

Approved March 15, 2011
Date

MINUTES OF THE HOUSE EDUCATION COMMITTEE

The meeting was called to order by Chairman Aurand at 9:00 a.m. On February 10, 2011, in Room 784 of the Docking State Office Building.

All members were present except:
Representative Pat Colloton

Committee staff present:

Sharon Wenger, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Eunice C. Peters, Kansas Revisor of Statutes
Norm Furse, Kansas Revisor of Statutes
Jason Long, Kansas Revisor of Statutes
Dale Dennis, Deputy Commissioner, Kansas State Department of Education
Jan Johnston, Committee Assistant

Conferees appearing before the Committee:

Mark Tallman, Kansas Association of School Boards
Bill Reardon, Lobbyist for the Kansas City Kansas Public Schools
Trudy Aron, American Institute of Architect
Bob VanCrum, Blue Valley School
Chuck Schmidt, Superintendent USD 446
Corey Peterson, Associated General Contractors of Kansas
Stuart Little, Shawnee Mission School District

Written testimony:

Diane Gjerstad, Wichita Public Schools
Richard Flores, Vermillion USD 380

Others attending, see attached sheet.

HB 2201 – School districts; relating to school finances; local activities budget

Chairman Aurand opened the hearing on **HB 2201**.

There was a handout from Chairman Aurand on bond and interest state aid to local school districts. (Attachment 1)

Eunice Peters, Kansas Revisor of Statutes, explained the purpose of **HB 2201**. The bill would provide a funding mechanism for the board of education of a school district which has adopted a local option budget equal to the state prescribed percentage to adopt a local activities budget and to levy a tax to fund the local activities budget. The funds from local activities budget would cover expenses that are not considered instructional as covered by the state.

A question and answer session followed the explanation of **HB 2201**.

Robert Vancrum, Kansas Government Affairs Specialist, spoke to the Committee as a Proponent of **HB 2201**. Our district having faced \$11 million in cuts and re allocations over the last two years and with another \$1.8 million cut (\$75 in BSAPP) having already been made by the House in our current school year, we must be willing to look for extraordinary solutions.

Our preference would be that state equalization aid be added to the Bill. We want to make sure that if adopted, such factor would meet with court approval, and in fairness to our districts in the state that also need additional budget authority. However, our district is already in the bottom 5% of legal maximum budget per pupil considering all local sources of funding and the costs that have occurred already are severely damaging our district's ability to continue to provide the excellent education that

CONTINUATION SHEET

Minutes of the House Education Committee at 9:00 a.m. On February 10, 2011, in Room 784 of the Docking State Office Building.

our citizens desire. (Attachment 2)

Stuart Little, Shawnee Mission School District, spoke to the Committee as a proponent of **HB 2201**. I appear today in general support of **HB 2201**. Shawnee Mission is the state's third largest school district with 27,827 students enrolled in 2010-11. We are like all other school districts in Kansas who have adjusted to the declining state financial support. We have been reducing teachers and administrators, increasing class size, and closing schools in the last two years. We are very aware of the challenges you face at the state and are preparing to implement additional reductions. We are managing the reductions in funding in our schools and our patrons are noticing the impact of budget costs on the education their children receive. (Attachment 3)

Representative Siegfried, Majority Leader, spoke to the Committee as a proponent of **HB 2201**. I testified on this last year. I am a supporter of the concept of the Local Action Budget. I am a supporter for school districts to have more freedom in support of education. Local patrons should have more freedom on what they spend on education. The Bill before me requires that the patrons of different school districts must vote in support of this extra expenditure before it takes place. I stand against most tax increases. If local people want to vote to increase taxes against themselves, it is not my business. (No written testimony available)

A question and answer session followed the presentation.

Bill Reardon, Lobbyist for the Kansas City, Kansas Public Schools, spoke to the Committee as a opponent of **HB 2201**. HB 2201 would allow USDs to raise additional local property taxes for certain activities. The Kansas City District believes that **HB 2201** is in reality a back door increase in the LOB. Recent Kansas court rulings have made it clear that funding of public schools is a state responsibility. (Attachment 4)

Mark Tallman, Kansas Association of School Boards spoke to the Committee as an opponent of **HB 2201**. **HB 2201** would establish a new type of annual budget expenditure called the "local activities budget" in an amount not to exceed 5% of the full time equivalent enrollment of the district in your prior year, multiplied by the amount of base state aid per pupil. This fund would be totally financed by a local mill levy without any equalizing state aid component. (Attachment 5)

Richard Flores, Superintendent, Vermillion USD 380, provided written testimony only to the Committee as an opponent of **HB 2201**. Vermillion USD 380 is a small rural school district located in parts of three counties. The home county is Marshall and the second secondary counties are Nemaha and Pottawatomie. The principal communities are served by the school district are Centralia, Frankford and Vermillion.

HB 2201 would provide authority for school districts to adopt a local activities budget in addition to the local option budget (LOB). We are concerned about the potentially dis-equalizing effect this proposal could have on school districts across the state, as this Bill does not appear to include state equalization aid. (Attachment 6)

Diane Gjerstad, Wichita Public Schools, provided written testimony only to the Committee as an opponent of **HB 2201**. **HB 2201**, if enacted, would create a local levy activities budget up to 5% of the general fund. The proposed levy would be local taxes only without equalization and subject to an election. We oppose this dis-equalizing proposal. (Attachment 7)

A question and answer session followed the presentation.

Chairman Aurand closed the hearing on **HB 2201**.

HB 2200 – School districts; relating to state aid for capital improvements and capital outlay.

CONTINUATION SHEET

Minutes of the House Education Committee at 9:00 a.m. On February 10, 2001, in Room 784 of the Docking State Office Building.

Chairman Aurand opened the hearing on **HB 2200**.

Eunice Peters, Kansas Revisor of Statutes, explained **HB 2200** to the Committee. The bill reduces state aid for capital improvements and capital outlays. For capital outlays, the bill reduces the state aid computation percentage to 15% for (1) levies that have been imposed and either the protest period has not expired or was protested and an election has not been held prior to July 1, 2011; or (2) levies that will be adopted by resolution on or after July 1, 2011. For capital improvements, the bill reduces bond and interest state aid to 15% for any bond issuance approved on or after July 1, 2011.

The bill also limits bond authority for school districts less than 200 square miles in area and an enrollment of less than 400.

Bill Reardon, Lobbyist for the Kansas City, Kansas Public Schools, spoke to the Committee as an opponent of **HB 2200**. **HB 2200** would reduce a key component of the current school finance law in Kansas. The provision for state assistance on USD bond issuance was first implemented as part of the 1992 School finance Law. When Kansas agreed to assist in the cost of bonding for new construction in low wealth districts, we were one of only a handful of states with similar programs. Today, a number of states have followed our lead. (Attachment 8)

Mark Tallman, Kansas Association of Schools, spoke to the Committee as an opponent of **HB 2200**. As we understand the intent of **HB 2200**, it would reduce the state aid formula bond and interest payments on bonds issued by school districts for capital improvements and for capital outlay resolutions adopted after the effective date of the bill. A similar bill passed the House last session. KASB opposes this bill for the reasons listed below, but we believe a reduction in the aid formula is preferable to the elimination of state aid, which has also been proposed. (For the past several years, the state has not made aid payments for capital outlay, but the authorization for such remains.) (Attachment 9)

Trudy Aron, Executive Director American Institute of Architect, spoke to the Committee as an opponent of **HB 2200**. AIA Kansas is a statewide association of architects and intern architects. Most of our 600 members work in over 100 private practice architectural firms designing a variety of project types for both public and private clients. Our members are designing tomorrow's buildings today, aiming to meet the "triple bottom line" buildings that are affordable, protect the health of the building occupants, and respect our environment.

AIA Kansas strongly opposes **HB 2200**. This bill significantly reduces state funding for capital improvements and outlays to school districts and interest payment for future bond issues passed by voters. In these economic times, the passage of bond issues by citizens for improvements to their schools is difficult enough. The state portion of funding is used as an incentive to citizens in these districts to pass greatly needed school bond issues without huge increase in property taxes. (Attachment 10)

Chuck Schmidt, Superintendent Independence USD 446, spoke to the committee as an opponent of **HB 2200**. I am speaking on behalf of Independence USD 446 which is a district that has benefited from state aid for bond and interest. Because of the availability of this state aid, Independence USD 446 was able to renovate some 1922 and 1937 buildings and build a new elementary to replace two other 1937 buildings.

The issue of state aid for school construction is part of a concept of equalized purchasing power in school finance from the early 1990's and re-affirmed in 2006. The formula to provide state aid equalizes the opportunity for children to have modern, appropriate facilities regardless of where they live. Without state aid, the poorest districts would have substandard facilities or would pay the highest property tax to provide quality facilities. The amount that this bill reduces state aid would have a devastating effect on poor districts' ability to improve facilities. (Attachment 11)

CONTINUATION SHEET

Minutes of the House Education Committee at 9:00 a.m. On February 10, 2011, in Room 784 of the Docking State Office Building.

Corey Peterson, Associated General Contractors of Kansas, Inc., spoke to the committee as an opponent of **HB 2200**. AGC of Kansas opposes **HB 2200** and ask that you not report it favorably for passage. **HB 2200** will encourage less investment in construction at a time the construction industry in Kansas faces its most difficult economic situation in decades. Unemployment in construction is more than twice that in any other economic sector, having exceeded 20% nationally. Reduced investment could be a death blow to many employers. (Attachment 12)

A question and answer session followed the presentation.

Chairman Aurand closed the hearing on **HB 2200**.

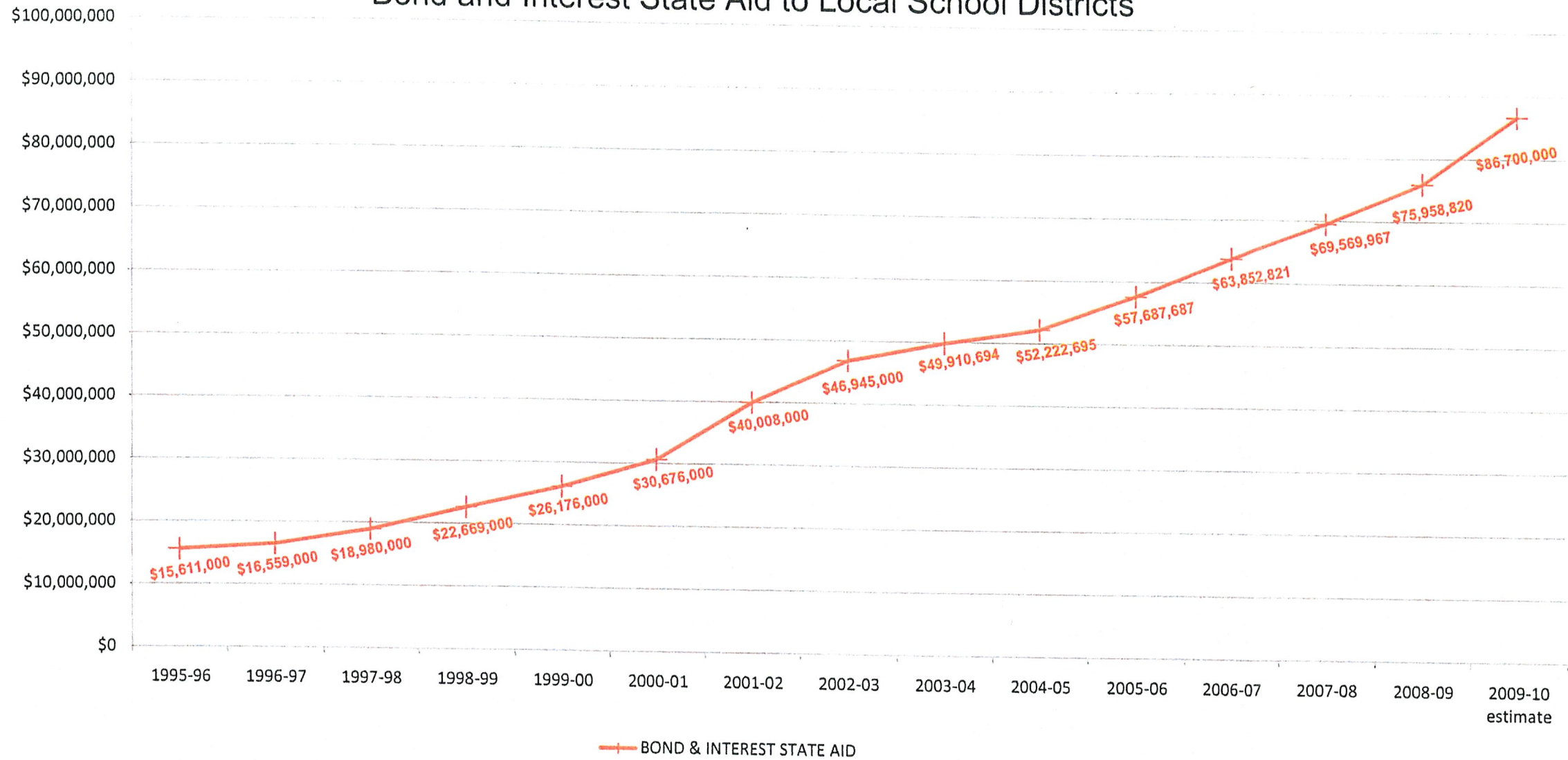
The meeting adjourned at 10:45 a.m. The next meeting is scheduled for February 11, 2011.

DATE: 2/10/11

DATE: 2/10/11

[illegible]

Bond and Interest State Aid to Local School Districts



House Education Committee

Date 2/10/11

Attachment# 1

2200

Testimony to House Education Committee
House Bill 2201
Blue Valley Unified School District #229
Robert J. Vancrum, Kansas Government Affairs Specialist
February 9, 2011

Chairman Aurand and members of the House Education Committee,

We are appearing today in support of HB2201. These are extraordinary times. Our district having faced \$11 million in cuts and reallocations over the last two years and with another \$1.8 million cut (\$75 in BSAPP) having already been made by the House in our current school year, we must be willing to look for extraordinary solutions.

As we understand this bill, it would allow our Board to adopt a "local activities budget" for the 2011-2012 year equal to 5% of base state aid per pupil times our FTE enrollment. This of course is much different than the LOB computation, which is based on our operating budget.

Our preference would be that state equalization aid be added to the bill. We want to make sure that if adopted, such factor would meet with court approval, and in fairness to other districts in the state that also need additional budget authority. However, our district is already in the bottom 5% of legal maximum budget per pupil considering all local sources of funding and the cuts that have occurred already are severely damaging our district's ability to continue to provide the excellent education that our citizens desire.

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

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Attachment# 2

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

**House Education Committee
Testimony on House Bill 2201**

February 10, 2011

Chairman Aurand and Members of the Committee,

I am Stuart Little, lobbyist for the Shawnee Mission School District, located in Johnson County. I appear today in general support of House Bill 2201. Shawnee Mission is the state's third largest school district with 27,827 students enrolled in 2010-11. We are like all other school districts in Kansas who have adjusted to the declining state financial support. We have been reducing teachers and administrators, increasing class size, and closing schools in the last two years. We are very aware of the challenges you face at the state and are preparing to implement additional reductions. We are managing the reductions in funding in our schools and our patrons are noticing the impact of budget cuts on the education their children receive. House Bill 2015 is one measure that can help us manage this current budget crisis.

If the Governor's budget plan is approved, the Shawnee Mission School District will face funding reductions of \$26 million over the years 2009-10 through 2012-13. During 2011-12, the District will also lose \$4.7 million in federal stimulus funding. Additionally, the district may lose another \$10 million if the local option budget sunset provision is not extended. It is therefore vitally important that districts have more local funding flexibility. We support your efforts with this bill and other options to adjust and manage the school finance formula more efficiently for all students in Kansas.

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



Kansas City, Kansas Public Schools

Unified School District No. 500

HOUSE EDUCATION COMMITTEE

HB 2201

February 10, 2011

HB 2201 would allow USDs to raise additional local property taxes for certain activities. The Kansas City District believes that HB 2201 is in reality a back door increase in the LOB! Recent Kansas court rulings have made it clear that funding of public schools is a state responsibility.

The fact that this new increase in local funding authority is not equalized ensures that most districts will face a "Sophie's Choice" if HB 2201 is implemented.

1. Utilize this new taxing authority knowing that your local property taxpayers will be asked to pay significantly higher mill levies than taxpayers in high wealth districts, or
2. Forego this additional authority and broaden the gap between the available resources for Kansas children living in high wealth districts and other Kansas children living in low wealth districts.

We ask the Education Committee to avoid this conundrum by rejecting HB 2201.

Bill Reardon, KCKPS Lobbyist



Testimony before the
House Committee on Education
on
HB 2201

by
Mark Tallman, Associate Executive Director for Advocacy
Kansas Association of School Boards

February 10, 2011

Mr. Chair, Members of the Committee:

Thank you for the opportunity to comment on **HB 2201**. We appear in opposition to this bill based on several core principles adopted by our organization.

HB 2201 would establish a new type of annual budget expenditure called the “local activities budget” in an amount not to exceed 5 percent of the full-time equivalent enrollment of the district in the prior year, multiplied by the amount of base state aid per pupil. This fund would be totally financed by a local mill levy without any equalizing state aid component.

KASB’s long-standing position on school finance has several important elements relevant to this bill. First, the *Legislature* has the responsibility to provide suitable funding for education, not local school districts. Second, the quality of a child’s education should be based on the needs of the child, not the wealth or vote of an individual district. Third, any local funding should be “equalized” so funding for education is not dependent on the wealth of the district.

These principles have not only been adopted by KASB members, they are reflected in Kansas Supreme Court decisions regarding school finance. Unfortunately, **HB 2201** violates all of these principles.

First, the authority created by the local activities budget is not equalized, which simply means districts with lower property wealth per pupil (the only source of funding for this activity) will have to raise taxes far more than higher wealth districts, to raise the same amount of money. We have provided a separate document showing the significant disparities in the amount of revenue each district can raise per pupil through a property tax levy.

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The reverse is, of course, also true: higher wealth districts can raise revenue with much lower tax effort than lower wealth districts.

Second, the adoption of this budget requires a local election, rather than a protest petition or decision by the local school board (except for next school year), which will simply make it more difficult for lower wealth districts to access these funds.

Third, the bill limits the use of this fund to exclude “the cost of providing the subjects or areas of instruction required by state law to be provided in accredited schools, including reasonable and necessary related instruction, administration, support staff, supplies, equipment and building costs.” We presume this suggests the new fund should only be used for “extras” which are not part of the state mandated curriculum and required services. In fact, this limitation is extremely vague about what costs are included or excluded.

But think about the message this bill sends to the public. At a time when state funding for required educational programs is declining, when districts are cutting teaching positions, underfunding special education, zero funding mandatory professional development programs to help improve teachers – when many legislators claim districts are not spending enough “in the classroom” – this bill proposes increased spending *only* for non-mandatory “extras” and attempts to prohibit any of that spending on “essentials.”

In fact, districts which pass such a levy will be able to simply shift the cost of these “extras” out of their general fund or local option budget and therefore enhance what they spend on required subjects *within* the general fund. In other words, it will allow districts to enhance the overall quality of core education services. That is a worthy goal. But under this bill, the ability to do so would be tied to taxable wealth. We believe that is fundamentally unfair.

This fall, KASB put together a special committee composed of school board members and superintendents from across Kansas, representing all sizes and circumstances of districts, including members of the six largest districts in the state, to study school funding issues.

Understanding both the budget problems continuing to face the state and the needs of districts for increased funding to maintain high quality programs, the committee unanimously agreed to support increased Local Option Budget authority with two important conditions. First, the additional authority should not be subject to mandatory election or protest petition requirements. Second, it must include state equalization aid to move the ratio back up toward the 81.2nd percentile, which is currently prorated, or higher. This change would allow districts to use these additional funds for any purpose authorized for the general fund or LOB. We believe this is a far better approach than **HB 2201**.

Thank you for your consideration. I would be happy to answer any questions.

House Education Committee

Written Testimony: HB 2201

February 10, 2011

Richard Flores, Superintendent, Vermillion USD 380

Chairman Aurand and members of the House Education Committee:

Thank you for allowing me the opportunity to submit written testimony **opposing** HB 2201.

Vermillion USD #380 is a small rural school district located in parts of three counties. The home county is Marshall and the two secondary counties are Nemaha and Pottawatomie. The principal communities are served by the school district are Centralia, Frankfort and Vermillion.

A K-12 school is located in both Centralia and Frankfort. The district offices, Kindergarten Prep Program, Parents As Teachers Program, Four Year Old At Risk Program and a Three Year Old Program are all located in Vermillion. Also, included within the boundaries of our school district are smaller communities of Corning, Lillis, Vliets and a part of Winfred. We serve a total of 525 FTE. Approximately one percent of our students are on free and reduced lunch.

HB 2201 would provide authority for school districts to adopt a local activities budget in addition to the local option budget (LOB). We are concerned about the potentially dis-equalizing effect this proposal could have on school districts across the state, as this bill does not appear to include state equalization aid.

Our assessed evaluation in Vermillion is \$22.8 million. Our LOB is currently at 27 percent. For each mill increase, we raise approximately \$22,000.

In 2010-2011, Vermillion will spend approximately \$201,995 on activities at our two high schools. This represents approximately five (5) percent of our total budget. Our activities budget includes teacher supplemental payments (e.g., coaches, sponsors), extra duty pay, bus driver activity trips and other related costs.

If Vermillion adopted a local activities budget to support districts activities, it would take a 9.18 mill increase to generate enough revenue to support our current activities budget. While the Vermillion community is extremely supportive of our schools, we are always concerned about the effects of levying additional property taxes on our local taxpayers – especially in this economy.

Finally, because this additional levy would be for a specific purpose, have the ability or discretion to transfer any remaining balance into

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end of the year, but would be required to carry forward the balance into the next year. Unfortunately, during these economic times, having the flexibility to reprogram funds is a priority.

Again, I appreciate the opportunity to provide written testimony and would be happy to answer any questions you may have. My telephone number is 785.382.6216 and my email address is floresr@usd380.com.



House Education Committee
Rep. Aurand, Chair

²²⁰¹
H.B. 2200 – Special Activities Fund

*Written testimony Diane Gjerstad
Wichita Public Schools
February 10, 2011*

Mr. Chairman and Members of the Committee:

²²⁰¹
H.B. 2200, if enacted, would create a local levy activities budget up to 5% of the general fund. The proposed levy would be local taxes only without equalization and subject to an election. We oppose this disequalizing proposal.

State statute already permits several local property tax supported provisions which are used by a relatively small number of districts. These provisions are strictly local property tax, no state aid (no state appropriation involved).

- **Cost of Living** --- A small group of districts with high housing costs can levy a local property for a cost of living weighting;
- **Extraordinary declining enrollment** -- A smaller number of districts with declining enrollment can levy a local property tax for extraordinary declining enrollment weighting,
- **Ancillary or extraordinary growth facilities** -- districts with rapid enrollment growth are able to levy an ancillary weighting property tax.

It is not surprising the large districts in Johnson County, with comparatively high valuation, each levy two of these three special property tax provisions already allowed for in statute.

The buying power of one mill in Shawnee Mission raises \$3.2m while one mill in KCK raises \$778,000. As a result two neighboring large districts with similar enrollments, Shawnee Mission and Kansas City, would have dramatically differing abilities to offer the same activities programs under this proposal. Property wealthy districts could exercise this provision with a modest tax increase while other districts would have to impose a much higher tax without state aid.

We believe **all** schools need additional funding to pay for increasing costs and the costs of increasing achievement to meet the demands of No Child Left Behind. We disagree with this bill permitting a few districts to find relief to fund activities and not others.

Thank you for your consideration. We encourage the committee to r

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Kansas City, Kansas Public Schools

Unified School District No. 500

HOUSE EDUCATION COMMITTEE

HB 2200

February 10, 2011

^{2200 reduced}
HB 2280 would eliminate a key component of the current school finance law in Kansas. The provision for state assistance on USD bond issuances was first implemented as part of the 1992 School Finance Law. When Kansas agreed to assist in the cost of bonding for new construction in low wealth districts, we were one of only a handful of states with similar programs. Today, a number of states have followed our lead!

In the recent *Montoy* case, the Kansas Supreme Court referenced this provision of our law as evidence of equity in our formula. If, or how, the Court might respond to the ^{reduction} removal of this provision is uncertain.

Another unknown is the potential reaction by the bond market to a significant reduction of state assistance. I won't hazard a guess how this proposed change might possibly impact bond interest rates, but I do believe that prudence would dictate a thorough study of these possible negative consequences before HB 2280 is seriously considered.

²²⁰⁰
The Kansas City, Kansas District does not have any immediate plans for a bond election. We are currently benefiting, however, from state assistance on bonds approved by our voters several years ago for a renovation of many of our schools. (The average age of all of our schools is 57 years.)

Finally, I am fearful that the passage of HB 2200 would have a chilling affect on the passage of all new school construction projects except projects in wealthy USDs that do not qualify for state assistance. Creating an environment that reduces Kansas construction jobs is precisely the wrong approach for a nation (or a state) attempting to lift itself and its people out of the worst recession in more than a half century.

For these reasons, the Kansas City, Kansas Public Schools must oppose the passage of HB 2200.

Bill Reardon, KCKPS Lobbyist



Testimony before the
House Committee on Education
on
HB 2200

by
Mark Tallman, Associate Executive Director for Advocacy
Kansas Association of School Boards

February 10, 2011

Mr. Chairman, Members of the Committee:

As we understand the intent of **HB 2200**, it would reduce the state aid formula bond and interest payments on bonds issued by school districts for capital improvements and for capital outlay resolutions adopted after the effective date of the bill. A similar bill passed the House last session. KASB opposes this bill for the reasons listed below, but we believe a *reduction* in the aid formula is preferable to the *elimination* of state aid, which has also been proposed. (For the past several years, the state has *not* made aid payments for capital outlay, but the authorization for such remains.)

KASB strongly believes the funding to provide a quality education for every Kansas child is the responsibility of the state as a whole. The physical plant and equipment of a school district affects the quality of education. Because of the vast disparities in the taxable wealth per student across Kansas districts, state assistance is vital to providing equity in educational quality and opportunity. We can think of no public policy served by increasing the disparity in opportunity provided to Kansas students, including building, equipment and other capital costs.

Kansas courts have repeatedly articulated these same principles under Article Six of the Kansas Constitution, which says the responsibility for suitable finance for public education rests with the Legislature. State aid for bond payments was created following court cases in 1991-92. State aid for capital outlay was created after the *Montoy* decisions in 2005-06. In both cases, these actions were part of judicial settlements. In response to the state budget crisis, capital outlay aid has already been eliminated. We support restoring that aid as soon as possible.

It is important to stress that this aid formula is designed to simply level the playing field, not provide a special benefit for lower wealth districts. Those districts still must raise at least the same amount of mill levy as wealthier districts. It simply means their cost is not *dramatically* higher.

There are only two major sources of capital funding for most districts: state aid and local property taxes. Reducing state aid results in higher property taxes in lower-wealth Kansas school districts in order to maintain current levels of expenditures for technology, equipment, repair and remodeling; and to adopt future projects addressing concerns of growth, safety, energy-savings, consolidation and modernization. We suggest the state should *encourage* these activities, not make them more difficult. For example, in a previous session the Legislature passed a proviso directing all districts to conduct a tornado safety evaluation. That action indicates the Legislature's concern over safety issues. Yet this bill would make it harder for many districts to address safety issues that have been identified.

Furthermore, over the past 10 years, the portion of state and local taxes raised by property taxes has increased, for the first time in decades. Is it good public policy to increase property tax reliance in many communities? (See attachment.)

If the lack of state funding and corresponding property tax requirements reduce the ability of districts to finance the kind of projects identified above, it will reduce demand for construction and other capital purchases. Given the state's economic situation, this seems highly counterproductive.

Some legislators may take the position this bill will only affect other, less wealthy districts, or that your district has recent bond issues that have taken care of building needs. We urge caution. Any district's circumstances can change over time. Your district may, in the future, find the benefit of state assistance will be reduced or no longer be available if this bill passes.

Having listed these concerns, we believe two features in the bill passed by the House last session have merit. First, it would allow districts to receive the current, higher level of aid if they are more than 10 years into payments of their bonds, so that districts which have waited for new construction are not penalized. Second, we support a provision making it easier for districts to move money transferred from their general fund into the capital outlay or back to the general fund.

Thank you for your consideration. I would be happy to respond to questions.

TABLE 5 — PERCENTAGE OF COMBINED STATE AND LOCAL TAX REVENUE

Ranked on the Basis of FY 2010

	FY 2010	FY 2009	FY 2008	FY 2007	FY 2006	FY 2005	FY 2000	FY 1990	FY 1980	FY 1970	FY 1960	FY 1950	FY 1940	FY 1930
General Property (a)	34.69%	33.58%	30.83%	30.26%	30.24%	30.91%	28.00%	32.34%	39.19%	53.06%	56.44%	52.19%	62.95%	82.02%
Sales and Use (b)	25.55	25.65	25.59	26.13	26.53	26.82	28.58	22.55	19.75	15.74	15.34	15.76	9.94	-
Income and Privilege	23.43	25.47	27.91	27.18	25.31	23.36	27.01	21.87	21.42	10.57	6.73	4.95	2.04	-
Motor Fuels	3.69	3.58	3.53	3.67	3.90	4.25	4.54	4.61	5.24	8.81	8.26	11.00	9.92	8.18
Various Vehicle (c)	2.94	2.94	2.75	2.76	2.87	3.06	3.31	5.66	-	-	-	-	-	-
Unemployment Comp.	2.65	1.45	1.83	2.31	3.13	3.40	1.36	3.49	3.86	1.77	2.21	2.51	4.85	-
Vehicle Registration	1.78	1.66	1.55	1.55	1.61	1.75	1.89	2.02	3.03	3.50	4.39	4.35	3.99	5.69
Insurance Premiums	1.20	1.09	1.10	1.10	1.16	1.22	0.86	1.44	1.54	1.22	1.31	1.22	0.99	1.05
Liquor and Beer	0.97	0.95	0.87	0.85	0.87	0.90	0.93	1.03	1.30	1.08	1.09	2.24	0.49	-
Cigarette and Tobacco	0.92	0.96	0.97	1.02	1.12	1.24	0.67	1.15	1.44	2.20	1.83	2.08	1.27	0.63
Severance	0.81	1.13	1.30	1.05	1.31	1.11	0.72	1.71	-	-	-	-	-	-
Corporation Franchise	0.36	0.35	0.38	0.40	0.43	0.47	0.21	0.19	0.25	0.09	0.13	0.17	0.31	0.34
Mortgage Registration	0.36	0.35	0.41	0.44	0.51	0.52	0.46	0.25	0.38	0.20	0.28	0.39	0.30	0.30
Transient Guest	0.25	0.27	0.26	0.22	0.22	0.23	0.22	0.15	0.04	-	-	-	-	-
Motor Carrier Property	0.22	0.25	0.24	0.22	0.20	0.20	0.20	0.20	0.19	0.15	0.16	0.09	0.03	(e)
Estate/Inheritance	0.07	0.19	0.36	0.47	0.47	0.52	0.80	0.89	1.19	0.82	0.82	0.48	0.39	0.67
Intangibles	0.03	0.04	0.03	0.03	0.02	0.03	0.06	0.23	0.98	0.64	0.70	1.09	0.93	0.72
Parimutuel	0.00	0.00	0.02	0.02	0.03	0.03	0.05	0.16	-	-	-	-	-	-
All Other (d)	0.07	0.07	0.07	0.08	0.08	0.08	0.13	0.06	0.20	0.15	0.31	1.48	1.60	0.40
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

(a) Taxes levied for collection during the fiscal year.

(b) Local sales taxes included starting in FY 1980.

(c) Includes motor vehicle, recreational vehicle, 16m and 20m "tagged" vehicles, and rental car excise taxes.

(d) Total revenue from nine taxes.

(e) Included in the general property tax until the law was changed in 1935.



AIA Kansas

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Institute of Architects*

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Executive Director
Trudy Aron, Hon. AIA, CAE
info@aiaks.org

February 10, 2011

TO: Representative Aurand and Members of the House Education Committee

FROM: Trudy Aron, Executive Director

RE: Opposition to HB 2200

Good Morning Mr. Chairman and Members of the Committee. I am Trudy Aron, Executive Director, of the American Institute of Architects in Kansas. Thank you for allowing us to testify in opposition to HB 2200.

AIA Kansas is a statewide association of architects and intern architects. Most of our 600 members work in over 100 private practice architectural firms designing a variety of project types for both public and private clients. Our members are designing tomorrow's buildings today, aiming to meet the "triple bottom line:" buildings that are affordable, protect the health of the building occupants, and respect our environment.

AIA Kansas strongly opposes HB 2200. This bill significantly reduces state funding for capital improvements and outlays to school districts and interest payment for future bond issues passed by voters. In these economic times, the passage of bond issues by citizens for improvements to their schools is difficult enough. The state portion of funding is used as an incentive to citizens in these districts to pass greatly needed school bond issues without huge increases in property taxes.

Our State needs the new and renovated schools these bond elections provide. Many of our schools are two or three generations old. They are totally inadequate for today's teaching methods and technology. In addition, these older schools use 30-50% more energy, costing the school district and the community funds that should be spent on giving our children a better education.

These projects create much needed design and construction work. Our industries have been devastated by the recession with 23% unemployment in the design sector. Without the State honoring their commitments to school construction, jobs will not be created in these communities and they will not create the turnover revenues they bring. These school projects are economic development which is so greatly needed by our industry and our State.

AIA Kansas asks you to not approve HB 2200 for passage. I will be happy to answer questions at the appropriate time.

700 SW Jackson, Suite 209 · Topeka, KS 66603 · 800-444-9853 or 785-357-5308 · www.aiaks.org

House Education Committee

Date 2/10/11

Attachment# 10-1

Kansas

National

Employment

Construction¹: 1,257.0

Architectural services²: 163.7

Economics

Construction Spending

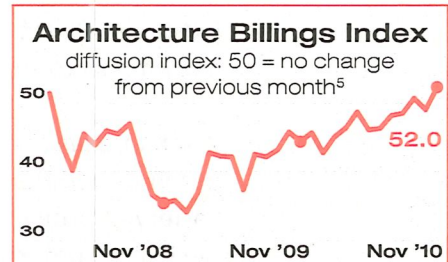
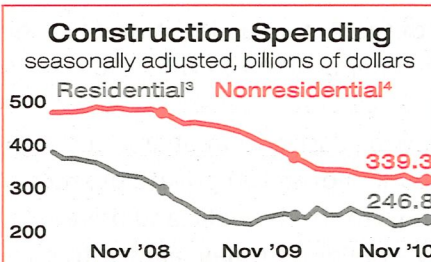
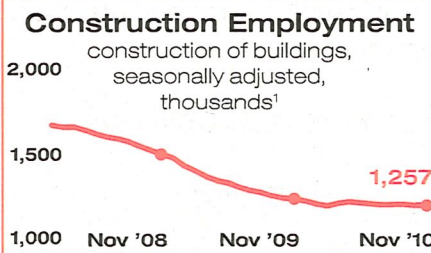
Residential³: \$246.8

Nonresidential⁴: \$339.3

Architecture Billings Index

November 2010⁵: 52.0

(The Architecture Billings Index (ABI) is a diffusion index derived from the monthly Work-on-the-Boards survey, conducted by the AIA Economics & Market Research Group. The ABI serves as a leading economic indicator that leads nonresidential construction activity by approximately 9–12 months.)

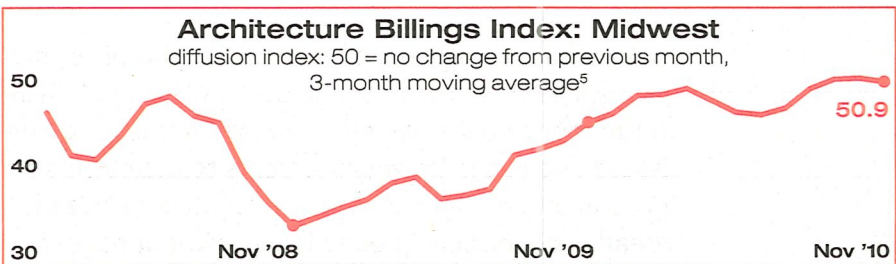


Regional

Economics

Architecture Billings Index

November 2010⁵: 50.9



Kansas

Architecture

Architects Residing in Kansas⁷: 928

Architects Licensed to Practice in Kansas⁷: 2,708

Economics

Projected 2011 Tax Growth⁸: 3.0%

Citations:

¹ Construction of buildings, seasonally adjusted, thousands (www.bls.gov/ces)

² Architectural services, thousands (www.bls.gov/ces)

³ Value of Residential Construction Put in Place excluding rental, vacant, and seasonal residential improvements—Seasonally Adjusted Annual Rate, billions of dollars (www.census.gov/const/www/c30index.html)

⁴ Value of Nonresidential Construction Put in Place excluding power, highway and street, sewage and waste disposal, water supply, and conservation and development—Seasonally Adjusted Annual Rate, billions of dollars (www.census.gov/const/www/c30index.html)

⁵ ABI: diffusion index: 50 = no change from previous month (www.aia.org/practicing/economics/AIAS076265)

⁷ 2010 Survey of Registered Architects, architect registrations by jurisdiction (www.ncarb.org/News-and-Events/News/2010/2010-Architect-Survey.aspx)

⁸ Fiscal Year 2011 Tax Forecast Compared to Fiscal Year 2010 Estimated Collections, total projected tax growth (www.ncsl.org/documents/fiscal/Projected_Revenue_Growth_in_FY_2011_and_Beyond.pdf)



THE AMERICAN INSTITUTE
OF ARCHITECTS

www.aia.org

Testimony to House Education Budget Committee February 10, 2011

Chuck Schmidt
Superintendent
Independence USD446

Speaking on behalf of Independence USD 446

Mr. Chairman,

Thank you for the opportunity to address this committee about a critical issue to Kansas schools. I am here to speak in opposition to HB2200. I am speaking on behalf of Independence USD 446 which is a district that has benefited from state aid for bond and interest. Because of the availability of this state aid, Independence USD 446 was able to renovate some 1922 and 1937 buildings and build a new elementary to replace two other 1937 buildings. Without this amount of state aid the taxpayers of Independence could never have afforded these improvements. Our aid is secured but it would not be equitable to deny the same opportunity to other school districts. HB2200 would reduce state aid for school bonds. Allow me to state the reasons I believe HB2200 is harmful to Kansas schools and the state in general. I will be brief and outline these reasons.

1. The issue of state aid for school construction is part of a concept of equalized purchasing power in school finance from the early 1990's and re-affirmed in 2006. The formula to provide state aid equalizes the opportunity for children to have modern, appropriate facilities regardless of where they live. Without state aid, the poorest districts would have substandard facilities or would pay the highest property tax to provide quality facilities. The amount that this bill reduces state aid would have a devastating effect on poor districts' ability to improve facilities. Please allow me to give you an example:

Using 2010 figures:

Independence USD 446 raises \$100,000 for each mill
Burlington USD 244 raises \$345,000 for each mill

If each district needs \$800,000 per year to service bond and interest payments and they received no state aid, it would require 8 mills for the taxpayers of Independence and 2.3 mills for the taxpayers of Burlington. The reduced amount of state aid that this bill provides would do little to reduce this disparity.

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This inequity is repeated throughout the school districts in Kansas if there is not a significant equalization formula to aid the poorer districts. With this reduced aid the students in poorer districts would be in substandard facilities. This is why the Supreme Court included the equalization concept in its 2006 ruling.

2. This bill would place an undue burden on local taxpayers. When Independence began the 18 month process of developing a facilities improvement plan, part of the commission to our Community Strategic Direction Committee was to determine what level of cost the voters of Independence would support. This committee put together a creative financing plan involving city sales tax, local property tax and state aid. Our voters approved this package partly because the state provided a significant part of the cost. If the current amount of state aid had not been available, the local portion of the property tax would increase dramatically rather than the 3.2 mills our constituents are currently paying. Passage of this bill would put an undue burden on the local property tax payers of the poorest districts. This directly violates the 2006 Supreme Court decision.

In summary, HB2200 would hurt those school districts that are most in need and further exacerbate the inequity in school facilities. I urge you to vote against this bill. Allow me to close with a couple of quotes.

(from the office of Revisor of Statutes, July 10, 2008)
Funding provisions which the court held in disfavor:

"District based property tax measures which are: Dinequalizing; not beneficial to all districts; or exacerbate district wealth-based disparities."

"District-based measures because they demonstrate that the state is not meeting its constitutional duties."

In closing I will quote a statement from the Supreme Court in the Montoy Case.

July 28, 2006 *Montoy* opinion:

"We must never again allow a funding scheme that makes the quality of a child's education a function of his or her parent's or neighbors' wealth."



Building a Better Kansas Since 1934
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**TESTIMONY OF
ASSOCIATED GENERAL CONTRACTORS OF KANSAS
BEFORE HOUSE COMMITTEE ON EDUCATION**

HB 2200

February 10, 2011

By Corey Peterson, Associated General Contractors of Kansas, Inc.

Mister Chairman and members of the committee, my name is Corey Peterson. I am Executive Vice President of the Associated General Contractors of Kansas, Inc. The AGC of Kansas is a trade association representing the commercial building construction industry, including general contractors, subcontractors and suppliers in Kansas (with the exception of Johnson and Wyandotte counties).

AGC of Kansas opposes House Bill 2200 and asks that you not report it favorably for passage.

HB 2200 will encourage less investment in construction at a time the construction industry in Kansas faces its most difficult economic situation in decades. Unemployment in construction is more than twice that in any other economic sector, having exceeded 20% nationally. Reduced investment could be a death blow to many employers.

Due to an absence of private construction, school construction projects in Kansas are currently directly responsible for keeping many long time Kansas companies that employ hundreds of Kansans in business. A reduction in future spending will likely put some of these employers out of business.

As discussed during the Highway bill debate, many economists agree investing in infrastructure will stimulate the economy. It is said that every \$1 invested in construction will add over \$3 to the GDP. With little ongoing private construction, opportunities in the public sector are all that's left for job creation.

Removing this match to the less wealthy districts will give districts in the affluent areas of the state more advantage than they already have, leading to a further exodus out of rural Kansas. This cannot be good for Kansas.

If school districts are encouraged to put off or eliminate capital improvements, the normal wear and tear of having hundreds of students in the buildings will quickly create a backlog of maintenance issues that will be difficult, if not impossible to undo. One needs to look no further than the Board of Regents and their maintenance dilemma for living proof of this. The same will occur in K-12 infrastructure.

Lastly, this bill will not impact the current budget and will unlikely impact next year's. It will be a long term deterrent for construction in Kansas. Construction in Kansas creates jobs, jobs our economy needs.

Please stimulate the economy, not prolong the depression the construction industry and recession the state is facing. Please do not vote HB 2200 favorably for passage.

Thank you for your consideration.

House Education Committee
Date 2/10/11
Attachment# 12