



**KANSAS ASSOCIATION
OF SCHOOL BOARDS**

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Oral Proponent Testimony before the

Senate Committee on Education

on

SB 31 – Excluding U.S.D. No. 207, Fort Leavenworth and virtual school students from the capital improvements state aid determination.

by

Mark Tallman, Associate Executive Director for Advocacy and Communications

Kansas Association of School Boards

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Madam Chair, Members of the Committee:

Thank you for the opportunity to testify as a proponent of **SB 31**. KASB's permanent policy positions adopted by our members include the following statement:

Capital costs should continue to be the responsibility of local districts through local bond issues and capital outlay levies, provided both receive state equalization aid that meets constitutional standards of equity. Arbitrary limits on the amount of school district bond issues should not be imposed.

This year, our Delegate Assembly adopted a resolution with the following statement:

Ensure equitable and adequate funding for school district capital costs. Changes in state law are creating inequities in capital improvement aid and a statewide cap on school bond issues limits the ability of school districts to provide appropriate facilities.

KASB appears as a proponent of this bill because changes in the capital improvement aid formula passed in 2015 are gradually reducing the equalization formula for capital improvement, or bond and interest, aid. Capital improvement aid is designed to "equalize" the taxes for building construction between high and low wealth districts by state aid on sliding scale based on assessed valuation per pupil. The districts with the highest AVPP do not receive any state aid.

The 2015 formula change ties the equalization schedule to the district with the lowest assessed valuation per pupil in the state. That district is now, and is likely to always be, USD 207 Fort Leavenworth, on a military base with almost no taxable valuation. Because USD 207's valuation per pupil essentially never increases, while valuation per pupil in most other districts increase over time, the gap will continue to widen every year. The higher a district's AVPP is compared USD 207, the less aid it

receives as a percentage of bond payments. The lower wealth a district has, the higher mill levy will be required.

Therefore, over time, more districts will receive no state assistance, and those receiving aid will receive a lower percentage of the bond payments. Because bond and interest costs NOT covered by state aid are paid by local property taxes, there will be two consequences.

First, it means shifting more reliance on school facility costs to the property tax, which is not only generally considered the most unpopular revenue source, but already varies significantly among Kansas counties and other taxing units, an especially critical problem in rural areas.

Second, because of the significant difference in local property wealth among local school districts, it means low wealth districts will require much higher property tax levies than higher wealth districts to raise revenue for school facilities. This will produce exactly the “wealth-based disparity” the Kansas Supreme Court has repeatedly found to be unconstitutional because it creates differences in the educational opportunities available to students in districts across the state.

SB 31 may not be the only way to address this issue, but it appears to be an acceptable method. KASB urges the committee to support a solution to this pending problem.

KASB does not have a position on the provisions of **SB 31** removing virtual students from the calculation of assessed valuation per pupil.

Thank you for your consideration.