]

Representative Larkin moved to table **HB 2577**. Representative Gatewood seconded. Motion failed.

Motion of Representative Huff was adopted.

Meeting adjourned at 12:20 p.m. Next scheduled meeting is April 4.



CLAY AURAND
SPEAKER PRO TEM

Testimony in Favor of HB 2577

House Bill 2577 is based on a simple idea - every teacher should be able to afford a home in the district in which they teach.

I firmly believe that our current school finance formula is a good formula. In the formula, we allow local districts flexibility with their local option budgets. But, we also recognize disparities that exist in some districts but not in others. Those challenges are alleviated by weighting the formula. For districts that cover large geographic areas, we have a transportation weighting; for districts with low enrollment, we have a low enrollment weighting; for districts with a large percentage of bilingual students, we have a bilingual weighting; for students that are at-risk, we have an at-risk weighting.

We have found another challenge in our formula. In a small number of school districts, it is problematic for the district to pay its teachers enough to afford to live within the district. The cost of housing in those few districts is so high, that teachers cannot afford to live within the district.

This is a challenge that can easily be resolved. These districts, by virtue of their high property valuations, can easily raise the funds necessary to pay their teachers enough to live within the district. The state, however, will not allow them to do it. That must change.

House Bill 2577 establishes a locally funded weighting with all of the money earmarked for enhanced teacher salaries. The weighting will be known as the Teachers' Enhancement for Affordable Community Housing or the T.E.A.C.H. weighting. Passing this bill will help us reach our simple premise that every teacher should be able to buy a home in their district.

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Qualifications for T.E.A.C.H. Weighting:

- 1) The school must be using the maximum Local Option Budget allowed by law. Currently, that is 25%.
- 2) The average appraised value of a home in the school district must be more than 25% above the average appraised value of a home statewide.

How is the T.E.A.C.H. Weighting calculated?

- 1) PVD determines the statewide average residential value of a home, currently \$93,075.
- 2) The statewide average residential value of a home is then multiplied by 1.25 to find the threshold for qualifying.
- 3) PVD determines the average residential value of a home in each district that qualifies for the weighting.
- 4) The percent difference between the district's average residential value and the threshold is determined.
- 5) The percent difference is then multiplied by 0.16 to determine the amount a teacher's salary would need to be raised to buy a house within the district. This is the percent weighting.
- 6) The percent weighting is multiplied by the district's state financial aid to determine the maximum allowable local levy.
- 7) The school district levies a local tax to pay for the T.E.A.C.H. weighting with all revenue collected dedicated to enhanced teacher salaries.

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SCHOOL DIST. Name	LOB %	DISTRICT Number	Counties in which School Districts are located	Average Appraised	Percent Difference	Percent Weighting*	USD State Financial Aid**	Maximum Levy
Goddard	25.00	265	Sedgwick	119,342	2.6%	0.4%	\$16,618,146	\$68,535
Lawrence	25.00	497	Douglas, Jefferson, Leavenworth	125,407	7.8%	1.2%	\$42,995,628	\$535,937
Spring Hill	25.00	230	Johnson, Miami	132,458	13.9%	2.2%	\$6,929,480	\$153,573
Maize	25.00	266	Sedgwick	135,801	16.7%	2.7%	\$22,745,808	\$608,677
Olathe	25.00	233	Johnson	153,576	32.0%	5.1%	\$91,558,142	\$4,688,164
Shawnee Mission	25.00	512	Johnson	155,079	33.3%	5.3%	\$125,244,812	\$6,671,968
DeSoto	25.00	232	Johnson	157,396	35.3%	5.6%	\$16,410,720	\$926,516
Andover	25.00	385	Butler, Sedgwick	176,236	51.5%	8.2%	\$13,410,110	\$1,104,549
Blue Valley	25.00	229	Johnson, Miami	254,952	119.1%	19.1%	\$77,376,010	\$14,749,481

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FORMULAS:

Threshold: (2000 average statewide residential value)*1.25
 Percent Difference: [(average appraised)-(threshold)]/(threshold)
 Percent Weighting: (Percent Difference)*0.16

NOTE: According to US Census Data, 16.07% of the average household income goes to housing.

*The Percent Weighting would be multiplied by the district's state financial aid.

**Figures based on current law.

Testimony of Robert Vancrum
Government Affairs Specialist
Blue Valley USD 229

HB2577

Chairman Edmonds and Honorable Representatives:

I am appearing today as a proponent of the concept behind this bill. Blue Valley has had a standing Legislative position since the 1992 School Finance Plan in support of returning much more local budgetary control to our school district and our community to be met through local levies as determined by the local board. Therefore, I agreed to appear today when Rep. Clay Aurand told me a little about the bill he'd developed. I don't know the minute details of how this bill would work, and I certainly don't know who all might benefit. I'm here to support the concept of giving further local budgetary control to our board by some workable and fair means to allow us to recruit and retain teachers in an area marked by very rapid growth and relatively high cost of living

I must tell you a few facts about our district, formerly known as Southeast Johnson County. We are one of the fastest growing districts in the state, THE fastest of the large districts. During the Nineties our increase in actual enrollment EACH YEAR was more than the average size of an entire school district in the state of Kansas. It is still very near that rate, having grown from about 9700 to over 16,500 in less than ten years. The district is obviously recruiting scores of new teachers every year to meet this growth rate, and scores more to meet normal turnover and retirements. We are in a high cost area, and there are a number of school districts that pay more, most across the state line. Although we have been recognized nationally and in Kansas for our many outstanding educational programs, it has become hard for us to recruit and retain the outstanding teachers necessary to maintain this tradition of excellence. Teachers can often move to the private sector for \$15,000 more per year. And in a tight job market like last year, most employers would love to hire teachers, because a good teacher is an outstanding employee in almost any position.

Housing is a serious problem for most beginning teachers and for many new to our area. I've been told that housing prices in our district, or even within a reasonable drive time nearby, can be two or three times the average cost of homes in other parts of our state. Other costs of living are likewise higher. Kansas is a very diverse state and there needs to be a means to allow us to address these differences.

In conclusion, I thank Rep. Aurand for putting on the table a very real problem that should be addressed; that is, differential costs of living, and an interesting, if complex, way to solve this problem. I want to tell you, however, that our district is very sensitive to issues of fairness in school finance and we are serious when we say we

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want to see all students in this state receive the kind of education they will need in this new century. My superintendent, staff and board want you to know that they have been a part of the education coalition that has addressed you and your colleagues on education and appropriations this year. As helpful as this plan would be to our district, it should not be viewed as a substitute for putting adequate state funding in the formula, meeting increased costs, since that benefits all of Kansas.

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TO: House Committee on Taxation
FROM: Mark Tallman, Assistant Executive Director for Advocacy
DATE: March 30, 2001

RE: Testimony on H.B. 2577 – TEACH Weighting

Mr. Chairman, Members of the Committee:

Thank you for the opportunity to appear today on H.B. 2577. While KASB appreciates that the intent of this bill to provide certain school districts with additional funding to enhance teachers salaries, we cannot agree with the specific components of this plan.

First, this bill would only provide additional resources for districts that have high costs of single family residences. As KASB and the school finance coalition have worked to develop policy positions, it has become clear that most districts need to enhance teacher salaries. No evidence was presented that residential housing costs are a uniquely urgent problem for districts. This bill would represent an extremely limited response to a far larger problem.

Second, if a “cost of housing” weighting is justified, KASB believes that it should be addressed through base state aid, not through additional local property tax.

Third, if high local housing costs are a problem that should be addressed through a local option budget feature, there should be an “equalization” component of state aid, as is currently provided in the local option budget.

Thank you for your consideration.

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