Feb. 12, 2019

Proponent Testimony – HB 2144: Community College Taxpayer Transparency Act

Dear Chairman Huebert and Committee Members:

Thank you for the opportunity to provide support testimony for a bill that allows for greater student and taxpayer transparency regarding community colleges and paves the way for more informed decision making from Kansans.

Currently, 18 counties serve as the taxing districts for 19 community colleges. These counties, in an effort to support and subsidize neighboring counties, pay on average **29.38 mills of property tax for community colleges.** This equates to, in 2016, to **$232,678,118 in local tax dollars** – local property taxes to finance community colleges.

Now, if each community college was predominately funding the cost of post-secondary education for their *own* students, those residing in the county or taxing district, there would be little argument or concern. However, the average percentage of in-county (or taxing district) students equates to just over 30%. That means, on average, our community colleges are serving 70% of OTHER students that are not from the host county.

To further explain: in Butler County, BCC's enrollment is comprised of approximately 20% in-county and 80% out-of-county (60% are from Sedgwick County). In addition, Butler County taxpayers pay almost $15 million in property taxes while our students making up 20% of BCC's enrollment and only get an $11 rebate on tuition (about 10% lower than out-of-county). The problem: this means that Butler County is trading $15 million in contributions for a $700,000 return on investment. To be fair, the college will state that there is an economic benefit back to the County – some of which is true. However, since 60% of BCC's employment lives OUTSIDE the county and 80% of the students are from OUTSIDE the county, it is fair to make the connection that at least 60% of the stated economic impact goes OUTSIDE of the county and benefits the region but not the County (or another way to put it – we get back a 40% benefit of their stated benefit while 60% leaks out of our County). On the flip side, stated college economic benefits or multiplier effects do not take into account the lost real estate values which have been estimated at approximately $1 billion if calculated based on $175 million assessed valuation.

So, that represents a small example of the problem.

What's the solution?

Rather than have mill levy, tuition rate, and scholarship requirements prescribed by law, which would certainly be the best solution, this bill does not interfere on these important fronts. Instead, it maintains local control but adds even more local control. By doing so, voters in the community college taxing districts have a greater opportunity to evaluate and respond to the increasing and disproportional taxing burden placed upon them by community colleges.

How does HB 2144 expand local control?

1) Allows for protest petition of capital expenditures over $250,000 and public notification
2) Allows for protest petition for budget increases above CPI-U
3) Requires community colleges to follow existing statute and lower local property tax based on increases in State Aid (80% of increase used to lower mill levy)
4) Requires student fees to be used and designated for what the fees are to be used for (eliminates generic fees that are essentially the same as tuition)
5) Requires website and local paper notifications and presence of data that impacts local taxpayers ability to have easy access to information that allows for informed decision making.

Despite more funding through the years from the State, the community college taxing districts have been left with mill levy rates that put these counties in an economic disadvantage. Let's give more power back to the voters and support HB 2144. I ask for your support bringing transparency and accountability to a system in great need of these fundamental principles.

Respectfully,

Rep. Kristey Williams