

MINUTES OF THE SENATE EDUCATION COMMITTEE

The meeting was called to order by Chairman Jean Schodorf at 1:30 p.m. on January 28, 2010, in Room 152-S of the Capitol.

All members were present except:

Senator Chris Steineger- excused

Committee staff present:

Theresa Kiernan, Office of the Revisor of Statutes

Martha Dorsey, Kansas Legislative Research Department

Sharon Wenger, Kansas Legislative Research Department

Dorothy Gerhardt, Committee Assistant

Conferees appearing before the Committee:

Dr. Ed Berger, President, Hutchinson Community College

John Vratil, Senator

Stuart Little, USD #512

Dale Dennis, Deputy Commissioner, Kansas Department of Education

Others attending:

See attached list.

Presentation: Kansas Association of Community College Trustees (KACCT)

Dr. Ed Berger, President, Hutchinson Community College ([Attachment 1](#)), presented an update on the Kansas Community Colleges. His presentation included a review of the KACCT Vision of being Responsive, Affordable, Accessible, and offering Quality Learning Opportunities. He also addressed the results of **SB 345** and the effects of past, current and future budget reductions.

A question and answer session with the Committee followed.

Hearing on SB 354 - School districts; tax levies; property subject to taxation

Theresa Kiernan, Office of the Revisor of Statutes, appeared before the committee and provided a brief explanation of **SB 354**. The bill was introduced so that the moneys a school district receives from its share of motor vehicle tax revenues is included when the State Board of Education computes the ancillary school facilities weighting, the cost of living weighting and the declining enrollment weighting of a school district. Under the motor vehicle tax law, each tax levy fund of a taxing subdivision is apportioned a share of motor vehicle tax revenues - except those taxes levied under K.S.A. 72-6431.

Under current law all money derived from the tax levies for the ancillary school facilities weighting, the cost of living weighting and the declining enrollment weighting and the motor vehicle revenue attributed to such levies are transferred to the state treasury and credited to the state school district finance fund. When computing the amount of the three weightings, the motor vehicle revenue is not included and is not allocated back to the school districts as part of the weightings.

In order to insure that the motor vehicle revenue is included in the computation of the weightings, the bill amends those weighting provisions to include a provision which defines "taxable tangible property" as real property, personal property, state-assessed property and motor vehicles. A chart showing those school districts affected under the current provision was provided the committee ([Attachment 2](#)).

John Vratil, Senator ([Attachment 3](#)), presented testimony in support of **SB 354**. He reiterated the fact that this applies only to school districts that qualify for declining enrollment funding, a cost of living increase, or the district qualifies for ancillary facilities funding. This bill would define taxable tangible property to include real property, personal property, state-assessed property and motor vehicles. His stand is this is an equity issue; that is, the school districts are collecting more than they get back. It does not give more spending power but only allows them to lower the tax levy.

CONTINUATION SHEET

Minutes of the Senate Education Committee at 1:30 p.m. on January 28, 2010, in Room 152-S of the Capitol.

Stuart Little, representing the Shawnee Mission School District #512 (Attachment 4), also presented testimony in support of **SB 354**.

There were no other conferees to appear before the committee.

The hearing on **SB 354** was closed.

The next meeting is scheduled for February 1, 2010.

The meeting was adjourned at 02:25 p.m.

SENATE EDUCATION COMMITTEE GUEST LIST

DATE: January 28, 2010

NAME	REPRESENTING
Marjorie Werly	Emporia State University
Tracy Greene	ESU
Julene Miller	KBOR
Theresa Marcel Bush	KBOR
Dick Cantv	JCC
Linda Fuld	KACCT
Stuart Little	Shawnee Mission SIZ
TERRY HOWREN	KS Farm Bureau
Richard Samsoniego	Kenny & Assoc.
Diana Gjerstad	USD 259
LARRY BERG	KACCT
Nick Reese	K12 Inc.
TERRY FORSYTH	KNETA
Tom Kutz	KASB
Gary George	USD 233
Kip Peterson	KBOR
BILL REARDON	KCK Pub. Schls. (USD 500)

Kansas Community Colleges

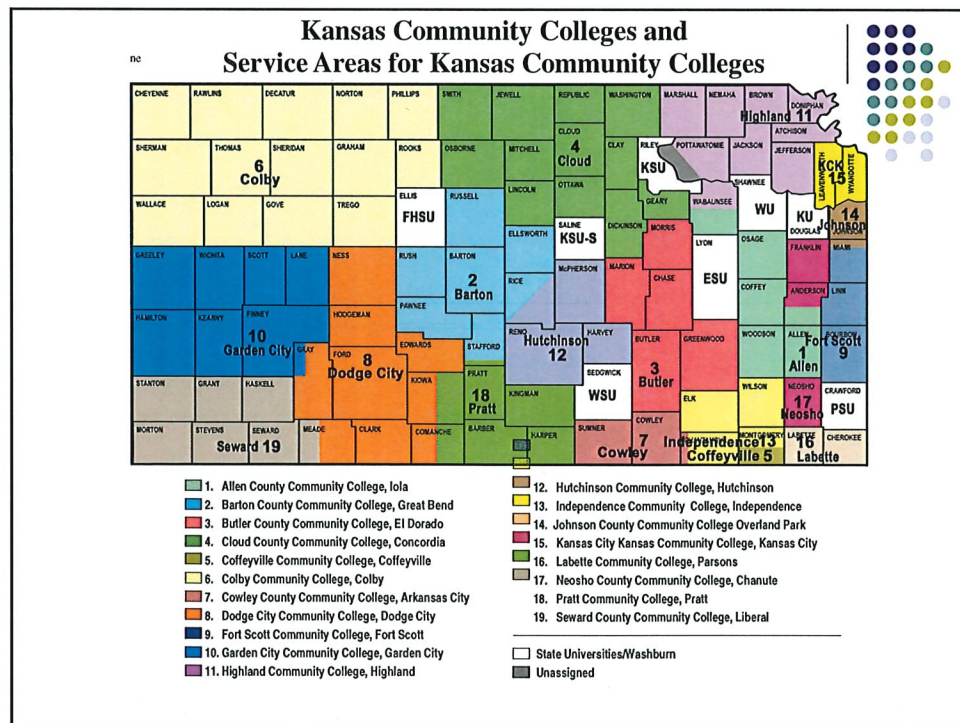
2009-2010 Legislative Update
Senate Education Committee
January 28, 2010



KACCT VISION



- Responsive, Affordable, Accessible and Quality Learning Opportunities.



Kansas Community Colleges

Responsive



Responsive

- Business/Industry
- Unified School Districts
- Universities
- Developmental Education
- Community Based Organizations



Kansas Community Colleges

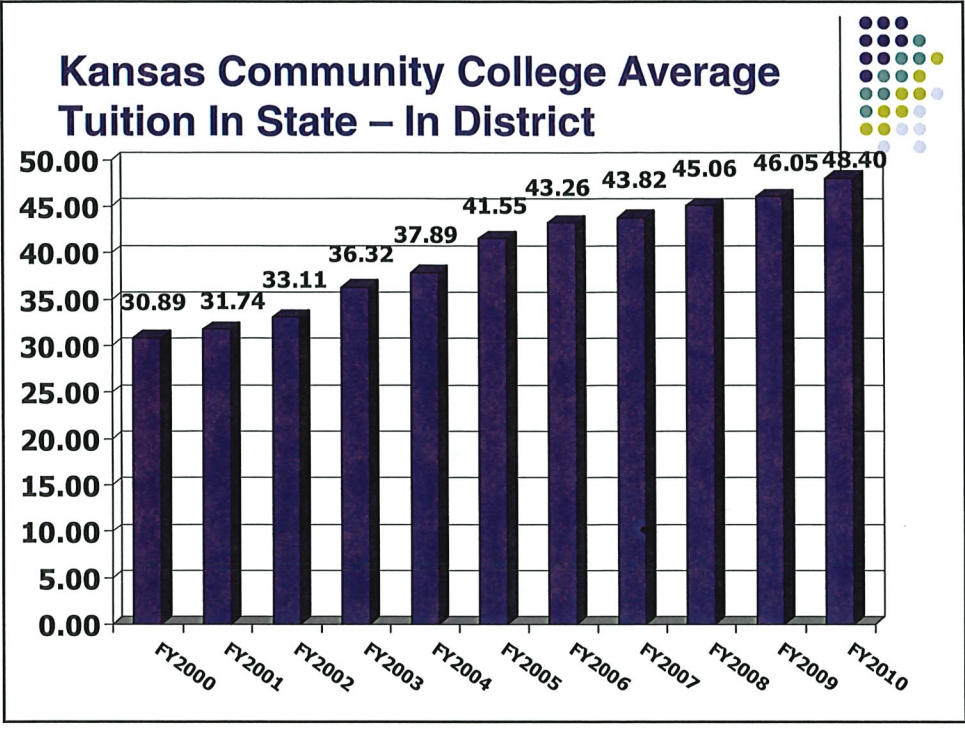
Affordable



Tuition Increases



- Tuition alone has increased over 50 per cent since the inception of Senate Bill 345 (references only in district with some colleges charging a higher rate for out district)
- Fees have had a similar increase (the range and variety of fees make it difficult to include fees)



Kansas Community Colleges

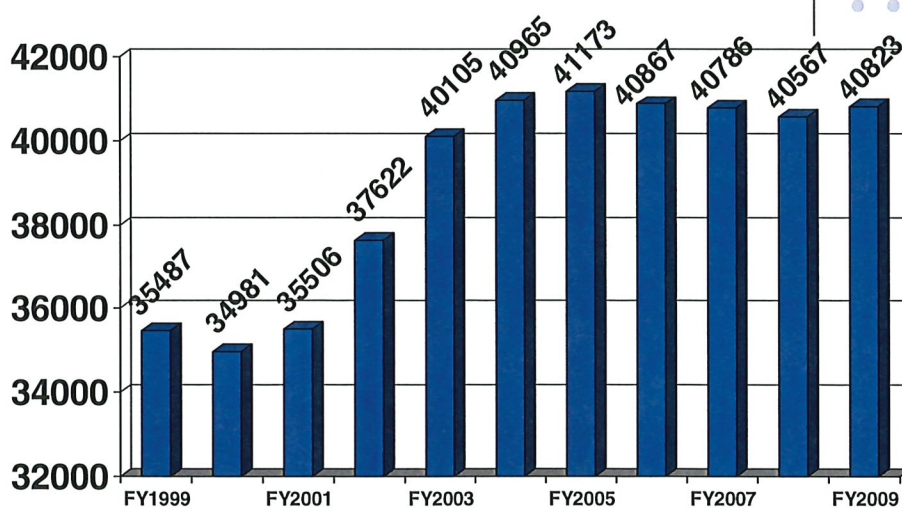
Accessible

Enrollment



- Enrollment has generally increased over the past four years

Community College- In State Full Time Equivalency



Access



- Interactive Video
- On line classes (didactic and lab)
- Classes on site for business and industry
- Mobile classroom available
- Tuition costs affordable

Collaboration



- Facilities
- Equipment
- Instruction

Kansas Community Colleges

Quality Learning Opportunities



Kansas Board of Regents

- Funding Performance Based 2005



KBOR SYSTEM GOALS



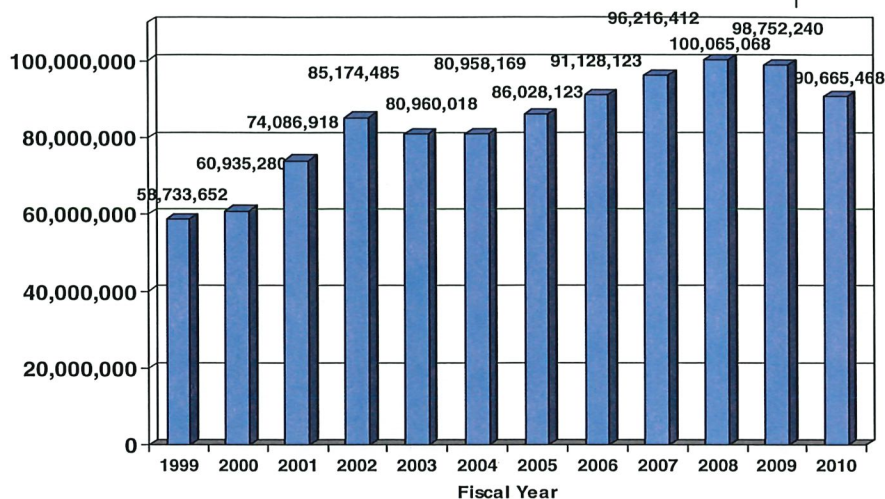
- Increase system efficiency/effectiveness/seamlessness
- Improve learner outcomes
- Improve workforce development
- Increase targeted participation/access
- Increase external resources
- Improve community/civil engagement

Senate Bill 345



- Community College coordination moved from State Board of Education to reconstituted Board of Regents
- County Out District Tuition phased out
- Funding to Community Colleges increased to 65 per cent of state support for the lower division enrollments
- Local tax relief a focus of increased state funding (eighty per cent of new money designated for tax relief)

State Grant- All Community Colleges

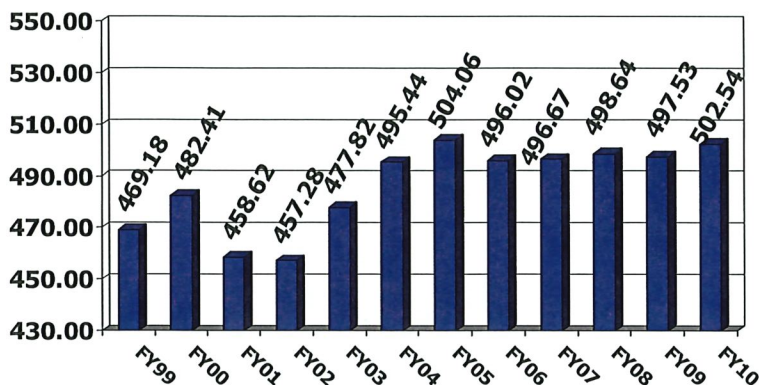


Mill Levy



- SB 345 originally designed to reduce local mill levies
- Mill levy was reduced in years one and two but increased dramatically in years three and four with frozen funding
- Local tax payers are now paying more to support colleges than before implementation of SB 345

Kansas Community College Mill Levies



Deferred Maintenance



- Fiscal 2008-2012- 20 million dollars annual no interest loan
- July 1 2008 \$78,125 Tax Credits
- January 1, 2009 \$156,250
- January 1, 2010 \$208,233.33
- January 1, 2011 \$208,233.33
- January 1, 2012 \$208,233.33

Budget Reductions 2010



- Nearly a twelve percent reduction of approximately \$12,750,000

Budget Reductions 2010



- Increase Local Mill Levy
- Increase Student Tuition (Access)
- Staff Reductions (Quality Responsive)
- Faculty Reductions (Quality Responsive)
- No Salary Increases (Quality)
- Equipment Purchases (Quality Responsive)
- Technology Purchases (Quality Responsive)
- Supplies/Travel/Equipment (Quality)
- High Cost Program Closures (Access Responsive)

Budget Reductions 2010



- Deferred Maintenance (Quality)
- Limit Program Expansion (Responsiveness)
- Differential Tuition Rates/High Cost Programs (Access)

Kansas Community Colleges

Serving Nearly 170,000 Kansans
with Educational Excellence



Mill Levy Information Related to SB 354

USD	County	District	Ancillary Facilities	Declining		Cost of Living	Total Tax Levied	Total Tax	Estimated
				Enrollment				Levied Per	Motor
								FTE	Vehicle Tax
229	Johnson	Blue Valley	\$ 4,815,743	\$ -	\$ 5,821,916	\$ 10,637,659	\$ 523.49	\$	560,240
230	Johnson	Spring Hill	\$ 350,000	\$ -	\$ -	\$ 350,000	\$ 123.52	\$	-
232	Johnson	DeSoto	\$ 2,049,385	\$ -	\$ -	\$ 2,049,385	\$ 329.64	\$	220,499
233	Johnson	Olathe	\$ 6,782,733	\$ -	\$ 2,140,000	\$ 8,922,733	\$ 349.33	\$	844,434
468	Lane	Healy	\$ -	\$ 33,000	\$ -	\$ 33,000	\$ 349.21	\$	2,507
489	Ellis	Hays	\$ -	\$ 483,454	\$ -	\$ 483,454	\$ 170.00	\$	49,053
497	Douglas	Lawrence	\$ -	\$ -	\$ 1,275,000	\$ 1,275,000	\$ 119.51	\$	104,938
512	Johnson	Shawnee Mission		\$ 2,841,156	\$ 6,933,505	\$ 9,774,661	\$ 368.03	\$	333,887
			\$ 13,997,861	\$ 3,357,610	\$ 16,170,421	\$ 33,525,892			\$ 2,115,558

*Senate Education
1-28-10
Attachment 2*

State of Kansas

JOHN VRATIL
SENATOR, ELEVENTH DISTRICT
JOHNSON COUNTY
LEGISLATIVE HOTLINE
1-800-432-3924



Vice President Kansas Senate

COMMITTEE ASSIGNMENTS
VICE CHAIR: EDUCATION
WAYS AND MEANS
MEMBER: JUDICIARY
ORGANIZATION, CALENDAR
AND RULES
INTERSTATE COOPERATION
KANSAS CRIMINAL
CODE RECODIFICATION
COMMISSION

Testimony Presented to
Senate Committee on Education
By Senator John Vratil
January 28, 2010
Concerning Senate Bill 354

Good afternoon! Thank you for the opportunity to appear before the Senate Committee on Education in support of Senate Bill (SB) 354. The state has authorized school boards to levy a tax on all taxable tangible property in the school district to meet one or more of the following conditions: the district qualifies for declining enrollment funding, the district qualifies for a cost of living increase, or the district qualifies for ancillary facilities funding.

The Kansas Department of Education currently interprets "taxable tangible property" to be real property, personal property and state-assessed property. When the tax is applied within a school district, however, it is applied to real property, personal property, state-assessed property and motor vehicles. The revenue sent to the state includes revenue from all four sources. When the revenue is distributed back to the qualifying school district, it includes revenue from that portion of the levy that was applied to real property, state-assessed property and personal property. As a result, the state receives a windfall to which it is not entitled and retains that portion of the levied tax generated from motor vehicles.

Senate Bill 354 would clarify the definition of "taxable tangible property" to include real property, personal property, state-assessed property, and motor vehicles. Clarifying the current statute diminishes the windfall the state has previously kept and ensures that qualifying school districts receive the full amount of revenue to which they are entitled. The Kansas Department of Education supports SB 354.

I ask you to support SB 354 also.

A handwritten signature in black ink that reads "John Vratil".

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OVERLAND PARK, KS 66210-2007
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Senate Education
1-28-10
Attachment 3
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FAX (785) 296-6718
john.vratil@senate.ks.gov

STUART J. LITTLE, Ph.D.
Little Government Relations, LLC

Senate Education Committee

Testimony on Senate Bill 354

January 28, 2010

Chairman Schodorf and Members of the Committee,

I appear today on behalf of the Shawnee Mission School District #512 in support of Senate Bill 354. Shawnee Mission is the state's second largest school district with 27,799 students enrolled in 2009-10.

The school finance formula includes three weightings that are financed by the local school district. They include ancillary facilities, cost of living and declining enrollment. The local school district assesses the tax, collects the tax proceeds and then remits the total amount collected to the state. In turn, KSDE converts the authorized amount into a weighting that is included in the formula.

School districts calculate their levy using a KSDE budget spreadsheet. The current spreadsheet does not consider the motor vehicle tax revenue generated by tax assessment. Therefore, these districts collect and remit more local revenue to the state than the authorization they receive from these weightings.

In each of the three statutes governing these weightings, it is clear that school districts are required to collect local taxes equal to the amount authorized and received by these weightings. On page 1, line 18 the current law KSA 72-6441 reads "...in an amount not to exceed the amount authorized ...". On page 3, lines 11 and 12, KSA 72-6449 reads "for the purpose of financing the costs incurred by the state ...". Lastly, on page 5, line 17 KSA 72-6451 reads "... in an amount not to exceed the amount authorized ..."

When a local school district assesses a tax under these provisions, it is directly applied to the assessed valuation of the property. Motor vehicle taxes are also affected by the new levy, but the rate paid by a taxpayer is computed on an average county tax rate. This bill clarifies that taxable tangible property includes motor vehicle valuations. With this clarification, KSDE agrees to change the budget forms so districts may collect an amount that approximates the authorized weighting.

This bill does not provide any additional funding to these school districts. It merely corrects the over-taxation.

I would be happy to stand for questions at the appropriate time.