



KANSAS ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

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House Taxation Committee
House Bill 2212: Property Tax and Mill Levy Adjustments
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Chairman Carlson, Members of the Committee. Thank you for the opportunity to provide testimony today.

The Kansas Community Colleges through their Trustee Association, KACCT, oppose HB 2212 or in the alternative **ask that community colleges be excluded from its application**. Amendment can occur in New Section 1 (a), in lines 13 and 14, by adding 71-501; and in Section 2(c), lines 12, 13 and 14, by reinserting the language deleted in lines 12 and 13 and re-lettering the current subsection c and d. This would exclude community colleges.

The locally elected Boards of Trustees are authorized to levy a tax as determined by them “to be sufficient to finance that part of the budget of the community college which is not financed from any other source provided by law.” (K.S.A. 71-204.)

The other source of their budget financed by law is the state operating grant under SB 345 from 1999. And that, over the last two years, has been reduced by over 13%. Although a new cost formula for technical education was passed last year, no funding was included with that change. Since there are only three real sources of funding to community colleges – state operating grants, local taxes and student tuition and fees - passing this bill would seriously limit community colleges ability to do what they do so well – educate affordably in Kansas communities across the state.

Each community college has a different mill levy, budget and needs, thus the statutory authority to local boards of trustees to maintain and operate community colleges and determine how to fund their budgets. There already is a limit to the mill levy and that limit is local voters saying no to the increase. They currently can do this by petition of only 5% of the qualified electorate. This power to limit the levy increase should lie in the hands of the local electorate like it does now rather than through a statute like this requiring voter approval of any increase. It is the local electorate who see the benefit of the community college to their community through its programs, its cultural activities, lifelong learning and the source of jobs for those communities. They are the ones who have built these facilities and who understand their importance to the vibrancy of their community.

Although the impact to each community college would be different, in general, this bill allows for increases in the mill levy in the event of a serious drop in property valuation, but ties the hands of the local Board of Trustees if a significant valuation increase takes place that is coupled with any loss of revenue from other sources. If values go up 5% and the state cuts 10%, where would the local Board of Trustees be able to go to “finance that part of the budget of the community college which is not financed from any other source provided by law”? With the state reducing their contribution, this bill would be an inefficient and costly way for the college to meet its mission. It either can raise no revenue or has to take every such need to a vote, a costly proposition that runs counter to local colleges who are governed locally through elected Boards of Trustees.

With cuts to state operating grants and to their ability to raise money locally, community colleges would be left with no way other than raising tuition to fill the funding gap, and community colleges pride themselves on affordable quality education. Therefore, the bottom line is that instituting this cap would require more state operating grant dollars to flow to community colleges or a raise of tuition which seems counter intuitive if we really believe post-secondary education and training is the way out of economic decline.

Also under K.S.A. 71-501, (a) the board of trustees of any community college is authorized to make an annual tax levy for a period of not to exceed five years of not to exceed two mills upon all taxable tangible property in the community college district for the purpose of construction, reconstruction, repair, remodeling, additions to, furnishing and equipping of community college buildings, architectural expenses incidental thereto, and the acquisition of real property for use as building sites or for educational programs.

As we previously stated, no levy can be made under this section until a resolution authorizing the levy is passed by the board of trustees and published once each week for three consecutive weeks in a newspaper having general circulation in the community college district. The resolution must specify the mill rate of the tax levy and the period of time for which the tax levy shall be made. After adoption of the resolution, the levy may be made unless, within 60 days following the last publication of the resolution, a petition in opposition to the levy, signed by not less than 5% of the qualified electors of the community college district, is filed with the county election officer of the county in which the main campus of the community college is located. If a petition is filed, the levy shall not be made without the question of levying the same having been submitted to and approved by a majority of the qualified electors of the district voting at an election called for that purpose or at the next general election. If a petition is filed and no election is held, a new resolution authorizing a levy for the purposes specified in this section may not be adopted for a period of one year after the filing of the petition.

We think sufficient protection of the electorate is already in place. A petition of 5% of the qualified electorate causes a referendum vote now. In addition, trustees are elected and quite

clearly, the local electorate now does have control. Trustees are elected on a rotating basis every two years and if voters are unhappy, trustees are not kept in office or are not elected into office.

Community Colleges do much more than confer degrees or certificates. We play five critical, but very different roles in our educational system, providing:

- Transfer Education, for students that will transfer to a four-year institution to pursue a BS/BA degree;
- Career Education, for those that will graduate with an Associate Degree and directly enter the workforce;
- Developmental Education, remedial education for high school graduates who are not academically ready to enroll in college-level courses;
- Continuing Education, which entails non-credit courses for personal development and interest; and
- Industry Training, which is contracted for by companies to provide training for specific jobs.

We are also one of nation's the most effective enablers of social mobility. Community colleges, for example, have open admission policies, offering degree-track admission to anyone with a high school diploma or equivalent, regardless of grades. And, according to data from the American Association of Community Colleges, tuition at public community colleges costs an average of 64% less (\$2,544) than those for public four-year colleges and 1/10th to 1/20th the cost of many private four-year schools.

We also have disproportionately higher percentages of ethnic minorities (40% of total enrollment) and first-generation college students in their families (42%). And since we are so geographically widespread, with campuses or extension centers within an hour's drive of more than half of the nation's population, they provide a critical source of education and vocational training to commuters, those who live in rural areas and those who must work part-time. In fact, according to AACC, 60% of all community college students are enrolled part-time (with 89% of these working either full or part time) and of those who do attend on a full-time basis, 80% work (with more than a quarter of these working full time).

Those students who attend community colleges—and especially those who graduate—are generally rewarded with higher-paying and more secure jobs than those who with only a high school diploma. Bureau of Labor Statistics figures, for example, show that those students who attend, but did not receive an Associates' degree from a community college, typically earn 13% more than those with just a high school diploma. Those who complete a degree earn 21% more. Both are also correspondingly less likely to be unemployed. Those who take, and ideally earn certificates and degrees in technically-oriented math and science courses, earn significant premiums (about 14 percent for men and 29 percent for women) over those in less technical fields.

Community Colleges are Local Economic Development Engines

We provide more than 80% of the post-secondary technical training in Kansas. With the need to provide a skilled highly trained workforce to rebuild our economy, such a limitation would stall the very thing Kansas wants to do – educate more of our people, train them to be able to fill the job openings that exist that require work skills our unemployed do not have, and rebuild our economy.

Our colleges play important roles in helping their communities develop their economies. They do this by upgrading the skills of their community's labor force, both in providing remedial and technical training to "traditional" students who have just recently graduated from high school, and especially to older, non-traditional students. These include those who return to school to freshen or sharpen existing skills, homemakers or welfare recipients who are preparing to enter the labor force, immigrants looking to improve their language skills and displaced or dislocated workers who are seeking to retrain for a new occupation that offers better employment prospects.

Since many technical graduates tend to seek jobs in their own communities, most of these schools tend to be highly attuned to the needs of local businesses, tailoring courses and curricula to the needs of local industries and often partnering with specific companies to:

- Provide customized or contract job training, as where they develop programs that are tailored to the needs of specific companies; or
- Develop cooperative education programs that combine classroom learning and practical (typically paid) on-the-job experience.

Our colleges also play much more proactive roles, as by partnering with state and local governments to provide business development services. We partner with the state to create and operate entrepreneurial training centers or government-funded small business development centers (SBDCs) or participate in the creation of regional economic development plans. Colleges also actively partner with government agencies and Chambers of Commerce to attract corporations to build or expand facilities in their communities, by serving as a third-party training arm to teach local citizens the skills required by these new employers.

This bill would create a tax lid for community colleges or require costly time consuming votes when voter rights are already protected by petition and require a vote now when only 5% of the qualified electorate asks for one. It would penalize those who have kept their mill levy low and create a serious obstacle to local trustees who are statutorily obligated to be responsible for the operation, control and management of the college.

We ask for your support in excluding community colleges from this tax cap.