



Oral Proponent Testimony before the
House K-12 Education Budget Committee

on

HB 2526 – Amending the capital improvement state aid schedule to exclude U.S.D. No. 207, Fort
Leavenworth

by

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Feb. 12, 2020

Madam Chair, Members of the Committee:

Thank you for the opportunity to testify as a proponent of **HB 2526**. KASB's permanent policy positions adopted by our members includes 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.

KASB appears as a proponent of this bill due to recent changes in the capital improvement aid formula that ties the equalization schedule to the district with the lowest assessed valuation per pupil. That district is now, and is likely to always be, USD 207 Fort Leavenworth, on a military base with almost no taxable valuation.

As a result, USD 207 valuation per pupil essentially never increases, while most other districts' valuation per pupil increases over time. The state aid formula for bond and interest pays a percentage of annual bond and interest costs that decreases as AVPP rises compared to the lowest APP district. Therefore, over time, the percentage of aid paid to all other districts will decline. 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 problems 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.

HB 2526 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. Thank you for your consideration.