

Testimony before the  
**Senate Committee on Education**

on  
**SB 627** – Assessed Valuation for Chase County USD 284

by

**Mark Tallman, Assistant Executive Director/Advocacy**  
Kansas Association of School Boards

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Madam Chair and Members of the Committee:

Thank you for the opportunity to comment on **SB 627**. As we understand the basic purpose of this bill is to change the treatment of the school districts' assessed valuation per pupil in order to provide additional supplemental state aid for the local option budget.

In developing KASB's policy position, no requests for information have been presented to KASB to justify different treatment of school districts regarding the calculation of assessed valuation per pupil. Therefore, we appear in opposition to this bill. At the same time, we share many of the concerns expressed by the proponents of this bill.

The policies and resolutions adopted by our members express a deep concern about the reliance on the local option budget and its impact on local property taxes. Rather than begin a process of adjusting valuation to increase state aid, we believe the state should increase the base budget per pupil and school district general funds, and significantly reduce reliance on local option budgets.

Quite frankly, **SB 627** is a warning sign that Kansas is headed back into a school funding crisis.

The Kansas Supreme Court ruled the "three-year-plan" adopted by the Legislature complied with its order to address deficiencies the court had found under the previous law. It specifically did NOT rule the new law was constitutional – it pointed out the new law must be presumed constitutional until challenged and reviewed by the courts.

Kansas continues to rely on local option budgets to fund educational costs that are clearly not "optional." The portion of operating budgets funded by the LOB has increased, not decreased, since the *Montoy* case. This means an increasing portion of budgets are funded by unequal local tax rates on vastly

different measures of local wealth. The Legislature has also made accessing LOB authority more difficult and unequal by imposing an election requirement on use of the LOB over 30 percent.

Even under the “three-year-plan,” base budgets increases averaged around \$59 per year – less than half of the rate of inflation and far less than projections for future costs by the Legislative Post Audit Outcomes study. Yet this same rate of increase has been passed by the Senate for the “fourth” year.

KASB understands the current financial pressures on the state budget. Part of these pressures result from the actual and perceived economic slowdown. They partly result from federal actions. But the budget situation also results from the erosion of the state tax base by tax cuts, exemptions and transfers.

For most legislators, raising taxes is nearly unthinkable. But most local school boards have had to raise taxes to keep up with educational costs. Unfortunately, most boards have only one real option for raising revenue: the property tax. Yet this tax has increasingly shifted to residential property, and property taxes account for a growing share of combined state and local taxes. Tax experts warn that this trend is prescription for a tax revolt.

We understand this issue will not be solved today, or during this session. But we urge the Senate Education Committee to begin to address the fact that our members have come to understand: school finance is linked to the broader issue of state tax policy. KASB and the Kansas National Education Association have been arguing for several years that Kansas needs a comprehensive look at the entire tax system. The question is whether that will be before or after the next crisis.

Thank you for your consideration.