

Testimony to Senate Select Committee on Education Finance

Submitted By: Don Henry

City of Wichita –Assistant Director, Public Works & Utilities

May 19, 2017

Wichita Opposes Diversion of Water Utility Revenue

Chairman Denning and Honorable Members of the Committee:

Thank you for providing us with an opportunity to submit written testimony in response to Senate Bill 251. The City of Wichita opposes this bill, not because of its intent, but because of how it would fund education. This bill would divert funds from three different utilities – water, natural gas, and electric – as well as from water rights holders to pay for education needs. This diversion of funds imperils critical infrastructure while also redistributing funds that would otherwise be spent on local needs.

Three main funding sources are proposed in New Section 51 of this bill to create a “school funding fee.” Those funding sources include:

- \$2.50 monthly fee (\$30 annually) for residential customers for each account of a water, electricity, or natural gas utility
- \$10.00 monthly fee (\$120 annually) for commercial customers for each account of a water, electricity, or natural gas utility
- \$120 annual fee for each owner of a water right or permit to appropriate water. This would impact municipal providers like Wichita as well as every agricultural producer that counts on water to irrigate cropland.

The water portion alone would cost Wichita utility customers nearly \$6 million more annually than what they are paying today. Considering that most of Wichita’s water customers also have natural gas and electricity accounts, they would be subject to the same fees for those accounts as well. This means that an average Wichita resident would be paying \$90 more annually through their utilities to fund schools. Business owners would be paying \$360 more each year through commercial utility accounts.

The City of Wichita only owns and operates a water utility, so we are unable to comment on what impact this bill would have to electricity or natural gas utilities. However, there is a significant impact this would have on Wichita’s ability to maintain aging water infrastructure.

There was a \$1.6 billion backlog of deferred maintenance on City utility assets identified in the recent Community Investments Plan. Utility revenues are the only funding source available to rehabilitate the utility system and address that serious backlog.

In short, this bill would divert almost \$6 million from Wichita water utility customers to pay for education. That amount could instead be invested in the water system to make \$85 million in infrastructure improvements needed to rehabilitate aging, critical utility assets.

The City of Wichita opposes this bill. Like education, water utilities represent a core public service necessary for any community. Diverting funding from utilities to pay for education does nothing more than shift a funding problem from one core service to another. Utility funds should remain dedicated to utilities. Thank you for your consideration.

