

Testimony on **SB 130**
before the
Senate Education Committee

by

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Madam Chair, Members of the Committee:

Thank you for the opportunity to comment on **SB 130**, which would expand the authorized use of school district capital outlay funds to include insurance, utility costs and technology purchases.

In the past, KASB has opposed such measures because the capital outlay fund was not equalized by state aid, and for several years, was unlimited by any state restrictions on the mill levy that would be adopted. Changes in school finance in response to the *Montoy* lawsuit have provided a measure of state equalization aid and a limit of eight mills. These changes reduce our previous concerns.

However, KASB members have not proposed or adopted a position that would support changes in the capital outlay law. **SB 130** would allow the use of these funds to pay for expenditures that are generally considered “current operating expenses” rather than the long-term capital improvements that have been the traditional purpose of this levy. Despite the improvements in the capital outlay system, it still remains easier for higher-wealth districts to raise funds through local mill levies, and this bill would make it easier for such districts to shift portions of their operating budgets to capital outlay. Lower-wealth districts or those who must use the capital outlay fund exclusively for capital projects would not have this option. Some districts have no capital outlay funds at all.

We believe this bill is a symptom of a more basic problem. School districts should not have to shift operating expenses to capital outlay, and they wouldn’t if the base budget per pupil were adequate. KASB believes the base should be high enough to provide funding for basic operating expenses like utilities and insurance. These costs are not “capital” expenses, and they aren’t extras or enhancements.

Both the Governor and Legislators have expressed the position that the three-year school finance plan was accomplished without a tax increase. We know that wasn’t true – there simply wasn’t a state-level tax increase. But most districts are experiencing increases in mill levies to use the Local Option Budget to make up for base increases that are less than half the rate of inflation, and much less than actual educational costs.

The answer, we believe, is to move toward a base budget per pupil that truly reflects education costs, reduces reliance on the local option budget and makes bills like this unnecessary. We urge this committee to develop a proposal to accomplish that goal.

Thank you for your consideration.